

TABLE OF CONTENTS

- I. INTRODUCTION1
- II. THE IMPORTANCE OF THE FCC'S NUMBER PORTABILITY INITIATIVE3
 - A. Need For A Bifurcated Approach5
 - B. Cost/Benefit Relationship6
 - 1. Some Customers Do Not Attach A Strong Value To Their Telephone Number.....7
 - 2. Implementation Of A Number Portability Scheme Does Not Guarantee Certain Benefits10
 - 3. The Geographic Scope Of Any Number Portability Solution Can Affect Both Its Success And The Ability To Conserve Numbers .12
 - C. The Commission Should Establish Policy Objectives And Guidelines14
- III. NYNEX AGREES WITH THE COMMISSION'S CONCLUSION THAT THE INDUSTRY NEEDS A BETTER UNDERSTANDING OF THE COSTS AND OTHER IMPLICATIONS OF IMPLEMENTING NUMBER PORTABILITY ..16
 - A. The Commission Should Bifurcate The Examination of Number Portability.....17
 - B. Evaluation Of Different Number Portability Solutions19
 - C. Costs Must Be Shared In A Fair and Reasonable Manner.....20
- IV. CONCLUSION.....23

SUMMARY

These Comments by NYNEX respond to the Notice of Proposed Rulemaking ("NPRM") on Telephone Number Portability, CC Docket 95-116, adopted and released by the Federal Communications Commission ("Commission") on July 13, 1995. In its NPRM the Commission initiates the study of "technical feasibility, implementation costs, and overall benefits of number portability" as well as the examination of "other important issues relating to number portability." The Commission recognizes there are three different types of number portability: service provider portability, service portability and location portability, and seeks information concerning all three.

In general, NYNEX applauds the Commission's decision to assume a leadership role in pursuing the possible development of number portability in all its various forms, to begin the process of bringing a national focus and a degree of uniformity to this area. Although several technical proposals addressing service provider portability have been developed and are in various stages of testing, a review of these proposals demonstrates that none appear to be the ultimate solution and all lack some aspect of technical feasibility. Accordingly, NYNEX believes it is not possible at this time to reach definitive conclusions as to the appropriate long term solution for any of the different types of number portability. Moreover, before any national fully operable solution can be adopted, the Commission and the industry must have a clear understanding of the costs of such a solution, and must determine if the benefits associated with number portability justify those costs.

At this time, NYNEX believes it is appropriate for the Commission to develop broad policy objectives and guidelines regarding the development and deployment of number portability solutions for the long term, rather than attempt to choose a particular solution. Furthermore, NYNEX believes the Commission should adopt a two-step approach to number portability: focusing first on the availability of service provider portability; and second, building on the solution developed for that type of portability for the development of solutions for other types of number portability in a manner that addresses customer needs and requirements. In the meantime, there are interim solutions available that will enhance competition which can and should be provided now.

In general, NYNEX applauds the Commission's decision to assume a leadership role in pursuing the possible development of number portability in all its various forms and to begin the process of bringing a national focus and a degree of uniformity to this area. Although several technical proposals addressing service provider portability have been developed and are in various stages of testing, a review of these proposals demonstrates that none appear to be the ultimate solution and all lack some aspect of technical feasibility (See attachment A). Accordingly, NYNEX believes it is not possible at this time to reach definitive conclusions as to the appropriate long term solution for any of the different types of number portability.² Commission guidance and industry cooperation is necessary to achieve a technically feasible solution which must be thoroughly investigated and tested. Moreover, before any national fully operable solution can be adopted, the Commission and the industry must have a clear understanding of the costs of such a solution, costs which cannot effectively be quantified with any degree of precision at this time. Indeed, NYNEX believes it is of paramount importance for the Commission to ascertain whether consumers will benefit in a manner that outweighs the cost to them to achieve true number portability. At this time, NYNEX believes that it is inappropriate to mandate a solution. Rather it would be appropriate for the Commission

² Here, NYNEX distinguishes between "true" service provider number portability and interim solutions that currently allow customers to change service providers without changing their telephone number. NYNEX believes these interim solutions are a known quantity which can and should be provided now in order to enhance competition. NYNEX provides such interim solutions to competing local exchange carriers today. Moreover, these solutions could suffice in the near term to address the needs of competing providers.

to develop broad policy objectives and guidelines regarding the development and deployment of number portability solutions for the long term, rather than attempt to choose a particular solution. Furthermore, NYNEX believes the Commission should adopt a two-step approach to number portability: focusing first on the availability of service provider portability; and second, building on the solution developed for that type of portability for the development of solutions for other types of number portability in a manner that addresses customer needs and requirements.

