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FEDERAL COMMUNICATIONS COMMISSION
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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of Telephone Number Portability	)))))	CC Docket No. 95-116 RM 8535

COMMENTS OF SBC COMMUNICATIONS INC.

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September 12, 1995

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SUMMARY[1]

SBC supports the Commission's tentative conclusion that the Commission should assume a leadership role in developing a national number portability policy, but the Commission should focus its role on broad policy development. The Commission should defer to the expertise of industry organizations and standards bodies with respect to many of the details of the implementation of any numbering policy.

The Commission should adopt the definitions of location portability, service provider portability, and service portability that have been defined by the industry and agreed upon by the INC. Furthermore, the final "permanent" telephone number portability policy should be driven by end user demand, not by regulatory mandate.

SBC generally supports service provider portability for wireline services when: (1) sufficient end user demand exists; (2) those benefitting from the service are willing to pay for it; (3) adequate cost recovery mechanisms are available; and (4) the network architecture has been identified and agreed upon.

The Commission should limit its consideration of the deployment of location portability to number portability within the metropolitan calling scope of a wireline carrier or the geographic area in an NPA within which all calls are placed on a local basis, whichever is larger. For those desiring number portability outside

[1]The abbreviations used herein are defined within the body of these Comments.

such limited geographic area, a personal communications service is a more viable alternative.

In light of the lack of end user demand for service portability, SBC urges the Commission not to adopt any policy at the present time that would mandate service portability.

Cost recovery issues are critical elements in the formulation of a policy concerning telephone number portability. Such a policy should be competitively neutral; i.e., any portability policy should support competition, not individual competitors.

Telephone number portability, regardless of the manner in which it is implemented, will have significant impacts on many aspects of existing LEC networks. At a minimum, the implementation of a long-term solution for portability will require significant changes in switching and signaling systems, operational support systems, operator services systems, and billing systems. SBC provides detailed discussions of these technical problems in Appendices A-E of the Comments.

Wireless number portability presents unique burdens and problems due to differences in technology, the mobile nature of wireless customers, and the potential impact on the current system of mationwide seamless roaming. The Commission should disengage analysis of wireless number portability from analysis of wireline number portability. The Commission should defer to the industry committees to further examine issues related to wireless number portability. A detailed discussion of issues related to wireless number portability is attached to the Comments as Appendix F.

Neither RCF nor DID provide a viable long-term method for providing telephone number portability. Use of either technology on a large scale would overload the support systems for these services; large-scale use of RCF and/or DID would lead to premature number exhaust situations.

The Commission should move cautiously in establishing policy concerning the design of a nationwide number portability data base. The Commission should issue a broad policy statement regarding number portability requirements, and then the appropriate industry groups should begin the process of establishing the technical data base design. The public interest will be served only if the result of number portability analysis is a service that is workable and that responds to actual customer needs.

Issues related to 900 service provider portability and 500 service provider portability do not belong in an analysis that focuses on geographic number portability. Furthermore, analysis of non-geographic number portability cannot be generic, but rather must be specific to each particular service.

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COMMENTS OF SBC COMMUNICATIONS INC.

SBC Communications Inc. ("SBC") hereby submits these Comments in response to the Notice of Proposed Rulemaking ("Notice") herein, which was adopted and released by the Commission on July 13, 1995. In that Notice, the Commission sought comment concerning an array of issues related to the portability of telephone numbers. SBC hereby addresses certain of those issues, including the role of the Commission in policy formulation, the role of the industry in technical implementation, the appropriate working definitions for the various types of number portability, the appropriate market (demand-driven) focus of number portability decisions, and the administrative and technical considerations that should be balanced in formulating number portability policy.

I. THE COMMISSION SHOULD ASSUME A LEADERSHIP ROLE IN DEVELOPING A NATIONAL NUMBER PORTABILITY POLICY BUT SHOULD DEFER TO THE EXPERTISE OF INDUSTRY ORGANIZATIONS AND STANDARDS BODIES WITH RESPECT TO THE TECHNICAL DETAILS OF POLICY IMPLEMENTATION.

