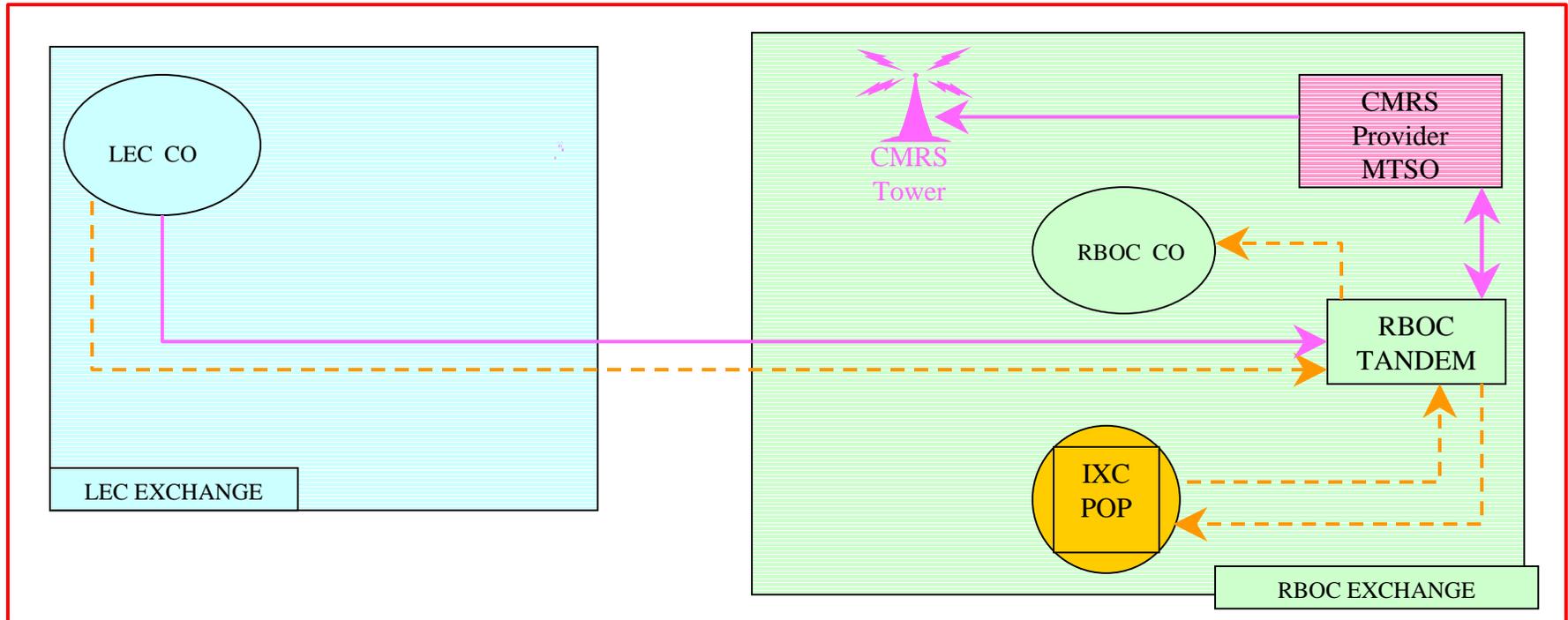


## VIRTUAL NXX (VNXX) UTILIZATION



**Despite misconception held by some regulators the overwhelming majority of interExchange (both intra & interstate) calling where no local and or EAS arrangements between the LEC and RBOC are in place is toll/access and is handled by end users pre-subscribed toll/access carrier/s or can be dialed on a 1010XXX basis.**