II. THE IMPORTANCE OF THE FCC'S NUMBER PORTABILITY INITIATIVE

NYNEX believes that the Commission's number portability initiative is one of the most significant undertakings in recent years. Any Commission decision related to the scope, method and implementation of number portability could have a profound impact on the public telecommunications infrastructure in the United States. It is of the utmost importance that the long term solutions adopted for number portability be structured correctly to ensure that the network's ability to accurately and efficiently route and complete calls is not compromised. The process of implementing number portability capability must not be allowed to degrade the quality of service provided to all customers. Thus, complete and thorough testing of any long term solution being contemplated is vital prior to its actual deployment by the communications industry.³ NYNEX has been

³ NYNEX anticipates that today Bellcore will be providing a submission to INC which will detail the impacts of local number portability on the public switched network.

and will continue to work actively with others in the industry to promote the development of number portability solutions.

NYNEX fully embraces the Commission's efforts to examine telephone number portability issues in total and agrees with the Commission's tentative conclusions that number portability will provide some public benefits. Yet, NYNEX believes that a phased approach to the examination of these issues is appropriate and that a crucial aspect to the examination of all types of number portability is the analysis of the costs and benefits to consumers.

The Commission defined a range of number portability options for both geographic numbers and what the Commission termed non-geographic, or SAC (Service Access Code) numbers (i.e., 500, 900). For geographic numbers, the Commission noted three different types of number portability -- location, service,⁴ and service provider portability. For SAC numbers, the Commission focused primarily on service provider portability.⁵ In terms of the advantages the various types of number portability may bring, service provider portability is perhaps the one most likely to impact local exchange competition,⁶ and it is this version of number portability that is the primary focus of

⁴ Service portability is sometimes referred to as application portability.

⁵ See the Commission's discussion of the various number portability types. NPRM at ¶¶ 21-26 and 69-79.

⁶ It is this capability which will allow these customers, for whom retaining their existing telephone number is important, to change from one service provider to another without having to change their telephone number. This capability refers to customers that are not moving geographically when deciding to change carriers (i.e., service providers).

current industry, legislative and regulatory efforts. Thus, NYNEX recommends that the Commission first focus on the issues arising from the consideration of a long term solution for service provider number portability for geographic numbers. As a second phase, NYNEX recommends that the Commission address the issues surrounding the other types of number portability. Moreover, this phased approach will be the most efficient method of developing the other types of portability if the solutions the industry adopts for service portability are capable of evolving to handle other types of number portability.

A. Need For A Bifurcated Approach

NYNEX agrees with the Commission's tentative conclusion that number portability is likely to provide benefits to the public. The Commission describes two categories of benefits that may be obtained from implementing number portability. First, number portability will enhance the development of competition among alternative providers of local telephone and other telecommunications services. Second, number portability will provide consumers with greater personal mobility and flexibility in the way they use their telecommunications services. Although both are important, these are two distinctly different types of benefits which can arise from two separate types of number portability. Service provider portability is the most closely related to the development of local competition, while location portability and service portability are more closely related to customer mobility and flexibility.

The industry's focus, given state initiatives to spur local exchange competition and the federal legislative activities calling for greater interconnection

opportunities for local exchange competitors, is clearly on the former benefit -- service provider number portability. While NYNEX believes the other forms of number portability should not be overlooked as providing potential benefits as well, we believe, for two reasons, a sense of priority or order as to which type of number portability should be analyzed and developed first must be established. First, it is not clear that a solution for any form of number portability exists. Certainly, the solutions NYNEX has reviewed are not ready for deployment. Second, and perhaps more importantly, the industry's available resources cannot and should not be devoted to solving all problems at once. A look back at the development of the number portability solution for 800 Service shows us that number portability is no small task, but rather is one that requires much effort and coordination among all segments of the industry.⁷

