



## Telecom Decision CRTC 2007-49

Ottawa, 6 July 2007

### Central office code obligations for competitive local exchange carriers

Reference: 8698-C151-200705072

*In this Decision, the Commission determines that a competitive local exchange carrier can meet its obligation to obtain central office codes by using the central office codes of the local exchange carrier from whom it also obtains its switching and/or local interconnection facilities to the public switched telephone network.*

#### Introduction

1. The Commission received an application by the Canadian Cable Systems Alliance Inc. (CCSA), dated 2 April 2007, pursuant to Part VII of the *CRTC Telecommunications Rules of Procedure*. In its application, the CCSA requested that the Commission grant relief to competitive local exchange carriers (CLECs) from the obligation established in *Local competition*, Telecom Decision CRTC 97-8, 1 May 1997 (Decision 97-8) requiring all CLECs to obtain at least one central office (CO) code for each incumbent local exchange carrier (ILEC) exchange. Specifically, the relief sought was for the situation where a CLEC obtains switching and interconnection to the public switched telephone network (PSTN) through an underlying local exchange carrier (LEC) and then resells the underlying LEC's local exchange services to its customers.
2. The Commission received comments from Quebecor Media Inc., on behalf of its affiliate Videotron Ltd. (Videotron); MTS Allstream Inc.; and Cogeco Cable Inc. The record of this proceeding closed on 8 May 2007 with the filing of the CCSA's reply comments.
3. In this Decision, the Commission considers that it must determine whether a CLEC can meet its obligation to obtain a CO code per ILEC exchange or per local interconnection region (LIR)<sup>1</sup> by using a CO code of the LEC from whom it obtains its switching and/or local interconnection facilities to the PSTN.

#### The application

4. The CCSA noted that, in *Canadian Cable Telecommunications Association – Part VII application regarding the application of some competitive local exchange carrier (CLEC) obligations to certain CLECs*, Telecom Decision CRTC 2006-58, 18 September 2006, the Commission had declined to grant small CLECs relief from the obligation to obtain one CO code for each ILEC exchange in which they provided service due to concerns that such relief could impact the rating, routing, and billing of long distance calls.

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<sup>1</sup> In *Rogers Wireless Partnership Part VII application regarding the requirement for a central office code in each served exchange*, Telecom Decision CRTC 2007-23, 12 April 2007, the Commission determined that CLECs must acquire at least a single CO code per LIR in which they provide local service. However, if LECs wish to assign telephone numbers to customers in exchanges within an LIR, they must still obtain a CO code for each exchange in which they will be assigning telephone numbers to their customers.

5. The CCSA argued that the obligation for a CLEC to have one CO code for each exchange in which it resells an underlying LEC's local service was no longer necessary to ensure the proper routing, rating, and billing of calls, because the CO code(s) obtained by the CLEC's underlying LEC could be used to route and rate calls on behalf of that CLEC.
6. Specifically, the CCSA argued that an underlying LEC already had its own CO code and Location Routing Number (LRN) for the switch on which the small CLEC relied; therefore, that CLEC did not require its own CO code or associated LRN, as it did not directly perform any switching or call routing functions with other networks. In those circumstances, the CCSA submitted that the obligation for the CLEC to obtain its own CO code served no useful purpose.
7. The CCSA submitted that the imposition of this obligation on its members placed them at an artificial disadvantage with respect to resellers because resellers were not required to obtain a CO code, and were allowed to rely on an underlying LEC. The CCSA argued that this obligation was being applied in a manner that was neither symmetrical nor competitively neutral.
8. The CCSA also submitted that granting the requested relief would lower an economic barrier to entry for its members to launch competitive local exchange services in their operating territories and would increase competition in the smaller and more rural communities they served.
9. All parties to this proceeding supported the CCSA's request for relief, being of the view that granting the application would not interfere with the routing and rating of calls, nor have any adverse technical impact.

### **Commission's analysis and determinations**

10. The Commission considers that the main issue to be determined is whether routing and rating requirements can still be met if a CLEC does not have its own CO code in an exchange where it is providing local service and telephone numbers through an underlying LEC. The Commission notes that all parties agreed that granting the CCSA's request would neither interfere with the proper routing and rating of traffic, nor have any adverse technical impact. The Commission agrees with this assessment, as in those circumstances, it is the underlying LEC that performs all inter-carrier routing functions for the CLEC.
11. The Commission further agrees that the rating principles will be unaffected, since the point of interconnection to the PSTN is via the underlying LEC's facilities. The Commission notes that even if such a CLEC were to obtain its own CO code, that CO code would still have to be associated with the underlying LEC's PSTN interconnection facilities.
12. The Commission notes that non-facilities-based resellers of local service who rely exclusively on their underlying LEC's network in order to provide local service to their customers are not required to obtain a CO code(s) in their serving territories. Therefore, the Commission considers that the CO code per exchange or per LIR requirement puts the small CLECs, who

have limited network reach and consequently rely on an underlying LEC for interconnection, at a competitive disadvantage with respect to the non-facilities-based resellers of local service who do not have to satisfy this requirement.

13. The Commission notes that when a carrier (LEC or wireless service provider) is assigned a new CO code, it is assigned a block of 10,000 new telephone numbers for a particular exchange. The Commission considers that small CLECs that serve small and rural communities do not require such a large block of numbers. This is especially true where local number portability is available since it allows customers to port an existing telephone number rather than requesting a new telephone number when service is initiated. Therefore, the Commission considers that granting the CCSA's request would be consistent with the goal of ensuring efficient and effective use of the finite numbering resources within the North American Numbering Plan.
14. As well, the Commission considers that granting the CCSA's request would lower an economic barrier to entry for small CLECs to launch competitive local exchange services in their operating territories, thereby avoiding the expense to obtain and maintain CO codes. The Commission believes this will encourage competition in the smaller and more rural communities.
15. The Commission considers that market forces will not resolve the issues associated with a CLEC's need to obtain CO codes, which relates to network interconnection arrangements. The Commission considers it appropriate in this instance to rely on regulation in order to ensure that interconnection arrangements are efficient, symmetrical, and competitively neutral.
16. In light of the above, the Commission determines that a CLEC that relies on an underlying LEC for switching and/or interconnection can meet its CLEC obligation to obtain a CO code per ILEC exchange or per LIR by using a CO code of the underlying LEC from whom it obtains its switching and/or local interconnection facilities to the PSTN.
17. The Commission considers that its determination will result in measures that are efficient and proportionate to their purpose, which is to address the interconnection requirements of the small CLECs.
18. The Commission further considers that its determination will advance the policy objective, set out in paragraph 7(b) of the *Telecommunications Act*, to render reliable and affordable telecommunications services of high quality accessible to Canadians in both rural and urban areas by lowering a barrier to entry for small CLECs who wish to launch a competitive local exchange service in their operating territories.
19. Finally, this determination does not in any way alter the requirement established by the Commission in Decision 97-8, and subsequent Commission determinations, that a LEC that establishes network interconnection arrangements and facilities with another LEC must obtain a CO code at a minimum for each exchange, or per each LIR, in which it wishes to offer local service. As well, CLECs are still required to fulfill all their other obligations, including the requirement to serve the documentation filed with the Commission that relates to their local

service offering on all other Canadian carriers providing service in exchanges where the CLEC is proposing to provide local service, and on all other persons who have proposed to provide service in compliance with the local service entry procedures.

Secretary General

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