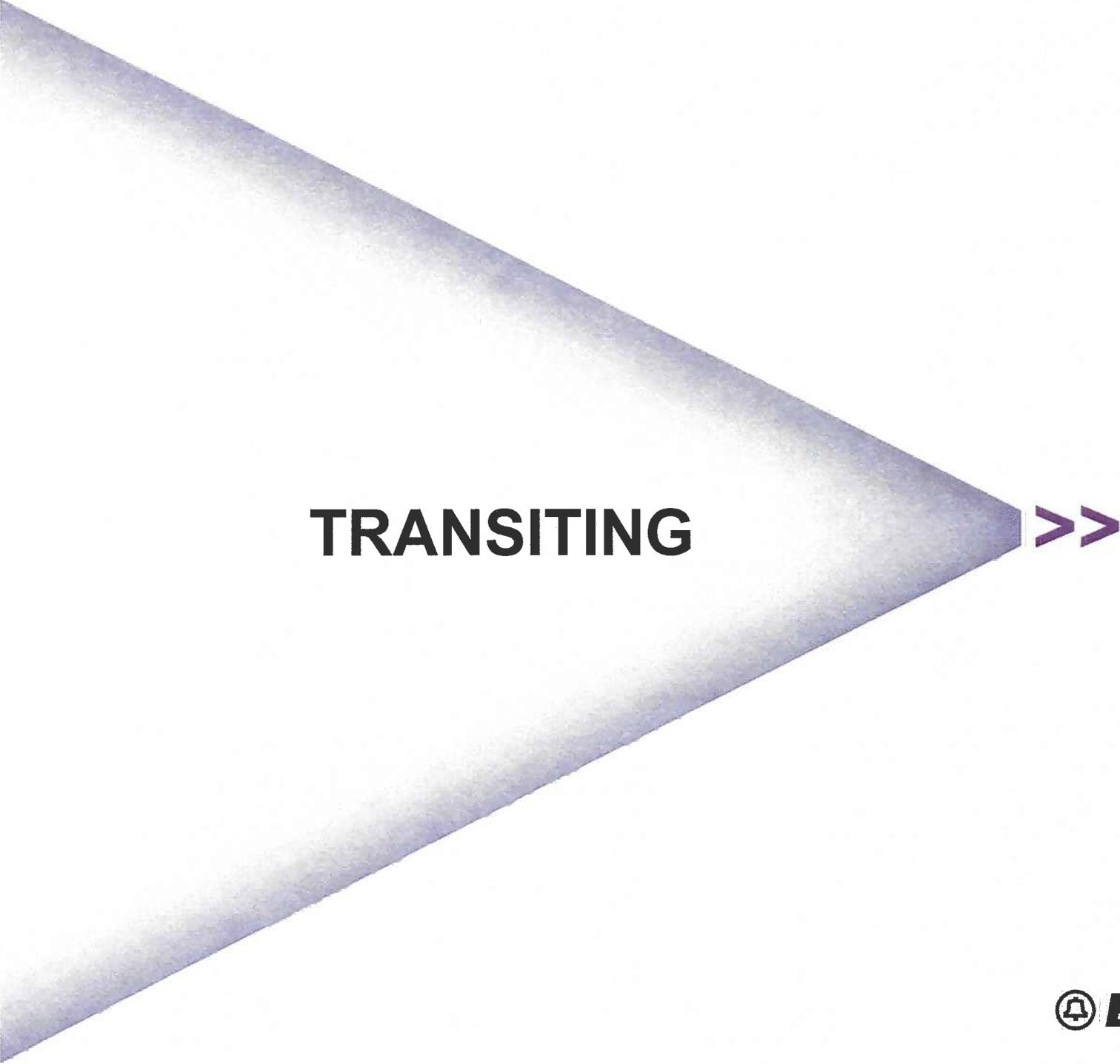


BELLSOUTH EXPARTE

TRANSITING, VIRTUAL NXX AND  
RELATED INTER-CARRIER ISSUES

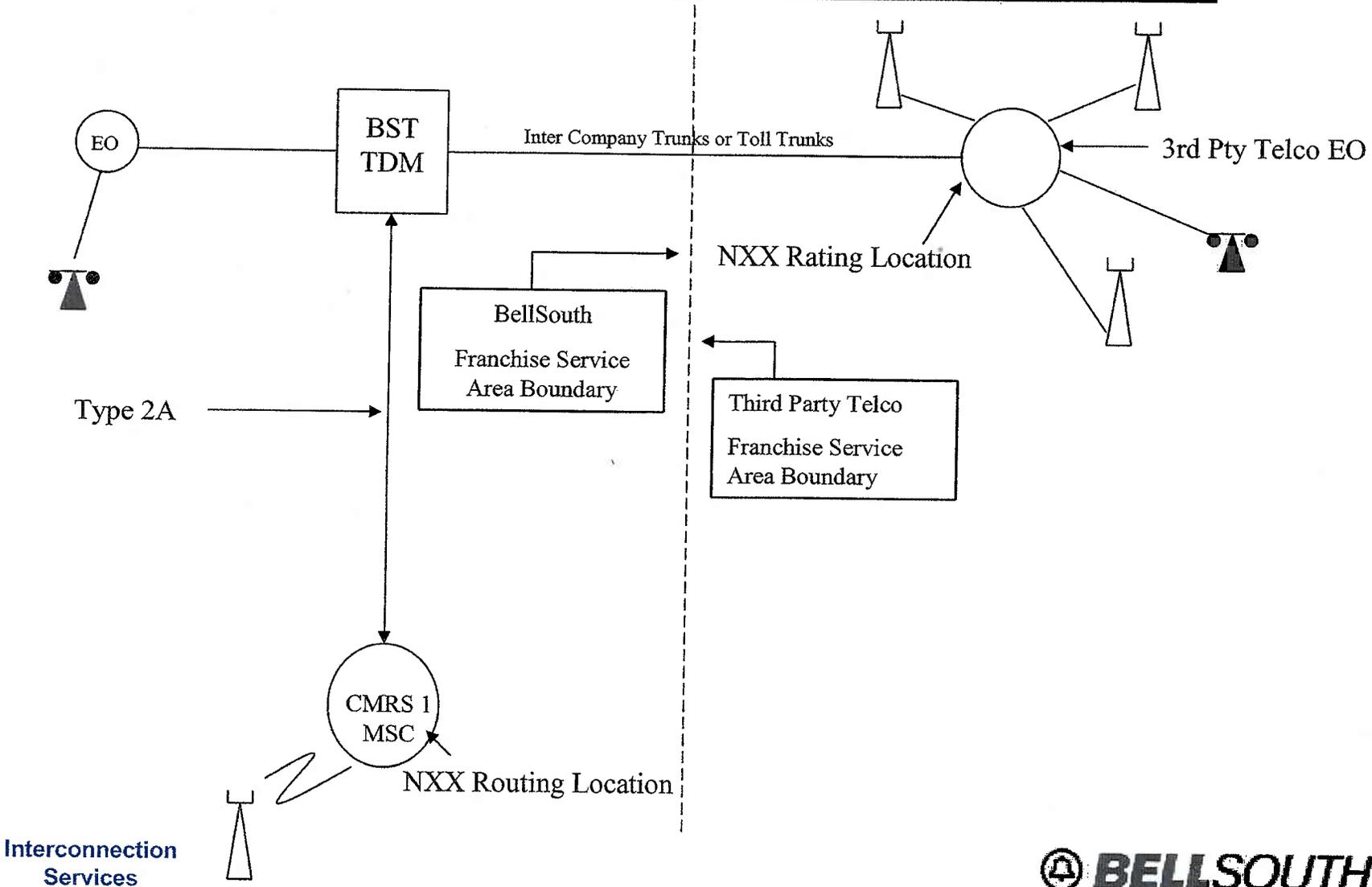




**TRANSITING**



# NXX With 3<sup>rd</sup> Party Rate Center & Routing To BellSouth



## **TRANSIT ARRANGEMENTS**

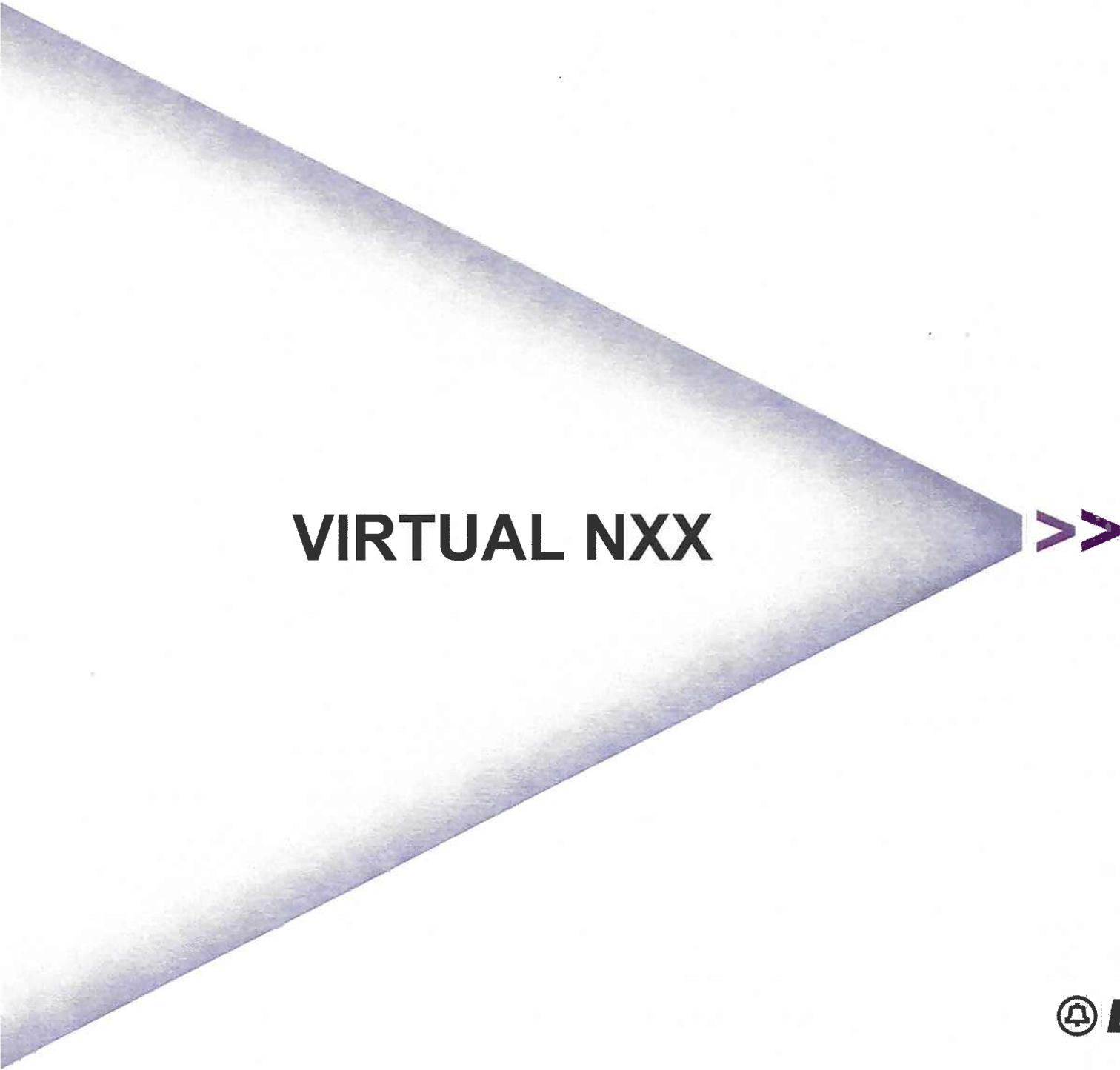
1. Traditional Transit Traffic: BellSouth contractually agrees to deliver traffic to the contracting carrier from a third party, and to a third party from a contracting carrier.
2. Transit Traffic – Third Party Rate Centers: Commercial Mobile Radio Service (CMRS) providers secure NPA-NXX codes and insert them in the Local Exchange Routing Guide (LERG) establishing a routing destination within BellSouth's franchise service area and a rating destination in a third party Incumbent Local Exchange Carrier's (ILEC) franchise service area.