In the Notice, the Commission tentatively concluded that it should assume a leadership role in developing a national number portability policy, and the Commission sought comment to determine the specific nature of that role. SBC strongly supports the Commission's conclusion that it should assume a leadership role in the development of a national number portability policy, but SBC urges the Commission to focus its role on broad policy development.[1] The Commission should defer to the expertise of industry organizations and standards bodies with respect to the technical details of the implementation of any numbering policy.[2]

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[1]Assuming that federal telecommunications legislation is enacted which encourages good faith negotiations between all industry parties concerning issues such as number portability, SBC's affiliates will actively participate in negotiations with other industry groups to resolve as many of the specific, as well as the broader, issues pertaining to number portability solutions as is practicable. SBC envisions that many of these numbering issues could be resolved by the industry through the negotiation process, thereby relieving the Commission of the role of mandating a myriad of rules and requirements.

[2]The effectiveness of such organizations has been well demonstrated over the past few years. Committee T1 has developed technical specifications for virtually all of the interfaces that support the dialing, addressing, and routing of calls; it is developing specifications that will support numbering for advanced intelligent services. The industry has formed the Industry Numbering Committee ("INC") to address and resolve industry-wide issues associated with the planning, administration, allocation, assignment, and use of numbering resources and related dialing considerations for North American Numbering Plan ("NANP") resources. The Number Portability Workshop was established in July, 1993, to identify and examine the various types of number portability, to explore the general implications of each, and to decide upon standard definitions that will become the focal point for discussions on planning and provisioning. Once the standard

In this regard, the Commission should follow the direction it charted in its decision in CC Docket No. 92-237 (NANP Administration), in which it set broad policy objectives and then deferred to the industry the resolution of specific numbering administration issues. As the Commission found in that docket, the public interest can best be served when the Commission establishes the guiding policy objectives and then defers the resolution of specific technical issues to an industry body with appropriate representation, established due process rules, and requisite expertise.

Similarly, with respect to number portability policy, the Commission should first determine the type(s) of portability to be offered (i.e., service provider, location, or service portability) and define the areas of coverage [i.e., wire center, local calling area, or numbering plan area ("NPA")] based on an evaluation of the costs and benefits of each.[3] Once these steps are completed, the Commission can then work with the industry to determine the broad guidelines for rate design and cost recovery mechanisms while the industry develops technical solutions. The Commission should not establish technical and performance standards. Such issues should

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definitions are agreed upon, participants will work to identify alternatives for providing number portability and to assess the technical feasibility, target technology, service impacts, and timing for each type of number portability, as well as their relative complexities and advantages.

[3]The Commission should also separate wireless number portability analysis from the wireline number portability process because of the unique burdens associated with wireless number portability.

be left to the industry organizations; the Commission should monitor their progress.

II. THE COMMISSION AND THE INDUSTRY SHOULD ADOPT STANDARD DEFINITIONS FOR USE IN DISCUSSIONS OF THE NUMBER PORTABILITY ISSUE AND SHOULD RECOGNIZE CERTAIN BASIC PRINCIPLES WITH RESPECT TO EACH TYPE OF NUMBER PORTABILITY.

SBC respectfully suggests that the Commission adopt the definitions of location portability, service provider portability, and service portability that have been defined by the industry and agreed upon by the INC. These definitions are slightly different from the definitions provided by the Commission in the Notice.

Service provider portability allows an end user to retain the same geographic or non-geographic telephone number when changing service providers.

Location portability allows an end user to retain the same geographic or non-geographic telephone number when moving from one permanent physical location to another. Location portability will involve either a new location within the same serving central office area or a new location within a different serving central office area.

Service portability allows an end user to retain the same geographic or non-geographic telephone number when changing from one type of service to another.

The following discussion sets forth general principles with respect to each of the types of number portability that SBC urges the Commission to consider as it evaluates the issues defined in the Notice.

1. Service Provider Portability[4]

Service provider portability among wireline service providers is the number portability issue that seems most clearly to meet emerging customer needs and to have a strong base of support among both service providers and customers. Service provider portability allows a customer to retain its telephone number when changing service providers; service provider portability does not inherently imply a change in the customer's location. (See the discussion of Location Portability below.) A resolution of service provider portability, however, in light of current technology, may lead to a resolution of location portability as well.

