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**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

**FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY**

**In the Matter of:**

Telephone Number Portability

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CC Docket No. 95-116  
RM 8535

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**Comments of the United States Telephone Association**

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## Summary

The Commission's tentative conclusion is sound: local number portability will enhance competition. Accordingly, the Commission should begin the process of developing a technically feasible and economically reasonable long-term solution for local number portability. However, demand for local number portability may be overstated. Local competition exists today and will continue to grow, even absent number portability. Accordingly, there is no immediate urgency for a long-term number portability solution. Interim methods of local number portability have been accepted by state regulators and are adequate to meet present needs. The public interest would be better served by focusing on developing an efficient long-term solution than by debating the merits of interim solutions or by hurried implementation of an inferior system.

The process of developing a long-term solution should respect the appropriate roles of the Commission, state regulators, and industry bodies. There is an important federal interest in developing a uniform technical solution and uniform performance characteristics for local number portability. State activities should be utilized as valuable evidence in gathering information with regard to the best and most cost-effective long-term solution. However, states should not impede this important federal objective by mandatory imposition of a specific technical solution. The development of a specific technical solution should be accomplished by industry bodies and recognized standards bodies, with Commission oversight. The Commission should establish mandatory performance characteristics to be part of any technical solution recommended by the industry body. Once a uniform long-term solution is developed and approved, states may direct service providers to introduce the long-term solution as part of the state's process of determining how, when, and where to introduce local competition.

The mandatory performance characteristics of a uniform long-term solution should include, among other things, the ability to offer location portability as well as service provider portability. The combination of these two capabilities will also permit users to retain their telephone number when they change services in many cases. Service portability therefore need

not be a mandatory performance characteristic. The long-term solution should also include the capability to continue the use of existing telephone service features, e.g. enhanced 911 and Caller ID, be able to be integrated with existing billing and operational support systems, and be able to be deployed at different times in different areas, in response to market demand.

There is no urgent need for an immediate mandate to provide service provider portability for non-geographic numbers. Rather, the Commission should more closely examine the costs and benefits of such portability, particularly in the case of 900 number services. In the case of 500 numbers, demand for these services may at some time justify implementation of a portability capability. If that situation develops, service provider portability for 500 numbers would best be provided through a centralized database similar to in function to the 800 SMS system. However, the 800 database system was designed only for the particular function of supporting 800 services, and could not be easily or inexpensively modified to accommodate 500 or 900 number services.

At the present time, the tariffed services associated with interim number portability represent reasonable arrangements. Details with respect to the process of recovering the costs of a long-term local number portability solution cannot be determined until more information is known with respect to the technical characteristics of such a long-term solution. Although costs is only one factor to consider for a long-term solution, the public interest would be best served by solutions which minimize the long-term costs, as opposed to solutions which may have lower short-term costs but create significant long-term costs and other inefficiencies as the competitive market evolves.

As a general matter, the Commission should retain the principle that costs should be recovered from the cost-causer. Accordingly, in areas where local number portability is not available, neither service providers nor customers should contribute to the costs of number portability offered elsewhere. Additionally, the cost recovery process should ensure that the cost recovery process is competitively neutral as between new entrants and existing carriers.

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

**In the Matter of:** )  
 )  
Telephone Number Portability ) CC Docket No. 95-116  
 ) RM 8535  
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**Comments of the United States Telephone Association**

The United States Telephone Association (USTA) submits these comments in response to the Notice of Proposed Rulemaking issued in the above-referenced proceeding.<sup>1</sup> USTA is the principal trade association of the local exchange carrier (LEC) industry. USTA represents over 1100 LECs, with a wide variety of company sizes within its membership. These comments respond to the Commission's request for comment on three types of number portability associated with geographic telephone numbers: service provider, service, and location portability, as well as portability for non-geographic numbers associated with specific services, e.g., 500 and 900 numbers.

**INTRODUCTION**

While local number portability is only one of the factors which will facilitate competition, making geographic-based local telephone numbers portable between service providers would enhance competition. It should be first noted that local competition exists today, and will continue to grow even absent number portability. Additionally, existing local number portability solutions can meet the needs of competitors for the time being. Nonetheless, to foster the continuing evolution of competition, industry and regulators should develop a viable long-term portability solution.

