

UTEX Communications Corp. d/b/a FeatureGroup IP

W. Scott McCollough
General Counsel

1250 South Capital of Texas Highway
Building Two, Suite 235
Austin, Texas 78746

713.231.2315 (V)
512.692.2252 (FAX)
scott@worldcall.net

June 27, 2007

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street SW
Room CY -B402
Washington, D.C. 20554

RE: Docket 01-92; *In the Matter of Developing a Unified Intercarrier Compensation Regime; In the Matter of The Missoula Intercarrier Compensation Reform Plan; In the Matter of the Missoula Intercarrier Compensation Reform Plan; Missoula Plan Phantom Interim Process and Call Detail Records Proposal*
Notice of Ex Parte Meeting

Dear Ms. Dortch:

On behalf of UTEX Communications Corp. d/b/a FeatureGroup IP ("FeatureGroup IP"), I hereby submit this notice of *ex parte* meetings held in the above-captioned proceeding, on the dates and involving the persons below indicated. At each meeting the FeatureGroup IP representatives distributed the attached document, which served as the basis for discussion. All discussions that occurred were consistent with FeatureGroup IP's prior-filed comments in this proceeding, with particular emphasis on but not limited to the technical aspects to and policy ramifications of FeatureGroup IP's March 26, 2007 Written *Ex Parte* submission submitting specifications for the Universal Tele-Traffic eXchange ("UTEX"). The FeatureGroup IP representatives in each meeting were Lowell Feldman, CEO and Soren Telfer, CTO.

June 20, 2007:

Presentation to Randolph Clarke, Lynne Hewitt Engledow, Albert M. Lewis and Deena Shetler of the Wireline Competition Bureau

Presentation to Nicholas Alexander, Legal Advisor to Commissioner Tate

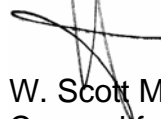
Presentation to Ian Dillner, Legal Advisor to Chairman Martin

June 21, 2007:

Presentation to Scott Bergmann Advisor to Commissioner Adelstein

Presentation to Scott Deutchman, Legal Advisor to Commissioner Copps

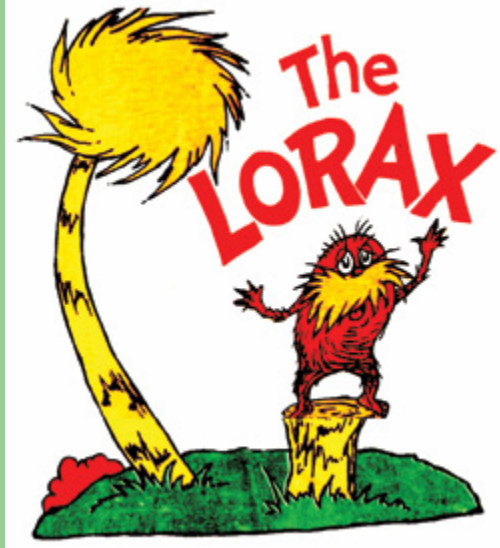
Sincerely,



W. Scott McCollough
Counsel for UTEX Communications Corp.
d/b/a FeatureGroup IP

The Universal Tele-traffic Exchange UTEx

Technical Solution for the Phantom Problem Facilitates Broad
Decisions on Compensation and Universal Service



The Lorax, Dr Seuss, 1971

Image: <http://www.corporateknights.ca/gfx/lorax.jpg>

June 20-21, 2007

The UTE_x

- A Settlement-free VoIP and PSTN peering point that enforces good policy, creates business certainty and enables new business models to flourish.
- No assumptions about geography, only abstract addressing.
- Creates bright-line division between service providers that own customers and those that don't, and creates covenant for passing user information between providers.
- Legacy networks get the information they need in the mode they need it.
- Allows participating providers to
 - have sufficient information to identify the address of the person inviting a call session.
 - support reverse dialing regardless of addressing scheme.
- Solves Legacy inter-working by extending SS7 ISUP protocol.
- *Solves the “Phantom” traffic problem.*

With Technology Solved Focus Can Return to Policy Intercarrier Compensation

- New Technology traffic is more efficient than the SS-7 Based PSTN and should not be taxed or boxed into “Carrier” classifications or jurisdictions for the sake of historical policy; BUT if the FCC and Congress disagree, make the classification overt and the tax obvious and easy to implement
- With respect to “wholesale” Intercarrier compensation between LECS; Bill and Keep is most efficient because incremental measurement, rating billing and collection costs outweigh incremental cost of additional traffic units –The Commission should not impose non cost-based origination and termination prices on IP-Enabled Services using non-ILEC PSTN connectivity provider. The §251(g) “carve out” does not apply; instead §251(b)(5) and §252(d)(2) apply.

With Technology Solved Focus Can Return to Policy

Intercarrier Compensation (continued)

- If bill and keep is not possible, then apply the “additional cost” standard to all calls by eliminating §251(g) exemption for traditional switched access. If a rate is adopted it needs to be symmetrically applied – the logical rate that should apply is the current ISP Rate of \$0.0007.
- Network-related costs which need to be “politically subsidized” should not be recovered through intercarrier compensation. Subsidies should be moved to better USF regime.

