

Sage Telecom Position on V-NXX

- 1) V-NXX is not an ILEC vs. CLEC issue. Rather, it's largely an issue of residential providers vs. specialized carriers that seek subsidization.**

- 2) An improper subsidy flow is created when specialized carriers with no facilities or local customers in a given area deploy local numbers as a substitute for toll-free 8YY numbers and then expect the carrier serving the residential subscriber to bear the cost of transporting the call to the specialized carrier's distant switch and further expect to receive reciprocal compensation or other terminating compensation from the residential provider for such non-local traffic.**

- 3) By rewarding specialized carriers that focus solely on businesses or ISPs, and by financially penalizing competitors that focus on residential and rural customers, strong incentives are created to shun residential customers.**