## **BELLSOUTH SHOULD NOT BE FORCED TO BEAR OTHER CARRIERS' COSTS**

1. BellSouth has no obligation pursuant to the Telecommunications Act of 1996 to provide transiting functions, but has agreed to do so for CMRS providers and CLECs in the interest of network and resource efficiency, so long as BellSouth is properly compensated for the transit functions.
2. By providing a transit function, the transiting carrier bears the capital investment of interconnection, and the carriers utilizing the service receive the benefits of interconnection without the network capital investment and ongoing expense. The transiting carrier is receiving no end user revenue or benefit, and thus, the transiting carrier owes no compensation to the originating and terminating carriers.
3. If CMRS and other carriers are permitted to load NPA-NXX codes with differing routing and rating points, the ILEC owning the routing point tandem will necessarily be transiting calls that are clearly intended to be local to the ILEC owning the rating point. Thus, the majority of the traffic will be exchanged between the CMRS provider and the independent ILEC, and it will all be routed through BellSouth's tandem. Before assigning codes in this manner, these carriers should be required to (1) have an appropriate transiting arrangement with BellSouth, and (2) have a traffic exchange agreement with the rating point ILEC.

## CONCLUSION AND RELIEF REQUESTED

1. Problems specifically related to transit traffic delivered to independent ILECs have become untenable in the BellSouth region. Independent ILECs are using state commission processes in an effort to force BellSouth to pay for termination of transit traffic at high access rates, while refusing to compensate BellSouth for transit traffic the independent ILEC originates.
2. While BellSouth is willing to continue to act as a transiting company, it is willing to do so only if: (1) BellSouth does not have to compensate other carriers merely because the traffic passes through its network; (2) BellSouth is compensated for the use of its network; and (3) BellSouth does not have to become involved in compensation issues or other disputes between originating and terminating carriers.
3. The Commission should find that:
  - ILECs are not obligated to provide a transit function.
  - Originating and terminating carriers are responsible for intercarrier compensation associated with transit or indirect traffic.
  - Transiting carriers are not liable for compensation to any other carrier.
  - Transiting carriers are entitled to a fee for use of their networks.



**VIRTUAL NXX**

 **BELLSOUTH**<sup>®</sup>

# Facility Based CLEC Use Of NXX Codes

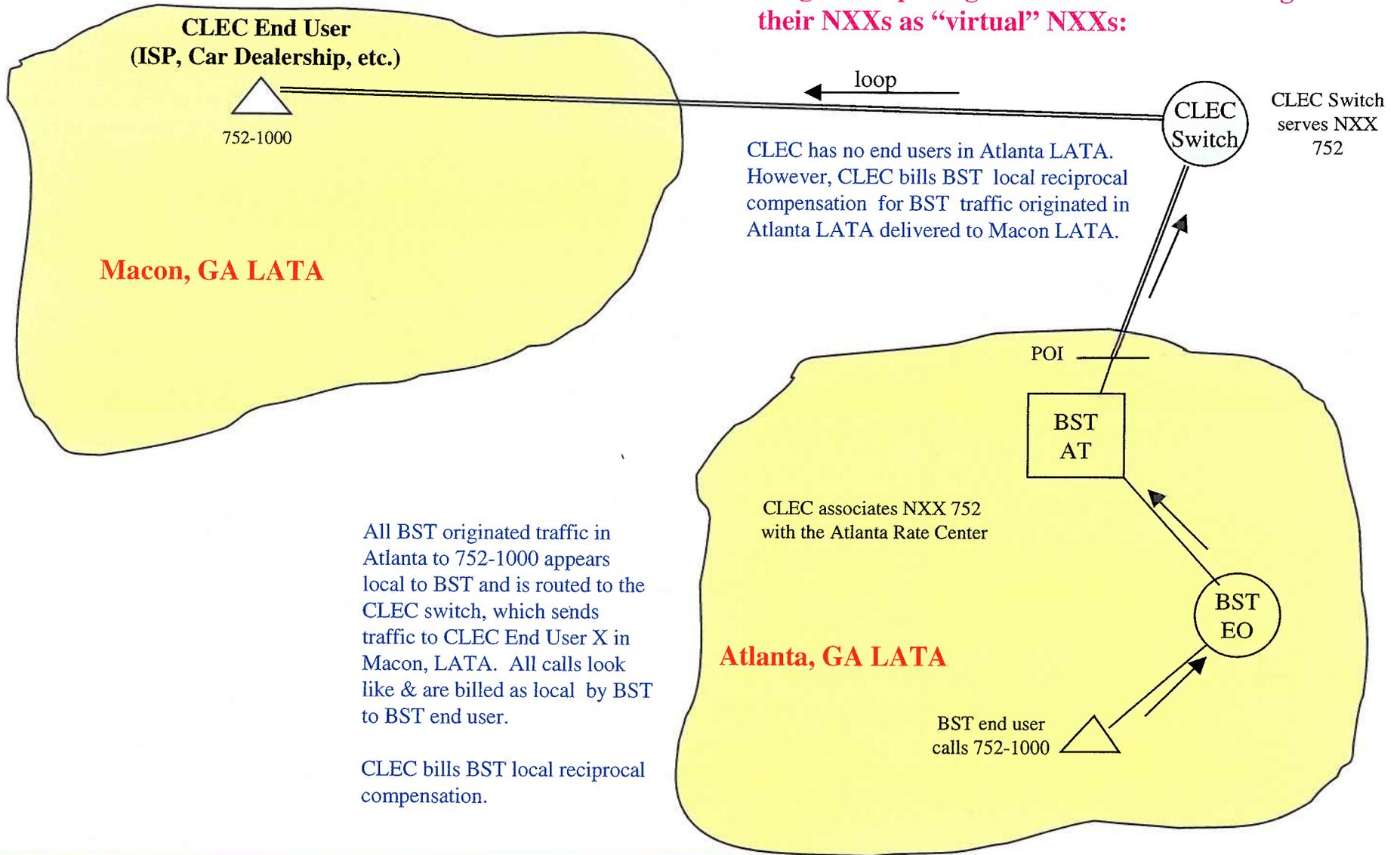
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## ➤ CLECs Use Of Their NXX Codes As “Virtual” NXXs:

- CLECs are collecting BST originated toll traffic as “local” traffic, then terminating to point that is intraLATA toll or interLATA to originating point end user.
- CLECs are using this process to collect traffic in various local rate centers to deliver to a single ISP provider or business ( such as a car dealership).
- CLECs are billing BST “local” reciprocal compensation on this traffic.
- CLECs are using their NXXs to provide “virtual FX” service.

# FB-CLEC Use Of NXX Codes For InterLATA Traffic

Diagram depicting how the CLECs are using their NXXs as "virtual" NXXs:

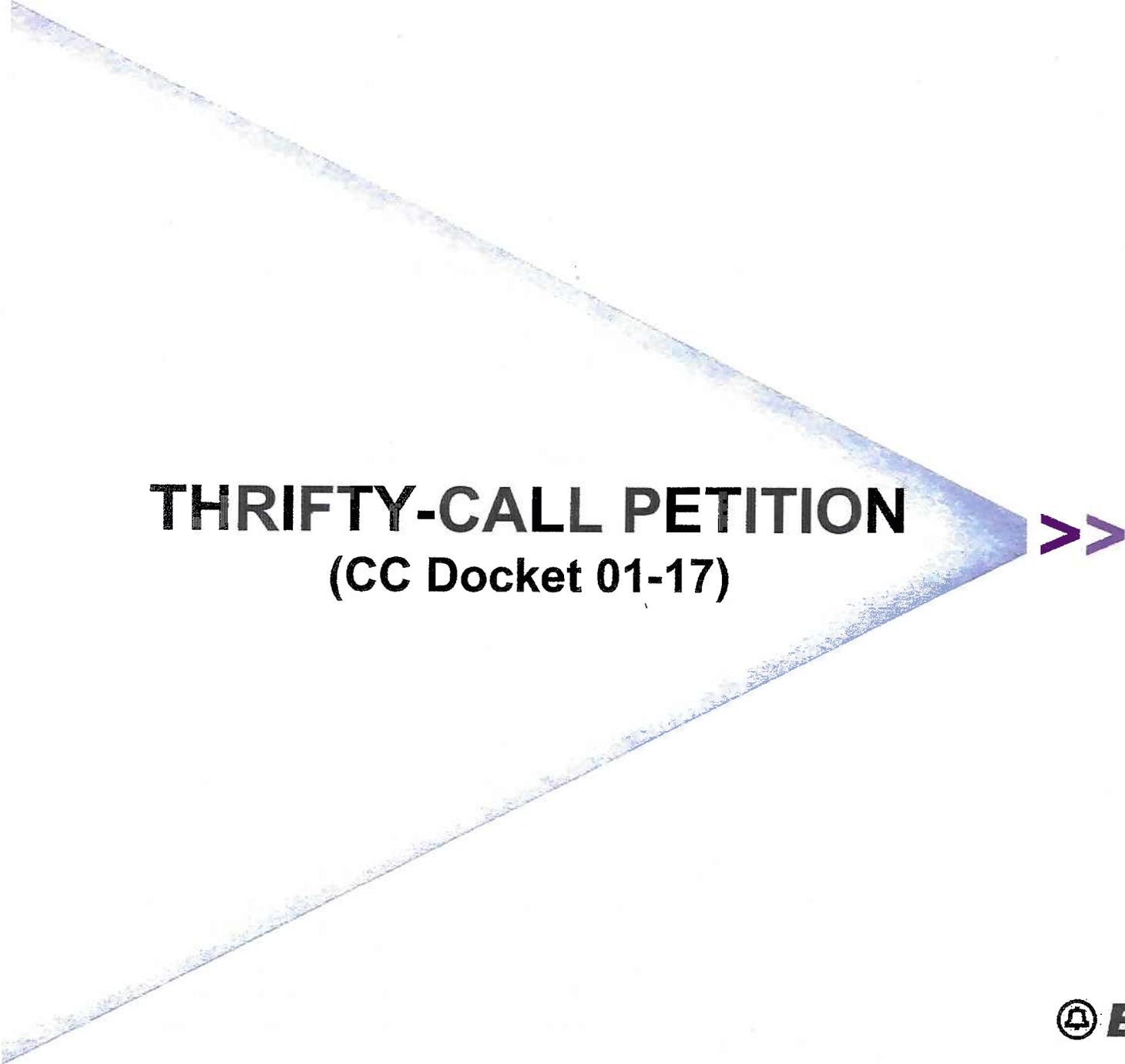


# Facility Based CLEC Use Of NXX Codes

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## ➤ **FCC has consistently held that the jurisdiction of a call is determined by the originating and terminating, end-to-end points of a call**

