

Hello all,

I have attached:

- 1) ACD's position on the whole VNNX/intercarrier compensation items.
- 2) Plagarizing Verizons nice spreadsheet graph, I have added my own comments interpretation. MOSTLY I AGREE. Carriers are free to select if they want to use tandems or not, that is their cost. However I would also add that ILEC's also carry a large portion of dial-up internet traffic. In this I have been neutral on the spreadsheet..... Originating carrier - terminating carrier rather than just assuming it is a CLEC/ILEC item.

Party	A ₁	B ₁	C ₁	D ₁	E ₁	F ₁	G ₁	H ₁
Retail Customer	Pays ILEC 1 local service charges.	N/A	N/A	N/A	N/A	N/A	N/A	Pays ISP service charges.
Carrier 3/ILEC 1	N/A	N/A	N/A	ILEC 1 pays ILEC 2 tandem transit rate approximately \$0.003 if ILEC1 refuses to directly connect to CLEC		ILEC 1 pays CLEC end office rate of \$0.007.		N/A
Carrier 1/ILEC 2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Carrier 2/CLEC	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
ISP	N/A	N/A	N/A	N/A	N/A	N/A		N/A
	ILEC 1 Network			ILEC 2 Network		CLEC Network		ISP Modems

VNNX (and/or Inter-carrier Compensation) Work Group

Kevin Schoen
ACD Telecom, Inc.
Schoen.kevin@acd.net
517-999-9999 ext 250

Purpose of Language in MTA

- The primary purpose of the language is to attempt to invent a method in which to not pay for Internet Bound traffic.
- Secondary reasons are to restrict the expansion of local calling areas for new technology, such as VOIP or other advanced services.
- No way to tell where the VOIP user is. Same exact problem for Wireless users.
- Maybe charge the Wireless guys when customers leave their roaming area? Some type method to get a PLU (percent of local use) for Wireless phones, to get more money?

None of these attempts to modify VNNX and compensation serves customers any better.

State law has no jurisdiction over ISP Bound compensation or determining if the call that is ISP Bound is local or long distance.

FCC preempted states.

FCC ISP Remand Order defines the ISP Bound traffic and compensation:

- FCC preempted the states and determined the ISP traffic is terminated at .007 per MOU.
- FCC preempted the states and ISP Bound traffic as possibly having components of both local and long distance and that they are one in the same.
- Presumably this is the same for VOIP traffic since it is “ISP bound”.
- FCC requires ALL traffic to be compensated at the same rate .007 to prevent gaming of the system.

The manipulation of local calling areas target certain end users?

- It would be difficult to fathom how a LEC could randomly and arbitrarily determine a call is not local just because it might guess who and why the end user decided to place a call to.
- Low income and rural users people are the biggest segment of dialup ISP due to lack of and/or cost of broadband services.
- Manipulation of local calling area is a tax on the poor and minorities in Michigan.
- Arbitrary and capricious.
 - Incumbent local monopolies can selectively pick companies that have access to vnxx and ones that do not.
- Totally unmanageable.
 - Impossible to track. Are providers going to have a tariff for every phone number in the US? This is local – that is not.
 - Significant questions of fairness and consistency.
 - No way to institute an level playing field.
- Likely not legal due to consistency and fairness issues.

Since there is no way to change the rate, then any expense difference should be collected from the end-user of phone service.

- Phone service is almost totally unregulated anyways. Charge whatever you want to your end users.
- Isn't their acceptable limits to how many MOU and end user capping the originating carrier's exposure under the MTA even for regulated service?
- Or, better yet start an ISP and sell end users service
- Or sell local trunking to ISP's if you are so worried.
- Or sell them DSL.

Wrong Forum for debate on Intercarrier Compensation

- Various parties can argue "How it should be", however there is no authority at the state level for determining if ISP traffic is local or long distance, nor is there any authority to change the compensation regime.
- All of these intercarrier compensation issues have been litigated with the exact same results for well over 8 years.
- See the FCC Intercarrier compensation docket if you wish to submit your plans for how it might change.
- Whether or not VNNX is used the calls are still going to be at the .007 per mou rate.
- Since the FCC Preempted the states on whether the ISP bound calls are local or long distance, then what is the point?