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September 26, 2005

Ex Parte

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

**Re: In the Matter of Developing A Unified Intercarrier Compensation Regime, CC
Docket No. 01-92**

Dear Ms. Dortch:

Verizon submits this *ex parte* in response to Cbeyond's *ex parte*, filed in the above-referenced proceeding on August 31, 2005. Although Verizon supports efforts to resolve issues created by "phantom traffic," many of Cbeyond's arguments appear to be based on a misunderstanding of the industry standards governing billing records and technical limitations on the routing of transit traffic. Verizon submits this *ex parte* to correct those misunderstandings.

First, Cbeyond's concerns about identifying the proper carrier to be billed are based on a misunderstanding of tandem providers' terminating access records and the information signaled via SS7 signaling. As Verizon has explained in prior *ex parte* meetings, tandem providers create "terminating access records," which are standardized records designed for use in billing. Well-established industry standards govern the creation of terminating access records. Pursuant to these standards, Verizon identifies the carrier to be billed based on which carrier owns the trunk group delivering traffic to Verizon's tandem. If the carrier to be billed is an IXC, Verizon determines the

carrier's Carrier Identification Code ("CIC"); if the carrier to be billed is not an IXC, Verizon determines the carrier's Operating Company Number ("OCN"). Verizon then inserts the derived CIC or OCN in the terminating access record, which is provided to the terminating carrier.¹

Understanding how terminating access records are populated and used resolves most of Cbeyond's concerns. For example:

- Cbeyond reads SBC's August 11th *ex parte* as suggesting that the calling party's LEC is necessarily identified on billing records as the carrier to be billed for intraLATA toll calls – even if the caller has preselected an IXC to carry those calls. *See* Cbeyond at 1-2. To the contrary, as explained above, the terminating access record identifies the carrier that delivers the call to the transit provider. Accordingly, if the calling party has designated his or her LEC to carry intraLATA toll calls, the caller's LEC will deliver the call to the transit provider, and the terminating access record will correctly identify the calling party's LEC as the carrier to be billed. On the other hand, if the calling party has selected an IXC to carry intraLATA toll calls, the IXC will deliver the call to the transit provider, and the record will identify the calling party's IXC as the party to be billed.
- Cbeyond asserts that ILECs, acting as tandem providers, "often leave [the CIC] field unpopulated when passing the [interexchange] call on to the terminating LEC" and that terminating carriers therefore have "no way to know" which carrier to bill for terminating a call. *See* Cbeyond at 2. To the contrary, as explained above, industry standards dictate that the derived CIC or OCN is inserted into the *terminating access record* that is created by the tandem and provided to the terminating carrier for billing purposes. Verizon adheres to this practice. To the extent that Cbeyond is suggesting that tandem providers should insert the derived CIC into the SS7 signaling stream, it is neither feasible nor consistent with well-established industry standards for the transit provider to do so. Terminating carriers must look to the terminating access record – not the SS7 signaling stream – to identify the carrier to be billed.
- Cbeyond argues that transit carriers improperly provide terminating carriers "pseudo CICs" to identify originating LECs. *See* Cbeyond at 2. Pursuant to industry standards, terminating access records use CICs to identify interexchange carriers and OCNs to

¹ *See, e.g.,* Ex Parte Letter from Donna Epps to Marlene Dortch, with attachments, CC Docket No. 01-92, at Slide 3 (Sept. 1, 2005).

identify local exchange carriers. Verizon does not include “pseudo CICs” in the terminating access records that Verizon sends to other companies, such as Cbeyond.

Second, Cbeyond appears to claim that terminating carriers’ use of proxies or “factors” to determine the jurisdiction of calls for billing purposes creates “phantom traffic.” To the contrary, factoring is widely used throughout the industry, particularly to deal with traffic that may otherwise be difficult or impossible to jurisdictionalize. Typically in factoring arrangements, the originating carrier or IXC uses call record information to develop estimates as to what percentage of its traffic to the other carrier is local, intrastate toll, or interstate toll. These percentages, or factors, are then used to approximate the jurisdiction of the traffic in question and to calculate the appropriate intercarrier compensation that the originating carrier or IXC must pay. For example, Verizon and other carriers often enter into contractual arrangements whereby the parties use factoring to determine the jurisdiction for calls that lack a valid calling party number (“CPN”). Verizon and other carriers also often agree to use factoring to determine the jurisdiction of wireless-originated calls, because the CPN will not necessarily reflect the geographic location of the calling party.² To the extent that carriers dispute the appropriate factor that should apply, that is a business dispute to be worked out between the parties involved. Cbeyond’s disagreement with the factors applied to bill Cbeyond’s traffic does not create “phantom traffic.”

Finally, citing the Commission’s *Virginia Arbitration Order*, Cbeyond faults Verizon for using local interconnection trunks to route interexchange calls that are erroneously delivered to

² See, e.g., Ex Parte Letter from Donna Epps to Marlene Dortch, CC Docket No. 01-92 (Aug. 9, 2005).

Verizon end offices. *See* Cbeyond at 2-3. As Verizon has explained in prior *ex parte* meetings, some interexchange carriers fail to follow industry standards and neglect to query the local number portability (“LNP”) database for ported numbers and pooled thousands-blocks. Instead, these interexchange carriers route calls directly to the donor end office. If the called number has been ported or the thousands-block of the called party has been assigned to another LEC, the donor end office must query the LNP database, identify the correct terminating carrier, and route the call correctly for completion. An end office, however, has no way of routing a misdirected call on access trunks; the only technically feasible way to complete such a call is for the donor office to use local interconnection trunks. With very limited exceptions, however, Verizon still provides the terminating carrier a terminating access record that identifies the IXC to be billed and the calling party’s CPN.³ Accordingly, Cbeyond is mistaken in claiming that the carrier terminating such a call has no way of properly billing access charges.

One electronic copy of this Notice is being submitted in accordance with the Commission’s rules.

Sincerely,



cc: Tamara Preiss
Steve Morris

³ *See, e.g.*, Ex Parte Letter from Donna Epps to Marlene Dortch, with attachments, CC Docket No. 01-92, at Slide 3, 5 (Sept. 1, 2005).