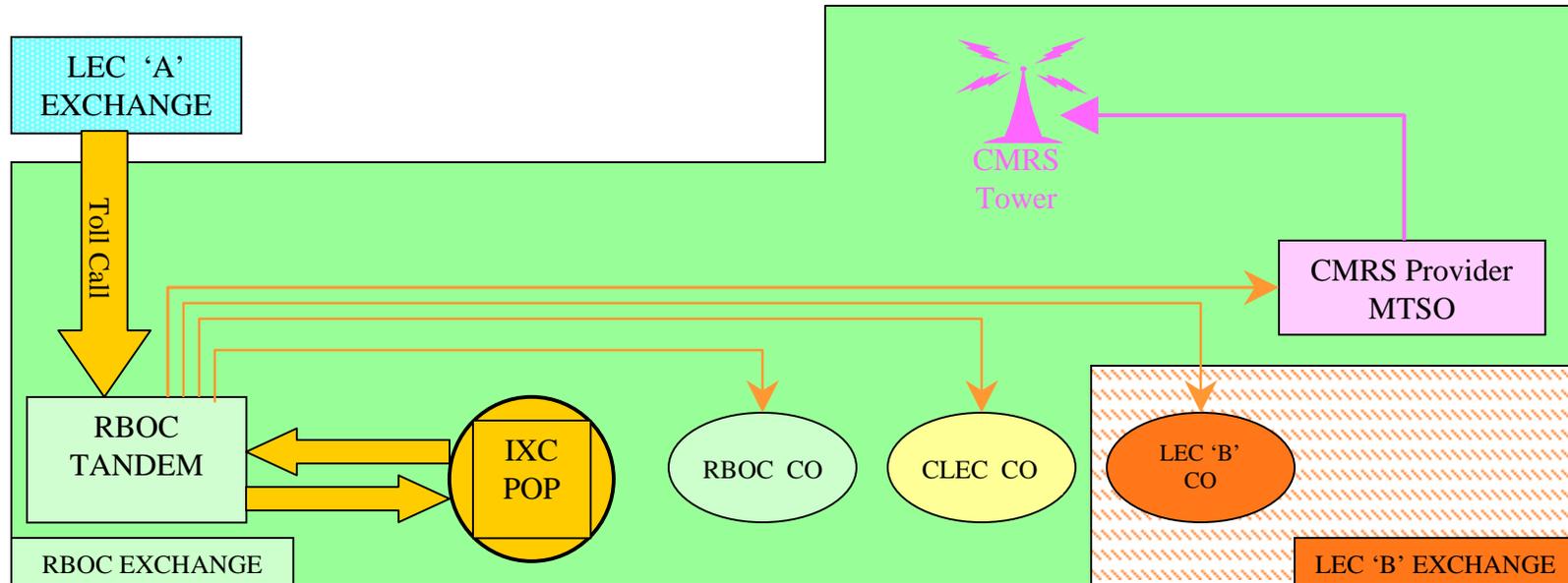
- IXC has retail relationship with landline end user in LEC and RBOC exchange areas.
- LEC & RBOC billing to IXC is under the access regime.
- LECs and RBOCs rate, route and handle non local-non EAS traffic in similar manner.
- Calls from LEC to RBOC and RBOC to LEC end users are handled by toll/access carriers, for instance a 1010XXX call by end user in LEC or RBOC exchange destined for an end user in the other carriers area is handed off to dialed IXC for delivery to terminating end user, regardless of whether the terminating end user is LEC, RBOC, CLEC or CMRS.

**Virtual NXX (VNXX) assignments mandated for LEC Exchange require LEC to handle IXC and CMRS traffic destined for SAME RBOC rate center in a dissimilar and discriminatory manner.**

- VNXX does not require the CMRS provider to have facilities in the originating LEC Exchange and/or to ever even serve wireless customers in the LEC Exchange.
- LEC required to discriminatorily handle traffic on a technology basis by having to assign and rate VNXX CMRS numbers as local dialing for the LEC Exchange end users even though call is to be routed to the distant RBOC tandem and then to CMRS provider.
- pre-subscribed IXC calls to RBOC end users in same exchange area continue to be handed off to IXC and billed under access regime.
- VNXX is at odds with Telecommunications Act of 1996, 47 U.S.C. § 251(g) in that VNXX requires LEC to discriminate in handling interexchange traffic

## Current LEC to CMRS, CLEC or RBOC Call Scenario - LEC Using RBOC Tandem

### Prior to VNXX Implementation



#### Current Originating Routing

- IXC call (equal access pre-subscription, designated toll carrier, 1010XXX calling, etc.) originated by IXC's end user in LEC "A " Exchange destined for CMRS, CLEC or RBOC end user (all such traffic is handled similarly on a non discriminatory basis)
- Call may be transported to RBOC Tandem on LEC 'A' and RBOC facilities.
- RBOC receives and hands call off to originating end users IXC