SBC generally supports the concept of service provider portability for wireline services when the following conditions are met: (1) sufficient end user demand exists; (2) those benefitting from the service are willing to pay for it; (3) adequate cost recovery mechanisms are available; and (4) the network architecture has been identified and agreed upon. To date, the end user demand for service provider portability has not yet been adequately researched or documented, and thus the necessary cost recovery mechanisms have not been developed. Before any requirement for ubiquitous service provider portability is considered, a thorough

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[4]This section utilizes the definition of service provider portability set forth immediately above; the definitions of location portability and service portability set forth above are likewise utilized in the following two sections of these Comments.

cost/benefit analysis must be conducted and a cost recovery mechanism developed so that the "cost causers," rather than the general body of consumers or incumbent LECs, bear the cost of implementation. Of course, any cost recovery solution must be accomplished on a competitively neutral basis so that no carrier is burdened with portability costs that cannot be recovered. (See Section IV following for a more detailed discussion of cost recovery issues.)

Existing technology does not support service provider portability between wireline and wireless services because of the technical problems that such portability causes for arrangements among wireless providers including the ability of wireless customers to "roam." (See Appendix F for a detailed discussion of cellular issues.)

2. **Location Portability**

The Commission should limit its consideration of the deployment of location portability to telephone number portability within a defined local geographic area--specifically, the metropolitan calling scope of a wireline carrier or the geographic area in a NPA within which all calls are placed on a local basis, whichever is larger.

The Notice assumes that the Commission will be establishing policy for "nationwide portability." SBC interprets that term to mean the implementation of the same type(s) of portability within wireline metropolitan serving areas (or multiple NPAs having

the same local calling area) throughout the nation.[5] For example, the same combination of service provider portability and/or location portability would be instituted in all major metropolitan exchanges throughout the nation. This would not mean, however, that an existing NPA number could be moved to another NPA (i.e., a St. Louis customer with a telephone number beginning with the 314 NPA could not move to New York City and still retain the telephone number commencing with the 314 NPA).

The dialing public utilizes their knowledge of the geographic area served by an NPA in many cases to determine whether a call is a local or a toll call. Customer confusion is thus inevitable if numbers are figuratively loaded like furniture onto a moving van and carried outside their geographic areas to a customer's new home or place of business.

Furthermore, the current billing and routing schemes are based upon NPA/NXX combinations and vertical and horizontal(V&H) coordinates. While eventual long-term changes in routing schemes will involve data base queries and responses, the changes in billing systems necessitated by location portability outside a specific local calling area would be more massive than those changes required within a specific calling scope.

For those customers desiring a telephone number that is portable outside their wireline metropolitan exchange or NPA, a

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[5]The adoption of a broad nationwide number portability policy will ensure a common understanding of portability requirements and options by industry and customers alike.

personal communications service (such as 500 service) is a more viable alternative.

3. Service Portability

At paragraph 25 of the Notice, the Commission requests comment on "the demand for service portability, and the extent to which a lack of service portability inhibits the growth of new services, such as ISDN."

Intuitively, one might accept the premise that customers replacing existing services with ISDN would prefer to retain existing telephone numbers. Southwestern Bell Telephone Company's[6] ("SWBT's") experience,[7] however, reveals that the vast majority of customers (92%) order ISDN as an additional service because of data capabilities, not as a replacement for existing voice services.

SWBT's method of deployment for ISDN generally requires that customers obtain a number from a central office that is different from their serving wire center. SWBT has not found this to adversely impact the demand for ISDN service. Moreover, if ISDN were burdened with additional costs, such as those for some portion of number portability, the growing demand for ISDN and any other similarly burdened new services would be reduced, if not eliminated.

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[6]Southwestern Bell Telephone company, a local exchange carrier, is a wholly-owned subsidiary of SBC.

[7]SWBT has conducted specific research with respect to this issue in the Austin, Texas area.

In light of these concerns, as well as the fact that customers do not appear to demand service portability, SBC urges the Commission not to adopt any policy at the present time that would mandate service portability.