NYNEX urges the Commission to adopt a two-step approach and to adopt the suggested principles and guidelines detailed below, giving a sense of its priorities for the study and potential implementation of the various number portability types based on the proposed benefits of each scheme to customers, the costs and limitations of proposed solutions, the limitations on industry resources, and the ability to integrate the solutions for each type of number portability into the existing and developing communications networks. NYNEX believes a well designed regulatory framework to define and oversee

⁷ Another lesson from the experience with 800 service portability is that the existence of the interim 800 NXX marketing scheme as an evolutionary step toward 800 number portability enhanced customer choice, lowered barriers to entry, and allowed the industry time to work through and resolve long term issues. This is true of the interim solutions for local number portability as well.

the process of implementing number portability will enhance consumer choice and flexibility in the use of telecommunications services.

B. Cost/Benefit Relationship

NYNEX agrees with the Commission that service provider number portability can have an impact on local competition. However, the immediate implementation of a "long term" solution does not appear to be a necessary condition to the overall growth of such competition. Competition is growing now and existing interim solutions are effective in enhancing this growth. Further, depending on factors such as class of customer, price, service quality and vertical features, true number portability will have varying degrees of impact on enhancing local competition. These factors support the premise that number portability is highly market specific (see the discussion below of the study Commissioned by Pacific Bell) and the need for development and possible subsequent deployment should be evaluated through cost/benefit analyses.

While the Commission noted advantages that could be derived from implementing various number portability schemes, it is crucial that those benefits be weighed against their costs to determine if implementing number portability is in the public interest. Not every customer will see the need for number portability in the first instance and others who may see such a need may decide it is not worth the price.

1. Some Customers Do Not Attach A Strong Value To Their Telephone Number

The Commission notes that customers are willing to change their telephone numbers for a variety of reasons other than selecting a new carrier. NPRM at ¶¶22, fn. 27. There are also a variety of other factors, including the level of discounts offered, the vertical services bundled, and brand recognition, that influence a customer's decision to switch carriers.

The Commission noted Ameritech's experience that 25% of their customers change their telephone numbers annually for various non-competitive reasons. NYNEX has similar figures, experiencing a overall 23% turnover rate of customers in the Manhattan area, with residence turnover in serving wire centers ranging from 16% to 48%, and business turnover ranging from 18% to 25% across the wire centers. Moreover, there is some evidence to suggest that customers are not willing to pay to keep their telephone number. The subscription to existing retail foreign exchange and remote call forwarding offerings by NYNEX customers is a very small percentage as compared to the number of customers who leave geographic areas for various non-competitive reasons. Although many customers would like to take their numbers with them, very few of them are willing to pay the costs of having those calls "ported" to a "foreign" area.⁸ In fact,

⁸ A good example of this scenario are the many brokerage houses and other financial institutions that have their primary business offices in downtown Manhattan. Many of these firms have moved their "back office" processing facilities across the Hudson River to New Jersey (physically only a few miles away but across state and LATA boundaries) in the effort to find cheaper, more economic operating environments. Although many have expressed interest in keeping their New York numbers in the process of moving, very few are willing to spend the money when presented with the costs of the existing options.

many business customers use 800 telephone numbers in their advertisements to reach customers and a change in their local telephone number will have no effect on that marketing tool.

NYNEX is not denying that number portability can benefit competition. To the contrary, NYNEX has expended considerable resources working with the industry to develop number portability solutions and in organizing a trial in New York precisely because NYNEX recognizes number portability enhances competition. However, NYNEX does not believe number portability is essential to that competition. Just as with 800 service, where considerable competition existed before portability and portability certainly enhanced competition, NYNEX certainly expects local number portability will also promote competition. However, NYNEX already has made available to competitive local exchange carriers interim solutions for number portability that facilitate competition. As for claims that such interim solutions are not fully satisfactory in terms of the functionality they provide, we note that the interim solutions compare favorably to the functionality which the proposed "long term" solutions may provide in the future. (See Attachment A).

