

Virtual VNXX Case Studies- Position of Mid-Mich.Net, M33 Access and IServ

All calling parties in the following examples are regulated PSTN retail customers.

1) Traditional FX

VNXX Description: Traditional FX service was clearly spelled out in diagrams provided by Verizon (Jan 4, 2006 Figure 1). A florist shop in the Grand Rapids Local Calling Area (LCA) purchases a dedicated transport from AT&T and Verizon that terminates in the Muskegon LCA. The florist shop has no physical presence in the Muskegon area. A Muskegon phone number is assigned to the circuit to allow local calls to be made from regulated PSTN customers (calling party) in the Muskegon LCA. Inbound Muskegon call are transported to and terminated in Grand Rapids. The florist contracts and compensates AT&T for the service on a monthly basis.

FCC reciprocal compensation: Since the calls are voice in nature, and the call was rated locally the call would be classified 251(b)(5). If 304(9) is used as the test of whether a call is local is based on 304(9) this call would not be local since the called party is not in the Local Calling Area (LCA) of the calling party. If the call were not considered local the call would be classified as 251(g) interexchange traffic.

MTA 304(9): A regulated PSTN customer (calling party) in the Muskegon LCA is calling a local number that is transported to, and terminated in Grand Rapids, which is not in the Muskegon LCA. As written 304(9) defines the call as non-local and subject to toll charges to the calling party, dependant on MPSC policy and the originating LEC's tariff.

In this scenario the florist contracted and compensated SBC for this service. If another LEC's customer located in the Muskegon rate center, calls the florist's Muskegon number the originating LEC would be responsible for transporting the call to AT&T and would not be aware of the interexchange nature of the call beyond the originating LEC's point of interface with AT&T. The calling party would have no indication that the call they are making to a local NXX number is not a local call.

2) Remote Call Forwarding

VNXX Description: Creative Computing (called party), a network integrator physically located in Saginaw, purchases a telephone number from the former SBC in the Tawas rate center 989-362 for use by their Tawas clients (calling party). Creative Computing has no facilities or presence in the Tawas area. Calls placed to the virtual number are forwarded to Creative Computing's PSTN connections in Saginaw. There is no dedicated facility for the transport of these calls. Creative Computing pays per minute charges for the completion of calls in addition to the monthly charge for the phone number.

FCC reciprocal compensation: Since the calls are voice in nature, and the call was rated locally the call would be classified 251(b)(5). If 304(9) is used as the test of whether a call is local is based on 304(9) this call would not be local since the called party is not in the Local Calling Area (LCA) of the calling party. If the call were not considered local the call would be classified as 251(g) interexchange traffic.

MTA 304(9): A regulated PSTN customer (calling party) in the Tawas LCA is calling a local number that is transported to, and terminated in Saginaw, which is not in the Tawas LCA. As written 304(9) defines the call as non-local and subject to toll charges to the calling party, dependent on MPSC policy and the originating LEC's tariff.

In this scenario Creative Computing contracted and compensated SBC for this service. If another LEC's customer located in the Tawas rate center, calls Creative Computing's

Tawas number the originating LEC would be responsible for transporting the call to AT&T and would not be aware of the interexchange nature of the call beyond the originating LEC's point of interface with AT&T. The calling party would have no indication that the call they are making to a local NXX number is not a local call.

3) Unified Messaging -- Virtual Fax Service

VNXX Description: Unified Messaging provides a single telephone number as a single point of contact for a user. A single phone number handles voicemail, virtual FAX, and provides follow-me call routing services. Voicemail and virtual fax are forwarded to the customer via e-mail providing a single inbox that can be monitored from any Internet connected location. Follow-me call routing allows the customer to define call-handling rules that will ring multiple phone numbers in sequence or simultaneously to allow the customer to stay available no matter where they are physically located.