III. PERMANENT TELEPHONE NUMBER PORTABILITY POLICY SHOULD BE DRIVEN BY END USER DEMAND, NOT REGULATORY DIRECTIVE.

Demand for portability of telephone numbers is highly market-specific. Any form of "permanent" portability solutions, as distinguished from "interim" portability solutions, should thus be driven by end user demand, not by regulatory mandate.

MCI has argued that lack of number portability hinders local competition.[8] Common sense, however, demonstrates that portability, by itself, matters little. Price, service quality, and services packaging, among other elements, will determine a carrier's ability to compete, and all the portable numbers in the world will not counterbalance uncompetitive prices, poor service, or unattractive service packages. Likewise, a local carrier with lower prices, high service quality, and attractive service packages will have no trouble attracting customers without number portability.

SBC recommends that regulatory decisions with respect to permanent number portability issues should be approached in the following order:

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[8]A Blueprint for Action: The Transition to Local Exchange Competition, March 1995.

First, the Commission should provide, not mandate, a clear and comprehensive vision of the final form of number portability (e.g., service provider portability only).

Second, it should be determined whether sufficient end user demand exists to warrant deployment of such portability.

Third, the Commission should initiate a thorough evaluation of the costs and benefits of the telephone number portability vision.

Fourth, the industry should determine the proper rate design(s) based on the broad framework established by the Commission and on the costs of various elements of such designs.

Finally, the Commission should determine whether new services, restructured services, and/or exogenous treatment should apply, with flexibility allowed for establishing appropriate rate elements for cost recovery.[9]

IV. COST RECOVERY ISSUES ARE CRITICAL ELEMENTS IN THE FORMULATION OF A POLICY CONCERNING TELEPHONE NUMBER PORTABILITY.

A. THE COMMISSION MUST UTILIZE THE CONCEPT OF COMPETITIVE NEUTRALITY WHEN ADDRESSING COST RECOVERY ISSUES.

When parties are discussing proposals for number portability, the concept of solutions that are competitively neutral arises.[10] Importantly, there are two distinct facets of "competitive neutrality" that should be considered. The first deals with the neutrality of prices that may be established by

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[9]As previously noted, the unique problems associated with wireless number portability require that the analysis of wireless issues be disengaged from the analysis of wireline number portability; wireless issues should be considered separately using this same four-step process.

[10]Paragraph 32 of the Notice notes that regulatory requirements governing number portability should not thwart or impede policies such as nondiscrimination and competitive neutrality.

regulation.[11] The second has to do with the neutrality of the costs imposed by regulatory solutions.[12]

Competitors can achieve economic advantages in two basic ways. First, a competitor can obtain an advantage by offering comparable services at lower prices than its competitor(s). Alternatively, a competitor can create an advantage for itself by taking actions that increase the costs of operation for its competitor(s). The first of these is generally beneficial to the consuming public; conversely, the second is generally harmful to the consuming public. It is therefore imperative that the costs of number portability be recovered in a competitively neutral manner and do not fall on just the incumbent local exchange carrier and/or its customers.

1. Neutrality of Prices

The concept of the neutrality of prices is one in which neither the incumbent LEC nor the ALEC is required by regulation to charge prices that place them unfairly at a competitive disadvantage. For example, if a disproportionate cost of implementing number portability were levied only on the customers of the incumbent LEC (or the ALEC), then market signals would be seriously

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[11]This is essentially the issue raised by the Commission in paragraph 54 of the Notice.

[12]The Commission's Notice does not expressly ask questions regarding the equity or competitively neutrality of costs imposed on carriers. Thus, by omission, it presumes that any costs incurred are legitimate. SBC strongly recommends that the Commission consider a regulatory framework that provides an appropriate check on the ability of ALECs to cause costs to be incurred by incumbent LECs.

distorted and customers' choices among alternative providers would not be optimal.

In general, competition causes prices to be optimally set in relationship to marginal costs.[13] Costs caused by specific regulatory compliance mandates should be levied in a competitively neutral -- and therefore economically efficient -- manner. In this vein, recovering some portion of all costs incurred to facilitate local number portability shall be done in a competitively neutral manner.