The Commission has noted a number of studies that claim service provider number portability is essential to the development of competition, *i.e.*, MCI and MFS studies. However, Pacific Bell recently released survey results from ConStant, Inc. that found number portability is not nearly as important as other factors towards spurring competition. Different studies have concentrated on various aspects that may affect a
(..continued)

customer's decision, i.e., class of customer, price, service quality and vertical features. Yet, whether or not true number portability is useful to individual competitors by enhancing their ability to attract certain customers should not be the primary issue. The real issue is whether or not customers are willing to pay for any of the forms of number portability under investigation here, and if so, how much are they willing to pay. It is very possible that a number portability solution could involve significant costs that will ultimately be borne by the consumer, in one form or another. Moreover, any additional charges to consumers must be examined in the context of the impact on universal service, and the need for further subsidies to support the Commission's universal service goals.

Number portability is clearly more important to some industry and customer segments than others.⁹ However, since competition can and will continue to grow without true number portability, the Commission should not proceed with undue haste to mandate a specific solution or determine that number portability should be deployed within a certain timeframe. Rather, at the onset, absent a complete record from which to be reasonably certain that a particular solution is proven, it should focus on providing conceptual guidance and direction to the industry. The Commission should also solicit industry groups to work towards developing the most efficient solutions along with associated time frames for deliverables and implementation plans for their

⁹ Certain businesses have invested in "vanity" numbers, upon which they have based advertising, printing, and other marketing tools.

proposals.¹⁰ The Commission can then seek comment on these proposals. Interim number portability solutions can fill the void if and until a cost effective, viable long term solution is found.

2. Implementation Of A Number Portability Scheme Does Not Guarantee Certain Benefits

Coincident with this proceeding, the Commission has issued its Report and Order on the Administration of the NANP.¹¹ One of its ongoing concerns in that proceeding and others¹² is to prevent or retard code exhaust, especially the depletion of Numbering Plan Areas (NPA) and NXX codes. However, the potential for the implementation of number portability to preserve numbering resources will vary depending on the type of number portability solution adopted and the details surrounding its implementation. Because of this uncertainty and the ongoing information gathering through trials and studies, the potential for preservation is difficult to ascertain at this time and cannot be considered a primary benefit of implementing number portability. Notwithstanding this uncertainty, the Commission must be careful to ensure that number

¹⁰ In this regard, NYNEX believes it is critical to receive the input of manufacturers for information on costs and deployment timeframes. Without this vital information it is almost impossible to reach a reasoned decision.

¹¹ See *Administration of the North American Numbering Plan*, CC Docket No. 92-237, Report and Order, FCC 95-283 (adopted July 13, 1995).

¹² See, i.e., *Proposed 708 Relief Plan and 630 Numbering Plan Area Code by Ameritech - Illinois*, Declaratory Ruling and Order, IAD File No. 94-102, 10 FCC Rcd 4596, 4601-02, parra. 12 (1995), pet. for clarification pending (the "708 Relief Plan" proceeding).

portability does not aggravate the code exhaust situation and, if at all possible, should be structured to slow it down or prevent it all together.

In any event, the implementation of number portability may make number administration more difficult, with the level of complexity introduced dependent upon the scope of the number portability solution deployed.¹³ Given the level of increasing complexity of administration that any implementation of number portability will bring, NYNEX believes the best and perhaps only realistic way for the Commission to address the preservation of numbering resources is to propose guidelines to ensure the proper use and efficient utilization of numbering resources by the service providers who request them. As telephone numbers are ported among various service providers, no central group¹⁴ will exist to track the availability of numbers or collect them once they have been ported and later abandoned. It will be unclear to the telecommunications industry as to whether these numbers ever become available for re-assignment. To make the NANP Administration system work, even in a non-portable environment, great industry

¹³ A national, efficiently designed database for administration of number portability may resolve some of the concerns discussed here. However, the magnitude of a national number portability database would dwarf the 800 database in terms of the size and complexity. Thus the ability of the industry to rely on a great "database in the sky" to resolve the administration and conservation issues surrounding number portability is unclear at this time.