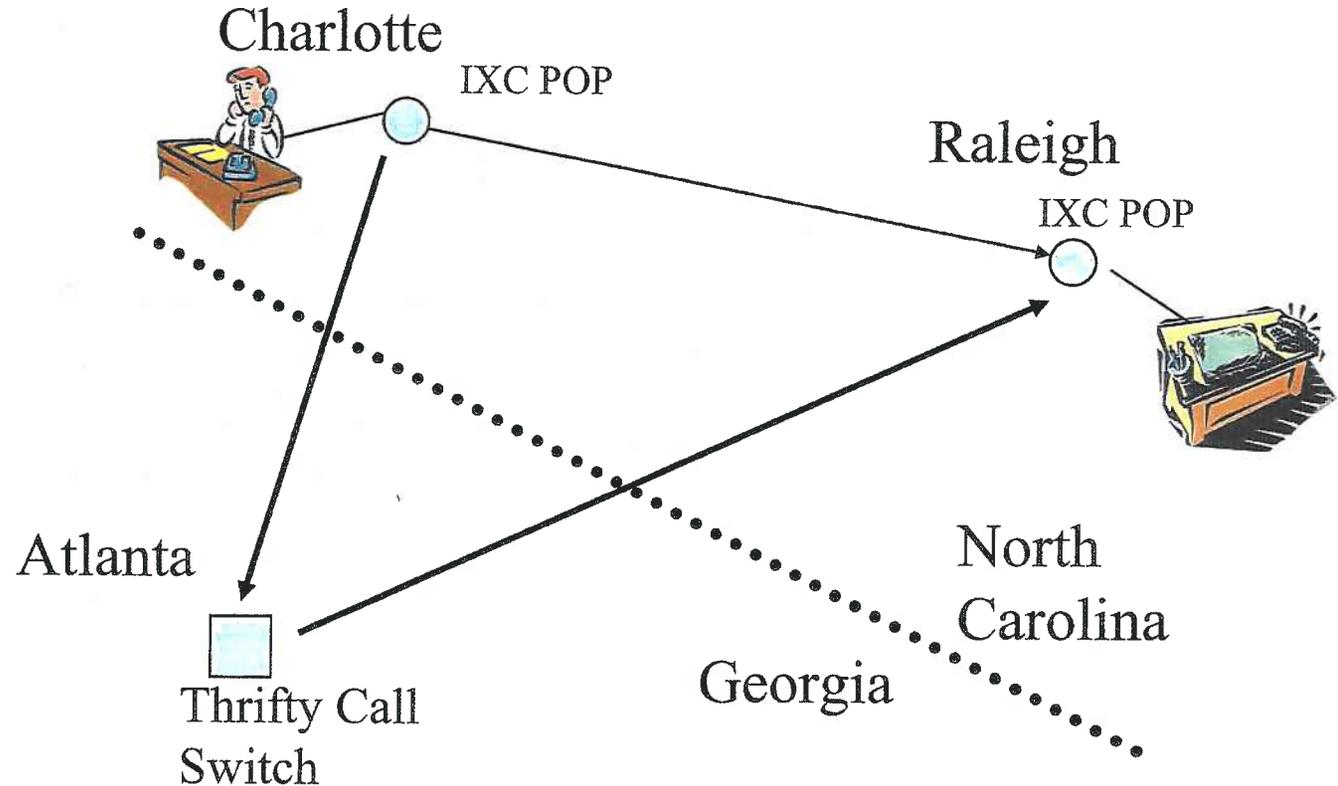
- CLECs are attempting to avoid access by assignment of NXX Codes
- Reciprocal Compensation is not owed on calls using Virtual NXX because the call is not local; the originating and terminating points are not in the same local calling area.
- FCC has recognized that access regime and local structure will converge at some point. If CLECs are allowed to “game” the access regime before this convergence occurs, Universal Service and end users suffer.
- Assessment of access charges on Virtual NXX calls:
  - 1) will not eliminate the service due to the value of an assumed “local presence”
  - 2) is consistent with the manner in which other calls of this nature are treated