2. Neutrality of Costs Imposed

The second concept of competitive neutrality has to do with the effect that regulatory solutions may have on the requirement that costs disproportionately burden one or more market participants. For example, if a regulatory framework created to nurture competition requires that the costs of implementing that framework (e.g., local number portability) be borne inequitably by the incumbent LEC, the costs to that LEC are significantly increased and its ability to compete is crippled. Such outcomes frustrate the Commission's fundamental intent, create inefficient markets, and may result in artificially high prices to the detriment of the public interest.

To the extent that costs of facilitating number portability would be incurred primarily by the incumbent LEC and the level of those incurred costs can be significantly influenced by the

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[13]William J. Baumol and David F. Bradford, Optimal Departures from Marginal Cost Pricing, 60 Am. Econ. Rev. 265 (1970).

actions of competitors in the regulatory process, there needs to be a regulatory mechanism for explicitly reimbursing the incumbent LEC for these costs. Without such a reimbursement, competitors would have the ability and the incentive to force high costs to be incurred by the incumbent LEC. Again, the goal should be competitive neutrality: the Commission should support competition, not competitors. The Commission should not overlook the fact that many of the corporations now engaged in pursuing local exchange competition are among the world's largest and have resources far beyond those of the individual LECs.[14]

B. COST RECOVERY DECISIONS MAY PRESENTLY BE PREMATURE.

Before the sweeping changes of a permanent solution for telephone number portability are instituted, a cost/benefit analysis must be performed, and a cost recovery mechanism must be developed to ensure that the "cost causers" (all providers and those end-users benefitting from local number portability) bear the cost of implementation on a competitively-neutral basis.

At this point, no one in the telecommunications industry knows the final form of number portability. Assuming that some form of permanent telephone number portability is to be developed in the next several years, it will be absolutely critical for the industry to define the specific boundaries of such number portabil-

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[14]The Commission's purpose in establishing number portability policy should not be to support competitors but rather to support fair competition through the adoption of an adequate cost recovery mechanism for all service providers required to implement number portability, assuming end user demand warrants implementation.

ity,[15] both in terms of the type of portability deployed and the area of coverage. Without a clear consensus on the type and extent of number portability, little can be determined about the extent to which number portability will require: (1) network upgrades; (2) software and/or hardware requirements that will be specific to accomplishing number portability; (3) administrative and operating system changes; or (4) some combination of the above.

Without definition of the final form of number portability, the types and levels of the costs required cannot be derived. Additionally, without knowing the ancillary capabilities associated with network upgrades and the costs of such upgrades, any discussion about rate design framework would be highly speculative. Given the critical importance of developing the proper rate design, it may be premature for the Commission to try to specify the exact extent to which exogenous treatment (under price cap rules) or other regulatory decisions or rules changes are needed.

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[15]An example of the current ambiguity is the fact that the Commission's Notice asks intermingled questions about service portability, service provider portability and location portability, all in the context of considering the proper definitions of telephone number portability. The Notice suggests that each of these different aspects of portability may promote a more competitive environment, but the Commission does not weigh the costs of including each of these different facets of portability in the final definition of what may be required of other telecommunications providers. The Commission must recognize that number portability is not "all or nothing"; in other words, in some contexts service provider portability may be appropriate, while demand may be insufficient for service portability.

V. THE COMMISSION AND THE INDUSTRY MUST RECOGNIZE AND RESOLVE POTENTIAL ADMINISTRATIVE AND TECHNICAL PROBLEMS IN ORDER TO ASSURE A SUCCESSFUL IMPLEMENTATION OF ANY NUMBER PORTABILITY PLAN.

Many types of number portability plans, both interim and permanent, are currently being discussed by industry groups, and a number of administrative and technical problems with the various plans have been identified. Solutions have been suggested for some of those problems, but not all. Moreover, because the type(s) of number portability plans to be implemented have not yet been determined, assessment of alternatives is difficult.

Telephone number portability, regardless of the manner in which it is implemented, will have significant impacts on many aspects of the existing LEC networks. At a minimum, the implementation of a permanent solution for portability will require significant changes in switching and signaling systems, operational support systems, operator services systems, and billing systems. These extensive changes will require significant time and effort. Detailed descriptions of some of these technical problems are attached to these Comments as Appendices A-E.