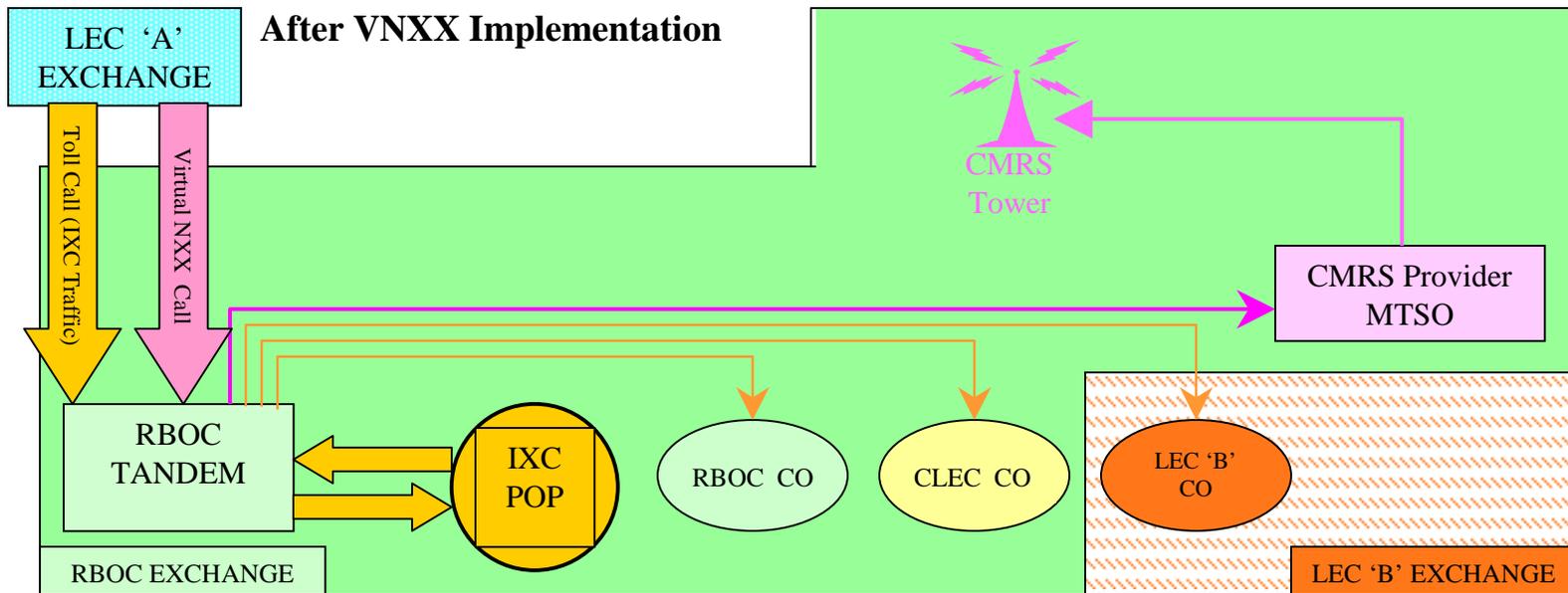
#### Current Terminating Routing

- IXC determines call is destined for end user within same LATA and delivers to RBOC Tandem
- RBOC routes call, depending on called number, to terminating CMRS Provider, CLEC, other LEC or to it's own RBOC end user.

#### Current Compensation Process

- IXC bills it's originating end user.
- Industry standard MECAB/MECOD Meet Point Billing (MPB) procedures used by RBOC and LEC to bill IXC for appropriate access regime traffic.
- IXC pays originating access to LEC 'A' and RBOC for originating functions
- IXC pays terminating access to RBOC for terminating functions and is similarly responsible for it's traffic that is delivered to a CLEC or CMRS provider.

## LEC to CMRS, CLEC or RBOC Call Scenario - LEC Using RBOC Tandem



### Virtual NXX Implementation

- Virtual NXX assignments mandated for LEC Exchange requiring LEC to assign CMRS numbers (complete NXX code) as local dialing for the LEC Exchange end users even though call is to be routed to the distant RBOC tandem.
- Traffic required to be rated as if terminating in LEC 'A' exchange but is bypassing toll carrier for delivery to CMRS Provider in distant exchange area.
- CMRS provider has no facilities and serves no customers in LEC Exchange area
- LEC end user dialing non-toll virtual number to reach CMRS end user