**THRIFTY-CALL PETITION**  
**(CC Docket 01-17)**



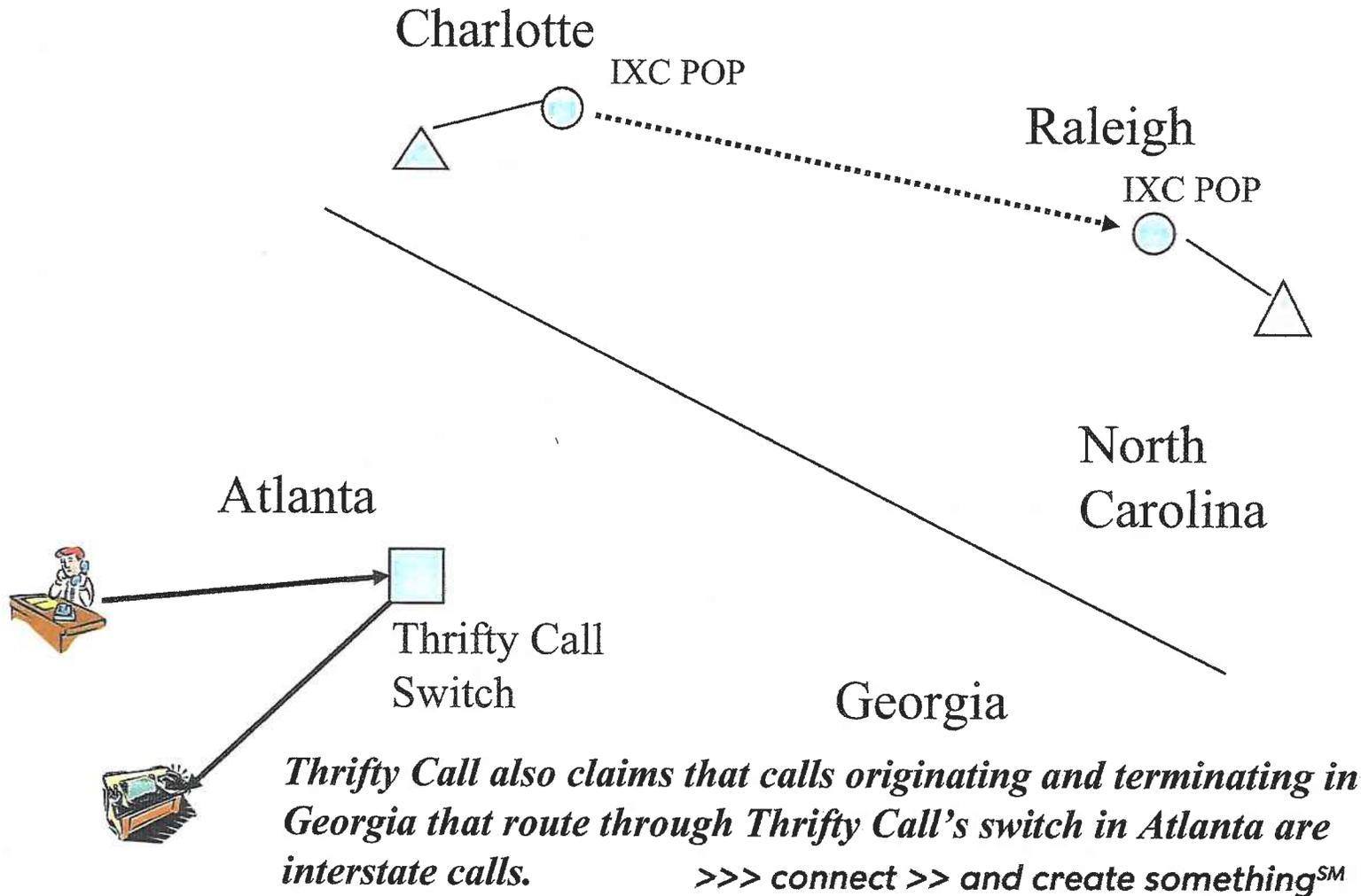
# Thrifty Call Switch Arrangement



*Thrifty Call claims that calls between Charlotte and Raleigh are interstate because the calls are routed through Thrifty Call's switch in Atlanta*



# Thrifty Call Switch Arrangement





# BellSouth's Tariffs

- Thrifty Call claims that BellSouth's access tariffs support its assignment of jurisdiction.
- BellSouth's access tariffs do not support Thrifty Call's jurisdictional assignments because:
  - The provisions of BellSouth's access tariffs apply to a single IXC in the routing of a call. The tariff does not address the case where a carrier hands off the traffic to other carriers, because the jurisdiction of traffic should not be affected, or changed, regardless of the number of carriers involved. Under Thrifty Call's interpretation, jurisdiction is subject to change each time the call is passed to another carrier.
  - While Thrifty Call relies on its interpretation of BellSouth tariffs to justify its jurisdictional assignment of North Carolina traffic, it uses a totally different method for Georgia traffic--one that financially benefits Thrifty Call.
  - Thrifty Call attempted to hide its selective application of jurisdiction by deleting the originating, or Calling Party Number, information in violation of FCC Rules, Part 64.
  - BellSouth is unaware of any financial advantage for a carrier to hand off traffic to another carrier for termination unless there is knowledge that the jurisdiction will be altered and that a lower than appropriate terminating rate will apply.



## Basis of BellSouth's Action Against Thrifty Call

- BellSouth noticed that Thrifty Call reported 100% PIU.
- BellSouth performed test calls using its Mechanized Analysis and Test Validation system (MATV). Test calls indicated that usage was intrastate, but was reported as interstate.
- BellSouth filed complaints against Thrifty Call in North Carolina (Commission ruling issued in May 2001) and in Florida (case is pending but has not been heard).
- Under a motion to compel in North Carolina, Thrifty Call produced its switch records that confirmed that essentially 100% of the calls it processed for North Carolina were intrastate calls, not interstate calls as Thrifty Call claimed.
- In testimony in North Carolina, Thrifty Call stated it relied on the FCC's "Entry-Exit" Order 85-145, released April 16, 1985, as the basis to assign the North Carolina traffic to interstate.
- North Carolina PSC found in favor of BellSouth on all of the issues raised in this proceeding.

*>>> connect >> and create something<sup>SM</sup>*