

IP Telephony:

An Innovative Service that has Flourished in a Largely Unregulated Environment

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The opinions expressed are my own, and do not necessarily reflect
the views of the FCC or any of its commissioners.



IP Telephony

- Regulatory status of IP telephony in the U.S.
- Regulatory status internationally
 - ◆ European Union (EU)
 - ◆ International Telecommunications Union (ITU)
- Recent developments in the U.S.
 - ◆ AT&T petition
 - ◆ Bellsouth/Qwest/Verizon submission to NANC



IP Telephony

- An innovative, competitive and important service.
- IP telephony has flourished in a largely unregulated environment.
- There is significant ongoing international pressure to rethink its regulatory status.
- For the first time in years, the FCC is dealing with a request to clarify applicable regulations.
- Concerns have been raised that IP telephony might accelerate the exhaustion of the North American Numbering Plan (NANP).



Definitions from the Telecommunications Act

Telecommunications - “the transmission, between or among points specified by the user, of information of the user's choosing, without change in the form or content of the information as sent and received.”

Telecommunications Service - “the offering of telecommunications for a fee directly to the public, or to such classes of users as to be effectively available directly to the public, regardless of the facilities used.”

Information service - “the offering of a capability for generating, acquiring, storing, transforming, processing, retrieving, utilizing, or making available information via telecommunications, and includes electronic publishing, but does not include any use of any such capability for the management, control, or operation of a telecommunications system or the management of a telecommunications service.”



The Stevens Report (April, 1998)

- Where both sides are telephones, IP telephony bears many characteristics of a telecommunications service; however, we must consider specifics on a case-by-case basis.
- Where both sides are computers, IP telephony should not be viewed (at present) as a telecommunications service.
- IP telephony does not directly contribute to the Universal Service Fund (USF), but underlying components (e.g. private lines) do; thus, IP telephony does not necessarily generate a net reduction in the magnitude of the USF.
- "... IP telephony serves the public interest by placing significant downward pressure on international settlement rates and consumer prices."



European Commission Policy

- 1998 notice concluded that Internet voice services do not constitute voice telephony UNLESS:
 - ◆ they are offered commercially and separately to the public as voice services;
 - ◆ they are provided to and from PSTN termination points; and
 - ◆ they are offered in real time at the same level of speech quality and reliability as is offered by the PSTN.
- January, 2001 communication reaffirmed the 1998 position; observed, however, that the quality of IP telephony over a single network has improved.
- They did not discuss the phone-to-phone case.
- As the EU migrates to a new telecommunications regulatory framework, the subject will need to be reevaluated.



IP Telephony and the ITU

- Significant interest within the International Telecommunications Union (ITU) in defining Internet telephony and IP telephony.
- Many countries, especially those in the developing world, would like to make IP telephony subject to international accounting rates. Many are concerned over lost revenue.
- IP telephony is illegal in a great many countries.

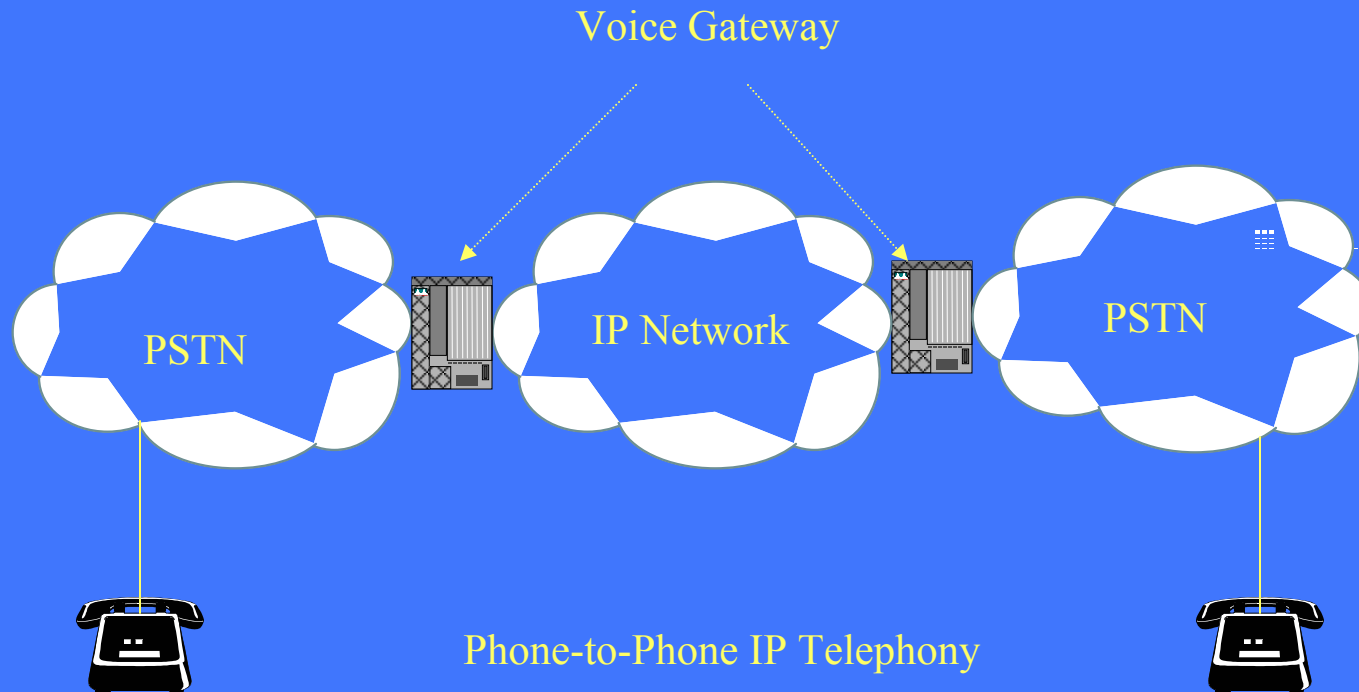


AT&T Petition

- AT&T petitioned the FCC on 10/18/2002 to declare that AT&T's phone-to-phone IP telephony services are exempt from access charges.
- AT&T provides prepaid calling card and direct phone-to-phone IP telephony services.
- AT&T claims that ILECs:
 - ◆ Refuse to provide end user services, or to complete calls.
 - ◆ Assess interstate access charges instead of reciprocal compensation charges.
- Replies to public comments are due by 1/27/2003.



Phone-to-Phone IP Telephony



RBOCs on VoIP Numbering Issues

- Recent Bellsouth/Qwest/Verizon submission to the North American Numbering Council (NANC).
- IP telephony phone numbers are not tied to geographic boundaries.
 - ◆ Is this exacerbating number exhaustion problems in some areas?
 - ◆ Are our statistics adequate to inform us on such issues?
 - ◆ Does this raise jurisdictional questions?
 - ◆ Similar issues exist with E-FAX.
- IP telephony customers may retain their telephone number when they move.
 - ◆ Are phone numbers recovered when a user moves?
 - ◆ Are phone numbers recovered when a user discontinues service?



RBOCs on VoIP Numbering Issues (continued)

- What telephone number portability obligations, if any, should pertain to IP telephony service providers (ITSPs)?
- What obligations should pertain in regard to special numbers, including 911?
- Overall, will IP telephony accelerate the exhaustion of the NANP?