### Routing After Virtual NXX Implementation

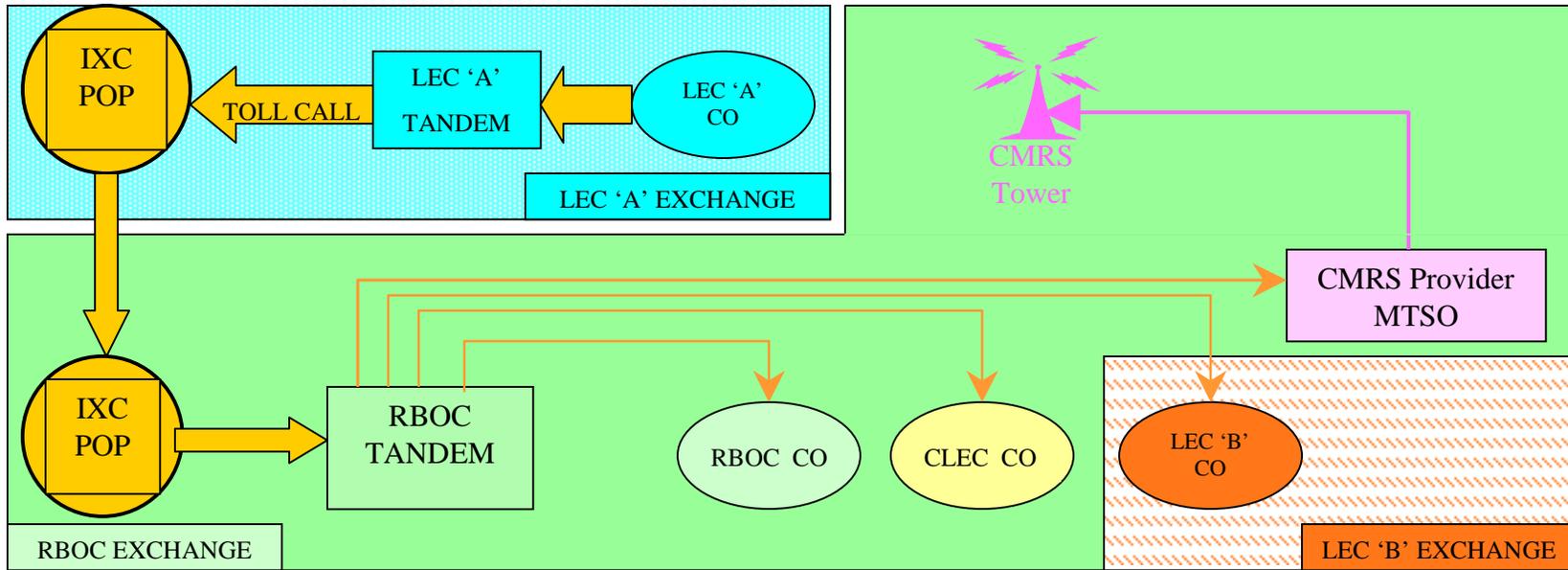
- IXC call originated by IXC's end user in LEC "A " Exchange destined for CLEC, LEC or RBOC end user continued to be routed as depicted and discussed on Schd. 2
- Only those calls destined for V-NXX CMRS numbers are delivered to RBOC tandem via **unknown** facilities.
- RBOC receives V-NXX call from LEC A exchange and supposedly will be capable of delivery to appropriate CMRS provider.

### Compensation After Virtual NXX Implementation

- LECs, RBOCs & CLECs continue using industry standard MPB procedures for IXC traffic as depicted and discussed on Sched. 2.
- IXC loses retail end user in LEC A exchange for calls destined for CMRS end users with VNXX.
- LEC 'A' is responsible for transporting V-NXX call to RBOC.
- RBOC bills LEC 'A' for transiting use of RBOC facilities.
- CMRS provider expects compensation from LEC 'A' for terminating traffic.

# LEC TO CMRS, CLEC OR RBOC CALL SCENARIO - LEC USING OWN TANDEM

## Prior to VNXX Implementation



### Current Originating Routing

- IXC call originated by end user in LEC "A " exchange destined for CMRS, CLEC another LEC or RBOC end user (all such traffic is handled similarly on a non discriminatory basis).
- LEC 'A' hands call off to end users pre-selected IXC.
- IXC determines terminating destination based on called number and transports call appropriately.