Local NXX numbers are assigned to customers (called party) for their use in receiving incoming calls, Faxes, and voicemail from regulated PSTN customers (calling parties). The calls are transported back to the centralized server farm, which handles the different applications. The called party receives the incoming messages via e-mail or web access in the case of FAX or voicemail. If follow-me routing is used the called party may receive the call via cellular, or regulated PSTN inside, or outside the LCA.

FCC reciprocal compensation: If calls are received and transported from the originating CO by the called party, or the called party's carrier, and since incoming voice and Fax traffic are converted to data and e-mailed to the customer we believe the traffic fits the definition of 251(g) ISP Bound traffic. The question of whether all Virtual NXX traffic is included in 251(g) is an issue for further conversation.

MTA 304(9): If the end user purchasing Unified Messaging is considered the called party, and the called party does not have physical presence in the in the calling party's LCA, then the call could be considered non-local per 304(9) and subject to toll charges to the calling party, dependant on MPSC policy and the originating LEC's tariff. Due to the virtual nature of this service it would be extremely difficult to confirm physical location for the purposes of rating the call.

If the Unified Messaging Provider is considered the called party, and does not have a physical presence in the calling party's LCA, then the call could be considered non-local per 304(9) and subject to toll charges to the calling party, dependant on MPSC policy and the originating LEC's tariff.

In this scenario the end-user has contracted and compensated the Messaging Provider for this service. The messaging provider in turn must contract with LEC(s) in order to obtain local NXX access numbers in calling areas in their service areas for their end users. If another LEC's customer located in the same rate center as an assigned VNXX number, calls the VNXX number the originating LEC would be responsible for transporting the call to the messaging provider's LEC and would not be aware of the nature of the call beyond the originating LEC's point of interface. The calling party would have no indication that the call they are making to a number is not a local call.

4) PSTN to CMRS

VNXX Description: A regulated PSTN customer in the Saginaw LCA (calling party) calls a local CMRS number in the Saginaw LCA. The (called party) CMRS customer is located in Lansing outside the geographical location of the Saginaw LCA. The CRMS customer pays their cellular provider month fee(s) for base service, and possible per minute charges for transport and termination of call whether landline or wireless.

MTA 304(9): The Act seems to suggest that cellular calls do not fall within the jurisdiction of the Commission (Sec. 401) however, Section 401 only precludes Commission jurisdiction over cellular calls “except as otherwise provided by law.” Since Section 304(9) is a more recent enactment than Section 401, and it only seeks to regulate calls for the purposes of identifying what is a local call. Moreover, a landline customer who calls a cellular customer will still see that call counted in the number of outgoing calls considered as “primary basic local exchange service” under Section 102(y) of the Act. Therefore, the ISPs contend that traffic originating from regulated landline customers to cellular customers outside of their NXX geographical area should be considered non-local calls under 304(9).

Due to the mobile nature of cellular service it would be extremely difficult to confirm physical location for the purposes of rating the call. The calling party would have no indication that the call they are making to a number is not a local call.

5) Voice Over IP (VOIP)

VNXX Description: A VOIP provider purchases local access numbers in the Midland LCA from LEC(s). Numbers are assigned to VOIP customers (called party) to allow local calls from regulated landline customers (calling party) within the Midland LCA. The VOIP user may, or may not be physically located in the Midland LCA. The LEC providing the VNXX access number may or may not have physical trunking to the CO where the VNXX number has been assigned. The VOIP customer contracts and compensates the VOIP provider who in turn compensates their providing LEC(s) for providing access numbers and providing inbound voice traffic.

FCC reciprocal compensation: Since incoming voice traffic is converted to IP data before terminating on the customer’s VOIP adapter, it appears that the traffic fits the definition of 251(g) ISP Bound Traffic. The question of whether all Virtual NXX traffic is included in 251(g) is an issue for further conversation.

MTA 304(9): The end user purchasing VOIP service is considered the called party, and if the called party does have physical presence in the calling party’s LCA, then the call would be considered local per 304(9). If the VOIP customer does not have physical presence in the calling party’s LCA, then the call could be considered non-local, and subject to toll charges to the regulated landline customer (calling party), dependant on MPSC policy and the originating LEC’s tariff.