¹⁴ While in years past, this might have been considered the role of the carrier responsible for state NANP administration, going forward, the NANP administrator, under the guidance of the North American Numbering Council (NANC), will be responsible for providing NXX codes to service providers. However, NANP/ NANC's role is not expected to include tracking utilization within these NXX codes nor retrieving numbers, ported to an alternative service provider, that later become abandoned or vacant.

cooperation and individual service provider responsibility are required. The NANC can help to play a vital role in this regard by providing the oversight and direction necessary to ensure the continued viability of the NANP. However, it is clear that the road to conservation for the foreseeable future is through proper, strong administration, not portability.¹⁵

3. The Geographic Scope Of Any Number Portability Solution Can Affect Both Its Success And The Ability To Conserve Numbers

The Commission seeks comment on the geographic scope within which numbers should be portable. NYNEX believe this issue is only relevant to the Commission's consideration of location number portability.¹⁶ Under service provider portability, the end user may change service providers but is assumed to stay within the carrier's geographic boundaries for the existing rate and wire centers. Otherwise, the end user would need location portability as well as service provider portability.¹⁷

¹⁵ Indeed, guidelines are required and must be enforceable if any proposed number portability solution is to succeed.

¹⁶ The INC considers location portability to be when a customer moves from one geographic location to another outside of his or her current rate and wire center. However, location portability assumes that the customer is remaining stationary; that is the definition does not provide for mobility services, *i.e.*, roaming. The Commission's discussion of location portability in the NPRM did not make this distinction. However, for purposes of this filing, NYNEX will use the INC definition.

¹⁷ Service portability and service provider portability for non-geographic numbers are equally unaffected by geographic scope. Non-geographic numbers are translated to geographic NANP numbers which would then be impacted, as appropriate.

At this time, assuming a database solution, NYNEX recommends that the geographic scope of any consideration of location portability, at its largest, be confined to the lesser of an NPA or LATA, for a number of reasons. First, with this limitation, geographic numbers will retain significance for determining charges and the rating of calls based on the location of the calling and called party. Customers will thus be spared much confusion over rates. Second, such a limitation would likely provide greater convenience for carriers since they would be able to route queries to the number portability database for that NPA/LATA. Third, the ability to implement intraLATA presubscription, as well as CLASS and other future AIN/IN based services will be facilitated by such a limitation. Finally, this limitation would allay the concerns of some states regarding the wholesale exportation of numbers. For example, in ordering that all certified local exchange carriers be given NXX codes, the New York State Public Service Commission (NY PSC) expressed concern over the potential for the wholesale exportation of Manhattan area code telephone numbers to customers outside of that area code by competing carriers. The NY PSC was particularly concerned that if such exportation occurred it could cause NPA exhaust and thus fuel the need for the addition of another NPA code. Thus, the NY PSC required that all local exchange carriers file appropriate Foreign Exchange tariffs to assess their customers the overall cost of exporting numbers from one area code to another in order to discourage requests for large amounts of telephone numbers from customers in foreign area codes.¹⁸

¹⁸ Case 92-C-0665, *Proceeding on the Motion of the Commission to Investigate Performance-Based Incentive Regulatory Plans for New York Telephone*, Communications Division Memorandum dated September 20, 1993, Approved as

C. The Commission Should Establish Policy Objectives And Guidelines

As already noted, the Commission should play a guiding role in the proper development and implementation of number portability. NYNEX believes the Commission's primary role should be to establish broad policy objectives, based on sound information, industry input and supporting factual data provided in this proceeding. The Commission should resist the call that may come from some members of the industry to immediately put into place some form of widespread but functionally limited version of number portability, but instead should focus on encouraging cooperative industry resolutions for a true solution. Toward this end, NYNEX proposes that the Commission adopt the following policy principles and guidelines:

- As an initial step, the Commission should adopt definitions for the various forms of portability in order to avoid misinterpretation in the future and, more importantly, guide the efforts of industry groups addressing the details of portability.
- Number portability should be efficiently and fairly deployed where economically reasonable and technically feasible;
- Any long term portability solution must provide for uninterrupted call processing, the interworking of all services and the ability to evolve to, or integrate with solutions for all appropriate types of number portability consistent with customer requirements by segment and class of service;
- Any number portability solution should be justified through cost benefit analysis and be part of a long term evolution that will lead to a solution

(..continued)

Recommended and So Ordered By the Commission (issued October 4, 1993). The NY PSC also warned that further definition of serving territory could await the resolution of other market structure issues in its Competition II proceeding.

capable of encompassing all forms of number portability;