### Current Terminating Routing

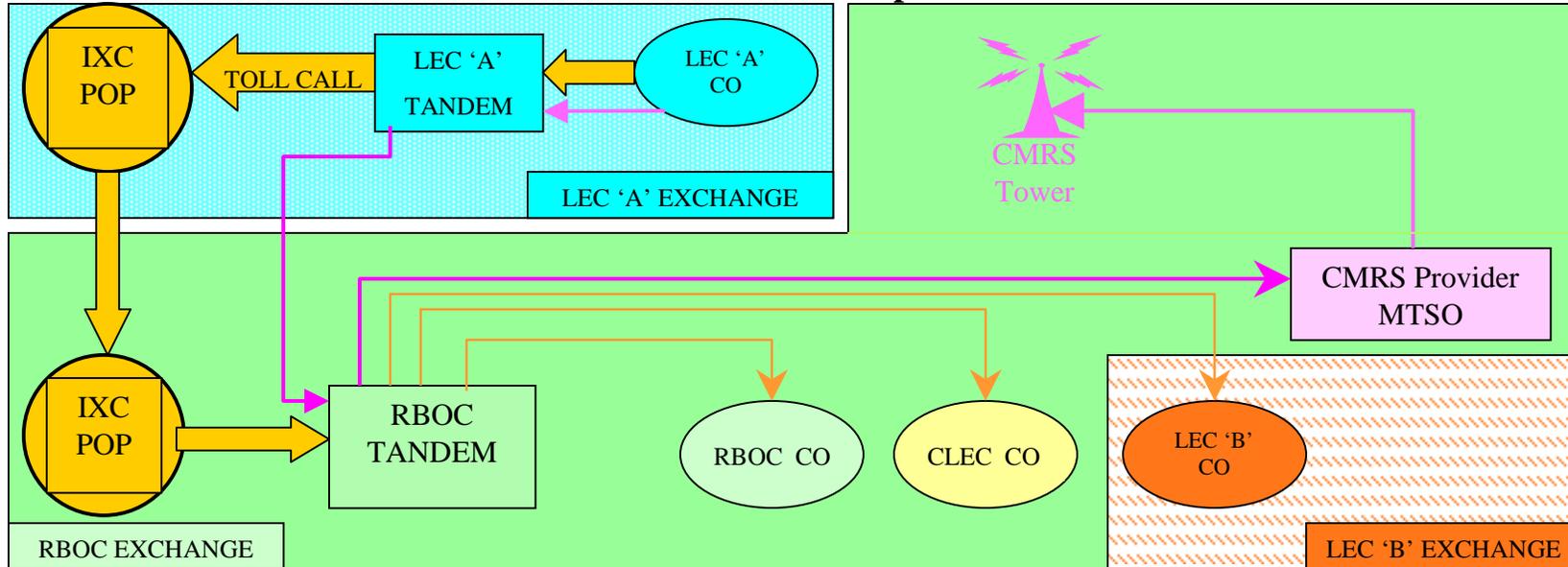
- IXC delivers call to RBOC Tandem for termination
- RBOC routes call, depending on called number, to terminating CMRS Provider, CLEC, other LEC or to it's own RBOC end user.

### Compensation Process

- IXC renders bill to it's originating end user.
- Industry standard MECAB/MECOD Meet Point Billing (MPB) procedures used by RBOC and LEC to bill IXC for appropriate access regime traffic.
- IXC pays originating access to LEC 'A' for originating functions
- IXC pays terminating access to RBOC for terminating functions and is similarly responsible for it's traffic that is delivered to a CLEC or CMRS provider.

## LEC TO CMRS, CLEC OR RBOC CALL SCENARIO - LEC USING OWN TANDEM

### After VNXX Implementation



#### Virtual NXX Implementation

- Virtual NXX assignments mandated for LEC Exchange requiring LEC to assign CMRS numbers (complete NXX code) as local dialing for the LEC Exchange end users even though call is to be routed to the distant RBOC tandem.
- Traffic required to be rated as if terminating in LEC 'A' exchange but is bypassing toll carrier for delivery to CMRS Provider in distant exchange area.
- CMRS provider has no facilities and serves no customers in LEC Exchange area
- LEC end user dialing non-toll virtual number to reach CMRS end user