VI. THE UNIQUE ISSUES AND BURDENS ASSOCIATED WITH WIRELESS NUMBER PORTABILITY REQUIRE THOSE ISSUES TO BE EXAMINED AND ANALYZED SEPARATELY FROM THE WIRELINE PROCESS.

Wireless number portability presents unique burdens and problems due to differences in technology, the mobile nature of wireless customers, and the potential impact on the current system of nationwide seamless roaming. A discussion of the unique problems and issues is attached to these Comments as Appendix F.

As discussed in detail in Appendix F, the Commission should disengage wireless number portability from wireline number portability and not attempt to tie the two together. Number portability is a technically complex issue, and any proposed wireless solution will be driven by the technical feasibility of the wireline solution. However, the unique problems associated with wireless portability require that it be placed on a separate track. The Commission should defer to the industry committees to further define the potential impact on wireless service, particularly nationwide seamless roaming, to develop standards, and to examine whether wireless portability is technically feasible, practical, and desirable.

VII. REMOTE CALL FORWARDING AND DIRECT INWARD DIALING ARE NOT VIABLE LONG-TERM SOLUTIONS.

The Commission, at paragraphs 55-62, requests comments on the costs and benefits of Remote Call Forwarding ("RCF") and Direct Inward Dialing ("DID"), and asks whether these services can be a workable, long-term answer to the number portability question. SBC does not view either approach as a viable long-term method for providing telephone number portability.

A. RCF is an end office feature allowing a call to a number in one central office to be redirected to another. The two cost components of RCF are switching and transport, including local usage and/or toll.

In an RCF number portability environment, if a customer transfers his existing telephone service from Carrier A to Carrier

B, any call to that customer must be routed to the central office switch operated by Carrier A. Through RCF, Carrier A's switch would route the call to Carrier B, which would then complete the routing. Although RCF is widely available, its long-term use for number portability would increase the potential for service problems. Call transmission could be degraded; switch capacity could be exhausted; call set-up times could be increased; each customer would be assigned two telephone numbers, hastening number exhaust; problems with 911 service, directory assistance, and operator services could be created; and interaction issues with certain call management features (i.e., CLASS services) would need to be resolved before these services could be used in an RCF portability environment.

B. DID allows a call to a telephone number in Carrier A's switch to be redirected to Carrier B's switch. The cost components of DID include transport facilities, facility termination, and switch software translations.

Through DID, Carrier A's switch would route the call to Carrier B's switch. Carrier B's switch would then translate the called number (a telephone number assigned by Carrier A) to the telephone number assigned by Carrier B.

Although DID is widely available, its long-term use for number portability could create several serious problems, including the following:

- CLASS features cannot be passed to the alternative local service provider over DID trunking facilities. For example, customers desiring to take advantage of Caller ID (calling

number and calling name) functionalities would be excluded from this service.

- The necessity of, in essence, creating a "single number" DID translation, as opposed to translations in blocks of ten or 100 numbers, would create an untenable increased workload on central office translations groups.

- The increased size of translations routing look-up tables would become cumbersome and extremely costly.

For these reasons, SBC submits that neither RCF nor DID should be considered viable long-term solutions for number portability.

VIII. EVALUATION OF INDUSTRY PROPOSALS AND IMPLEMENTATION ISSUES.

A. SYSTEMS DESIGN WORK CANNOT PRECEDE FUNCTIONAL DEFINITIONS.

Under the subheading of Architecture in paragraphs 50 and 51, the Commission requests comment regarding (1) what data base architecture for number portability would best serve the public interest, (2) whether the existing national 800 Data Base can be used as a model, (3) whether the data base should be centralized or distributed, and (4) what level of access and consistency should the data base maintain. While these issues are important, the Commission is premature in its request for recommended systems designs and solutions.

The systems design is the blueprint for success or failure for a project. A systems design cannot be developed until a thorough systems analysis is completed--a sophisticated, complex step addressing all issues that comprise the function being