- The process of implementing any number portability solution cannot be allowed to degrade the quality of service provided customers;
- The experience of various trials now underway or in the process of being developed should be examined to gain an understanding of what is economically reasonable and technically feasible;
- Customer needs and requirements should be adequately explored and cared for with respect to their understanding of rates, charges and calling areas;
- The expertise of the industry for dealing with the various number portability issues and solutions should be utilized to aid in the application of these principles through the development of appropriate architectures, standards, technical and performance criteria and implementation plans;
- The use of interim solutions and enhancements to those solutions should be encouraged in order to provide consumer benefits until "long term solutions" are better understood, more developed, and proven feasible and practical to deploy;
- The communications industry as a whole should jointly assume the burdens and responsibilities of ensuring that all telecommunications consumers secure the benefits of number portability; and
- The portability of numbers among service providers, no matter their industry segment or classification, should be as transparent to end users as possible.

NYNEX believes the adoption of a set of principles such as these (similar to the action taken by the Commission in the 708 Relief Plan issue), can serve to guide the Commission and the industry in considering the many and varied implications and associated issues surrounding number portability. These principles will also allow the states to express and thoroughly investigate their legitimate interests in relation to the deployment of number portability while ensuring that different incompatible solutions are not adopted. Furthermore, if adopted, these principles would have the Commission focus not on the details of every solution in each individual region but on ensuring that the final implementation allows for seamless call flows and service operation.

III. NYNEX AGREES WITH THE COMMISSION'S CONCLUSION THAT THE INDUSTRY NEEDS A BETTER UNDERSTANDING OF THE COSTS AND OTHER IMPLICATIONS OF IMPLEMENTING NUMBER PORTABILITY

NYNEX supports the Commission's conclusion that the industry needs a better understanding of the costs and other implications of implementing number portability. NYNEX believes the states, with their ongoing and planned trials, can play an important role in this regard. However, the Commission has asked for a great deal of data on costs and other implications that are not developed yet because many of these studies, trials and other efforts are in progress or still being planned. Costs will be determined based upon architecture and number administration. In addition, there are opportunity costs associated with any large project such as this. Those resources devoted to the development of number portability solutions will not be available for other

projects. Meanwhile, interim solutions, although not perfect, can play a vital role.

NYNEX recommends the Commission take the following steps to attain its goals.

A. The Commission Should Bifurcate The Examination of Number Portability

As already discussed, NYNEX recommends the Commission bifurcate this proceeding, focusing first on service provider number portability, since it has the potential of providing the greatest enhancement to local competition and is perhaps closer to a solution than other types of portability. In this connection, with this effort the Commission should establish the policy objectives and guidelines discussed above, as well as await the results of the trials before endorsing any solution.

As a second step, the Commission should issue an order to gather further details regarding location portability once substantial progress towards a service provider portability solution has been made.¹⁹ Any solution chosen to provide service provider portability should be capable of evolving to offer other types of number portability as the industry moves forward, e.g., location portability. However, the Commission should proceed with neither the implementation nor the deployment of any of these number

¹⁹ However, NYNEX does not believe location portability is necessary for a competitive environment to exist. Indeed, CLECs already have an inherent advantage in this regard, having larger geographic rate/wire centers than the incumbent LECs. In fact, up to this point, the only limiting factor on the “footprint” a CLEC may serve has been state requirements for foreign exchange tariffs, i.e., New York. Some CLECs serve multiple LATAs and states from the same switch, avoiding access charges for their customers.

portability scenarios without strong cost/benefit analyses showing that the particular solution is in the public interest.

The Commission has also proposed introducing service provider portability for non-geographic or SAC numbers, *i.e.*, 500 and 900. The industry has produced the *INC Report on PCS N00 Portability* which carriers can use as a basis to plan service provider portability for 500 numbers. However, the report clearly indicates that the industry needs regulatory guidance on four areas of concern. Furthermore, the timeline in the report calls for an implementation schedule of 48 months (4 years). NYNEX supports this report given that these four areas of concern are adequately addressed and the integrity of the timeline is maintained.²⁰

However, NYNEX does not believe the need for service provider portability for 900 numbers has been demonstrated. As NYNEX demonstrated in its reply comments in RM No. 8535, Petition for Rulemaking by Teleservices Industry Association, the existing switched based solution that provides for 900 service today is not easily transferable to a portable architecture. Additionally, although demand for 900 service has stabilized (it was decreasing at the time of the reply comments), the growth, without portability, for this service is not clear and thus the demand and need for portability is even less clear. With access to 900 service for almost all business lines