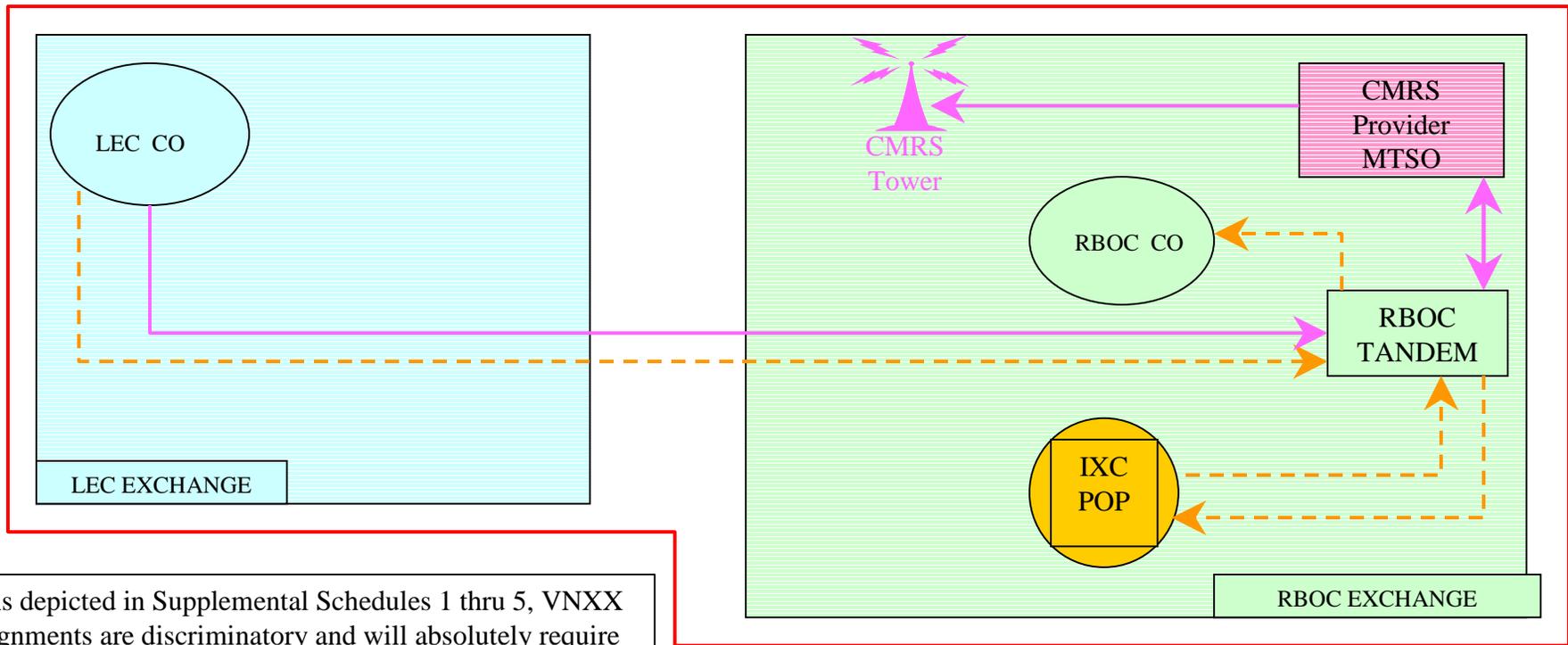
#### Routing After Virtual NXX Implementation

- IXC call originated by IXC's end user in LEC "A" Exchange destined for CLEC, LEC or RBOC end user continued to be routed as depicted and discussed on Sched. 4.
- Only those calls destined for V-NXX CMRS numbers are delivered to RBOC tandem via unknown facilities.
- RBOC receives V-NXX call from LEC A exchange and supposedly will be capable of delivery to appropriate CMRS provider.

#### Compensation After Virtual NXX Implementation

- IXC loses retail end user in LEC A exchange for calls destined for CMRS end users with VNXX.
- LECs, RBOCs & CLECs continue using industry standard MPB procedures for IXC traffic as depicted and discussed on Sched. 4.
- LEC 'A' becomes responsible for transporting V-NXX call to RBOC.
- RBOC bills LEC 'A' for transiting use of RBOC facilities.
- CMRS provider expects compensation from LEC 'A' for VNXX traffic.

## VNXX Encourages and Enables Misallocation and Misuse of NXX Resources



- As depicted in Supplemental Schedules 1 thru 5, VNXX assignments are discriminatory and will absolutely require rating and routing changes to calls that are currently being routed, billed, processed and handled under the access charge régime by LECs (including RBOCs as well as Independent LECs).
- VNXXs also encourage misallocation of NXX resources to CMRS providers.
- CMRS Providers in many cases do not have facilities or customers located in LEC Exchange. However, with VNXX, telephone numbers will have to be assigned, allocated and rated as local to all landline end users in the LEC Exchange – even though the call will have to be routed to the distant RBOC exchange where the CMRS Provider has a direct connection to the RBOC.
- CMRS providers have the capability and the incentive to translate and then route calls dialed to these VNXX numbers to other existing CMRS end user telephone numbers thus utilizing more than one number for a given end user telephone/handset.
- CMRS Providers can, via VNXX assignments, utilize multiple numbers for a single CMRS end user handset by being able to require several LECs to incorporate different VNXX numbers for their respective LEC landline end users to dial on a local basis and yet route all traffic to the same CMRS end user handset.