With Technology Solved Focus Can Return to Policy

- Vail's vision in the early 1900's for AT&T was brilliant from a political/policy perspective.
- The policy goal: Everyone should have universally accessible and useful access to the telephone.
- The policy means: Grant AT&T an exclusive franchise and stewardship of the technical means to build the network that will support the service.
- Universal Service implicitly recognizes network effects: adding users on a network increases the social and economic utility of the network to society. The benefit to society is greater than the benefit to the additional user.
- Current "Universal Service" regime requires subsidization – residential and rural users pay less than would be the case in a competitive environment; the difference between marginal cost and rate charged is the subsidy. Businesses, urban customers and "vertical" or "optional services" (e.g., toll) supply the subsidy.

With Technology Solved Focus Can Return to Policy (Cont.)

- The patchwork of subsidies is anticompetitive because no other entity can achieve sufficient scale or penetration to avoid subsidization of ILECs' embedded base.
- Congress sought to end implicit subsidies with the 1996 amendments and create a competitive market, while preserving universal service through explicit but neutral subsidies.
- Policy should move from subsidizing Legacy *services* to subsidizing *networks* that allow users to run any service or application – obtained from any source.
- Current Intercarrier Compensation Regime imbeds the old Policy

New Model vs. Old Model

- The Internet was designed to be agnostic to the physical layer and the higher layer services and applications being used. It is a common platform for any type of communication.
- This is diametrically opposed to the Theodore Vail concept of communications: “one policy, one system (AT&T's) and universal service, no collection of separate companies could give the public the service that [the] Bell... system could give.”
- The Internet has proved and is based upon the exact opposite: many policies, many systems, many companies and any service or application.
- Vail's Universal Service paradigm involves geographic relevance and service cross-subsidies.

New Model vs. Old Model (Cont.)

- The Internet has no concern with geographic relevance and does not require subsidization; nor should it be required to subsidize Legacy networks.
- The Vail approach involved top-down control over technology and service deployment.
- The Internet (at present) has no service control layer, it merely routes packets using user (edge device) supplied instructions. Services can be deployed within minutes and without requesting permission of the network owner.
- Will we poison or water the roots of the Truffula trees -- which are different business models?

Don't preclude INTER-MODEL Competition

- Inter-Modal competition assumes similar business models for Legacy Incumbents and insurgent competitors.
- From the ILEC perspective, any technology use that doesn't fit the Legacy Business Model is "Bad" – in this case a "Phantom" that must be stopped by the government. The result is a closed self-perpetuating system.
- In fact, technology is neither good or bad and applications using different technology make no assumptions about underlying business models.
- New technology enables new business models. These new models present a different kind of competition – Inter-Model competition, e.g., not necessarily priced in the same way, or involving multi-sided transactions.
- The incumbents tend to oppose alternative models, and try to label them as "Phantom" – implying they involve "arbitrage" or some nefarious scheme – merely because they don't comport with the Legacy business model of service-driven Legacy network architecture or traditional concepts of geographic relevance used to extract subsidies.

TODAY'S NEW VOIP MODELS

- Users of the Internet do not look at bandwidth as content, but as a necessary prerequisite to be able to communicate or use applications and services.
- Today's Model is user empowering. It allows users to buy "network access" and then choose the services and applications they desire from a multitude of sources.
- DNS Servers to Mail Servers to Search Engines to GOOGLE to Skype and FLiKr.

Disconnecting subsidies from services will allow competition to flourish, while ensuring the networks are built.

GOOD POLICY

- Explicitly accepts and promotes Inter-Model Competition by promoting cost based interoperability between VOIP and Non-VOIP users.
- Don't get in the way by imposing Legacy concepts of intelligent network design, signaling standards, content delivery, and charges.
- Promote communications use in general – communications industry is unique in that there are mostly positive externalities and very few negative externalities.
- Update and modernize Universal Service to support networks, not Legacy “services.” Or, support any substitutable service such as VOIP.

What Should the Policy Be?

- Policy makers should embrace and encourage “Inter-Model” competition by requiring interconnection and interoperation and eliminating economic barriers presented by current intercarrier compensation and universal service rules.
 - AT&T still is defending last century’s Public Policy which is top down control:
 - Everyone should have universally accessible and useful access to the telephone -- one policy, one system (AT&T's) and universal service, no collection of separate companies could give the public the service that the Bell system gives.

What Should the Policy Be? (Continued)

- Google is at other end of Spectrum – For Free it wants to inter-operate with everyone-
 - Google's mission is to make the world's information universally accessible and useful. Google Talk, which enables users to instantly communicate with friends, family, and colleagues via voice calls and instant messaging, reflects our belief that communications should be accessible and useful as well. We're committed to open communications standards, and want to offer Google Talk users and users of other service providers alike the flexibility to choose which clients, service providers, and platforms they use for their communication needs.

http://code.google.com/apis/talk/open_communications.html

Proposed Lorax Policy

- Make the world's information universally accessible and useful, enable users to instantly communicate with friends, family, and colleagues via voice calls and instant messaging without measured charges. Assist in the development, deployment and creation of open, interconnected and interoperable communications standards and networks among and between users and service providers.