

Price Increases for TDM

Copper Retirement and Discontinuance of TDM

Recently you may have heard that there is a POTS line Sunset coming in August of this year. We have seen a lot of panic and concern over this and most of this stems from misinformation that occurs whenever something confusing happens and people don't fully understand the buzz words, terms and acronyms that get tossed around during conversations and press releases. This white paper attempts to describe what is happening and some of the likely results that will come out of this. I also want to apologize in advance as there are a lot of the same types of words in the document but it's important to make sure we use the correct ones, as one would do with medical terms.

Many years ago, the FCC put in place a rule that forced LECs (Local Exchange Carriers) like AT&T, Verizon, Centurylink, etc. to provide services to CLECs (Competitive Local Exchange Carriers) at wholesale rates. For example, if you wanted to use a CLEC as your carrier/phone provider, but they didn't have copper in the ground to the building, the Local Exchange Carrier was forced to provide last-mile services at wholesale costs.

Now fast forward to today, prices for certain services purchased from competitive local exchange carriers (CLECs) are likely to go up by August 2, 2022 as a result of FCC actions taken in Order 19-72A1.

This FCC Order allowed price cap incumbent LECs (ILECs) (such as AT&T, Verizon, and CenturyLink) to cease complying as of August 2, 2022 with certain requirements that provided benefits to competitive

LECs. Specifically, the FCC granted forbearance from the Unbundled Network Element (UNE) Analog Loop and Avoided-Cost Resale obligations imposed on price cap incumbent LECs (ILECs) in the Communications Act. UNE Analog Loops are one type of copper loop that had price caps and that ILECs were required to make available to competitors. These loops can provide only legacy TDM voice service.

Specifically, the Avoided-Cost Resale obligation requires price cap ILECs to "offer for resale at wholesale rates any telecommunications service that the carrier provides at retail to subscribers who are not telecommunications carriers." Avoided-Cost Resale obligations are used by competitive LECs to provision legacy TDM voice service to business customers. By granting forbearance, the FCC allowed price cap ILECs to stop providing these benefits to competitive LECs after a three-year transition period, which ends August 2, 2022.

If you purchase service from a CLEC that is using price cap ILEC facilities or services as part of its service offering, you could be impacted by this FCC action. This would apply to both the monitoring stations, as well as the subscribers' facilities and the costs of POTS line or other TDM services.

So what this means in English is that after August 2nd this year, the wholesale rate for these services no longer has to be at low rates, the LECs are going to be raising rates for these services, and in turn, the CLECs will be forced to raise the rates to the consumers and/or monitoring centers. We have already



seen examples of rates going up as much as 10 times, which at that point is cost prohibitive to use.

And if that wasn't bad enough, the FCC also has taken other actions that are leading to the retirement of copper lines and the discontinuance of TDM service.

Specifically, the FCC has made it easy for carriers to discontinue TDM service by streamlining the section 214 discontinuance process and to retire copper lines by streamlining the network change notification process. AT&T, Verizon and CenturyLink have been filing 214's to discontinue TDM services for specific states/locations for several years. This why we have seen outages and problems occurring regionally, as carriers are swapping out TDM central office switches with new VoIP switches. Even though the consumer still has what looks and feels like a POTS line, it is really just an analog conversion for the last mile, and then it is converted to SIP or other packet-based voice transmission services.

When they file to discontinue TDM service, carriers must show that a replacement service is available. As for the retirement of copper lines, the FCC essentially only requires notification before a carrier can retire copper. There has been a constant stream of carriers

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providing notification to retire copper lines in various states and localities for several years. Accordingly, companies should put procedures in place to ensure they are aware of any notifications regarding the retirement of copper lines and/or the discontinuance of TDM services. Most of the time these notices come in very small print on the five-page bill you get every month, and that for the most part we throw away and never read.

It's important to understand several things, Carriers have no choice but to move all voice calling to packet-based facilities. There are several reasons for this, the first is that the old TDM central office switches have not been made for over a decade, and parts and service are just not available any more. Second, underground and pole-mounted copper is so old that it's no longer reliable; it is breaking and wearing out. With the cost of copper compared to fiber, there really isn't a choice but to install fiber. And lastly, the cost of moving voice traffic is so much more efficient when using packet-based services that, in order to stay competitive, carriers have to move in that direction. Make no mistakes; the POTS that we knew in the 70s and 80s is a thing of the past, and is going away every day across the country.

Now that for the most part the 3G sunset is behind us, the next big thing is to get your subscribers off POTS and on to other technologies. This is so much easier than before, with lots of options and choices. It's time to get them moved to either IP, Cellular, or Private Mesh Radio.

Special thanks to Mary J. Sisak at Blooston Law for getting this materially correct.

Morgan Hertel
President
The Monitoring Association



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