Due to the mobile nature of VOIP service it would be extremely difficult to confirm physical location for the purposes of rating the call. The calling party would have no indication that the call they are making to a number is not a local call.

6) Facilities Based VNXX

VNXX Description: Midmich.net purchases local access numbers from McLeod USA in Saginaw 989-921, Bay City 989-922, and Midland 989-923. McLeod is physically located in each CO within the local calling areas and transports all Midmich.net calls over their own fiber facilities to their switching center in Flint and back to Midmich.net in Saginaw over the same fiber facilities collocated with Midmich.net.

FCC reciprocal compensation: Since the ISP’s carrier, McLeod, is receiving all calls directly from the CO and carrying all transport and termination responsibilities, calls to Midmich.net should be classified as 251(g) ISP Bound traffic.

MTA 304(9): A PSTN customer (calling party) in Midland 989-835 calls the Midmich.net access number 989-923 in the same Midland local calling area. McLeod has total responsibility for transporting the call from the originating CO to the called party in

Saginaw. Since the call terminates in the Saginaw LCA 989-921 and Midmich.net does not have physical presence in the Midland calling area, then the call could be considered non-local per 304(9) and subject to toll charges to the calling party, dependant on MPSC policy and the originating LEC's tariff.

In this scenario Midmich.net contracted and compensated McLeod for this service. McLeod provides all transport from the originating LCA and termination to Midmich.net. If another LEC's customer located in the Midland rate center, calls Midmich.net's Midland number the originating LEC would be responsible for transporting the call to McLeod and would not be aware of the interexchange nature of the call beyond the originating LEC's point of interface with McLeod. The calling party would have no indication that the call they are making to a number is not a local call.

7) Traditional VNXX ISP

VNXX Description: Midmich.net purchases local access numbers from a CLEC throughout Saginaw LATA 344. The CLEC may, or may not have physical trunking to each CO where the Virtual NXX numbers have been assigned. The CLEC arranges transport for the inbound calls to be terminated in a centralized collocation where they are delivered to the called party.

FCC reciprocal compensation: The issue of whether all VNXX traffic fits within the 251(g) classification is a subject for further discussion.

MTA 304(9): A PSTN customer (calling party) in Midland calls the Midmich.net access number in the same Midland local calling area. Since the call terminates in the Saginaw LCA and Midmich.net does not have physical presence in the Midland calling area, then the call could be considered non-local per 304(9) and subject to toll charges to the calling party, dependant on MPSC policy and the originating LEC's tariff. The calling party would have no indication that the call they are making to a number is not a local call.

The local or non-local nature of VNXX calls is not addressed in this example.

8) Post 304(9) ISP Geographic Configuration

VNXX Description: Midmich.net purchases a Midland local access numbers from a CLEC. The CLEC may, or may not have physical trunking to the Midland CO where the NXX has been assigned. The CLEC arranges transport for the inbound calls to be transported and terminated in a centralized collocation where they are delivered to the called party ISP.

In order to comply with 304(9)'s requirement Midmich.net purchases DS1 service from the CLEC that transports the calls and terminates them within the Midland geographic area.

FCC reciprocal compensation: Although Section 304(9), by its terms, requires a consideration of whether an ISP call is local or non-local, the FCC's interpretation of reciprocal compensation requirements may not be dependent on such classification.

MTA 304(9): A PSTN customer (calling party) in Midland calls the Midmich.net NXX access number in the same Midland local calling area. Although the call is transported through Midmich.net's CLEC, the physical transport to terminate calls within the Midland LCA, meet the requirements of 304(9) and the call must be rated local.

How will access numbers that terminate to a remote VNXX CLEC switch be separated from traditional VNXX traffic provided to other ISP customers to avoid toll charges for the calling party? How will physical presence be verified? The calling party would have no indication that the call they are making to a number is not a local call.

This configuration does not resolve intercarrier compensation issues brought up in this workgroup. The originating LEC's transport costs are exactly the same as traditional VNXX model.