
Broadband Alliance *of Mendocino County*

Date: September 19, 2012

Subject: Discussion of the terms, Certificate of Public Convenience and Necessity (CPCN) and Competitive Local Exchange Carrier (CLEC)

This document is intended to discuss the terms, Certificate of Public Convenience and Necessity (CPCN), and Competitive Local Exchange Carrier (CLEC), as they are defined in the State of California. Thanks to Darren Sandford of the California Emerging Technologies Fund for providing the following information.

Utilities regulated by the California Public Utilities Commission (CPUC) are required to have a CPCN. Only those telecommunications vendors who exchange voice traffic with the Public Switched Telephone Network (PSTN) are regulated by the CPUC. The PSTN is the traditional global telephone network that uses Country-Code, Area/City Code, Exchange Code, and Extension code, commonly formatted as 1(310)555-1212.

In California, a competitive local exchange carrier (CLEC) is a telephone company that offers dial-tone service to/from the PSTN to end users. Since CLECs exchange traffic with the PSTN, every CLEC is required to have a PSTN.

Non-PSTN VoIP traffic, such as a computer-based audio/video chat program that can NOT send traffic to the PSTN and NOT receive traffic from the PSTN is not regulated, and doesn't require a CPCN. This is because it is a closed/private communication network, no different than if you and your neighbor had two private devices directly connected to each other, and nothing else. You could call each other, but never to the PSTN.

Only VoIP (audio/video), cellular, and/or traditional "voice" traffic that can send/receive calls to/from the PSTN is regulated by the underlying carrier. By that we mean if company-A simply resells the service being operated by telephone company-B (the underlying carrier), company-A does not need to be regulated as a telephone company, it just needs to be registered as a reseller with the CPUC.