²⁰ NYNEX has positioned its network, on a local level, to be prepared for a transition to service provider portability for 500 numbers. However, the issues which need to be resolved are national in nature, *e.g.*, who will operate the SMS and how will this party be selected, and thus appropriate areas on which the Commission can provide the industry guidance.

blocked and with a majority of residential lines blocked as well, the growth of 900 services is not forecasted. Thus the demand that would demonstrate the need for 900 service to have a portable platform does not exist nor is it anticipated.²¹

B. Evaluation Of Different Number Portability Solutions

NYNEX has evaluated the number portability solutions discussed in the NPRM and has found each to have certain flaws that would need to be overcome before they could be deployed. Attachment A contains a chart comparing the various solutions and indicating the aspects of each that need further work. These charts vividly demonstrate two key principles. First, the interim number portability solutions are viable when compared to the current long term solutions on the table. Second, not one of these "long term" solutions is complete and ready for widespread deployment.

NYNEX's general experience as a network provider and its participation in the various industry fora studying these solutions, as well as its role in helping develop the trial in New York, has provided it with a strong understanding of the capabilities the various industry proposals offer. NYNEX has analyzed the service provider number portability solutions, call processing scenarios, architectures and plans for database administration that have been discussed within the industry, and has actively participated in these discussions. As a result, NYNEX believes significant work remains to be done

²¹ However, this scenario does present the continuing need for strong guidelines so that 500 numbers are preserved for their original intent and not utilized by information providers as a substitute for 900 service which could lead to the situation where 500 numbers are also blocked by business and residential users.

before any number portability solution can be rolled out for widespread deployment, including conducting trials to test a particular solution's viability.

Manhattan is one of the most complex and competitive telecommunications marketplaces in the world. Thus, the number portability trial that will take place there beginning early next year using MCI's Carrier Portability Code (CPC) solution will fully test this solution's functionality, features and associated network implications. As the trial progresses, NYNEX's internal subject matter experts and other trial participants will become even more educated on the pertinent issues. At its conclusion, after a thorough analysis of the trial results, NYNEX hopes to provide the Commission with insight into the various benefits and drawbacks of the that option. NYNEX looks forward to the opportunity of sharing its findings with the Commission at the completion of the trial.

C. Costs Must Be Shared In A Fair and Reasonable Manner

In terms of cost recovery, NYNEX recommends a cost sharing mechanism with the costs allocated based on the benefits derived from number portability. Fairness dictates that the parties that are benefiting from number portability should be the parties that are paying for it. Different benefits may result from the implementation of number portability, some may be more general, such as an increased competitive environment, and some will be more specific, benefiting a particular customer or carrier directly. Cost sharing should reflect these varying benefits.

New entrants seeking to compete in the telecommunications business should pay a reasonable portion of the cost of implementing any solution and let

individual consumers determine whether they are willing to pay for the benefit of having their number ported. As indicated above in connection with the relatively low level of demand for remote call forwarding and foreign exchange services, many customers are not willing to pay the cost of having their number follow them. Consumers must and do consider a wide range of variables when evaluating whether to change service providers. At least one study has shown that brand recognition, discount incentives, and vertical feature packaging are more important variables when considering switching to another service provider.²²

Finally, the costs for any implementation of a number portability capability based on Commission mandate should be treated exogenously under price caps,²³ to the extent any of those costs are not directly allocated to customers by the Commission. Under normal conditions, the LECs would perform detailed economic analysis of proposed technological introductions to their network. In these situations, estimated market demand and revenues associated with the services that would rely on this technology are balanced against the cost of deploying and implementing the technology. If the Commission's rules require development of technology for other than sound economic reasons, the costs must be allowed exogenous treatment under price caps

²² See Pacific Bell study.

²³ In the recent Price Cap Review Order (*Price Cap Performance Review for Local Exchange Carriers*, CC Docket No. 94-1, First Report and Order, FCC 95-132 (adopted March 30, 1995) at ¶ 316), the Commission recommended that a cost recovery issue, which may qualify for exogenous treatment under price cap rules, should be raised within the specific proceeding that addresses the issue giving rise to the costs.