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<sup>1</sup>In the Matter of Telephone Number Portability, Notice of Proposed Rulemaking, CC Docket No. 95-116, FCC 95-284, (Released July 13, 1995) ("NPRM").

Accordingly, USTA believes that the Commission should initiate a process to develop a technically feasible and economically reasonable long-term plan for local number portability. The elements and parameters of this long-term plan should be established through Commission rules, with development of the actual methodology to be done by industry bodies. It would be inefficient, costly, and detrimental to the public interest to deploy differing long-term portability solutions in different service areas. Therefore, there is an important FCC role in developing uniform performance characteristics for local number portability. However, the threshold decision of when a carrier must offer service provider portability using the long-term methodology should be left to individual state commissions, as part of their process of determining how, when, and where to introduce local competition.

LECs are presently providing service provider portability in response to state regulators' introduction of competition, and in response to requests from their competitors. These interim methods of providing service provider portability presently have been accepted by state PUCs, and are adequate to meet the needs of both existing LECs and competitive new entrants. Several LECs are offering tariffed services which provide service provider portability at reasonable rates, and the Commission should continue to permit these interim solutions to be utilized. Issues with respect to these interim solutions are properly within the jurisdiction of the state regulatory commissions. The public interest would be better served by concentrating the Commission's (and the industry's) resources on developing an efficient long-term solution rather than by being diverted through consideration of interim solutions already in place, or a hurried implementation of an inferior system.

A long-term methodology for number portability should include location portability, as well as service provider portability, as a mandatory performance characteristic. Location portability within a defined area is important to ensure competitive parity and maximize customer choice. With respect to service portability, demand for this capability appears to be highly-market specific, and therefore it should not be a mandatory requirement of the long-term portability methodology. Many of the customer needs intended to be addressed by service portability can be

addressed through the combination of location and service provider portability.

Similarly, there appears to be no immediate need for a regulatory mandate to implement service provider portability for non-geographic services, e.g., services using 500 and 900 numbers. The Commission should gather further evidence as to subscriber demand for, and economic benefit of, service provider portability for non-geographic number-based services. The Commission should be cognizant of the fact that implementing service provider portability for non-geographic services would add significantly to the cost of providing these services, which could in fact reduce demand for these services.

## **DISCUSSION**

### **I. Service Provider Portability**

#### **A. Service Provider Portability is Important to Competition, However Demand for Such Portability May be Overstated**

USTA agrees with the Commission's tentative conclusion that service provider portability of geographic numbers would benefit consumers in areas where local competition has been found to be in the public interest, and would contribute to the development of competition among alternative providers of local telephone services in such areas. See NPRM, para. 19. As discussed below, USTA supports initiation of appropriate procedures to develop and implement a long-term solution for local number portability as an additional aspect of the transition to competitive local service markets. However, analysis of customer demand shows that competition will arise without service provider portability,<sup>2</sup> and that existing interim number portability measures are sufficient to allow competition to develop. The Commission should not be misled into adopting an ill-conceived portability solution based on a false sense of urgency.

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<sup>2</sup>For example, a variety of sources indicate that, in many instances, local competition is likely to come from resale. See, e.g., HR 1555, 104th Cong., 1st Sess. § 242(a)(3); S.652, 104th Cong., 1st Sess. § 251 (b)(7). In the case of resale, there is no need for local number portability.

The NPRM references the MCI/Gallup survey results stating that 40-50% of residential and 70-80% of business customers cited the lack of number portability as the sole factor weighing against a decision to change their local telephone service provider. NPRM at para. 22. Other studies suggest that the MCI/Gallup results may overstate the importance of number portability as a factor in permitting competitive new entry. For example, a recent study performed by ConStat, Inc., (commissioned by Pacific Bell) found that competitive entrants may be able to capture between one tenth and one third of the business market, and one fifth to just under one half of the residential market, depending on the level of discount offered, services bundled, and brand identity of the competitive carrier. See Pacific Bell ex parte presentation, CC Docket 95-116, August 30, 1995. As the Commission notes, customers are willing to change numbers for reasons other than selecting a new carrier. NPRM, para. 22. Logically, therefore, customers will be willing to change numbers to some degree, simply to obtain discounted rates, service alternatives, or more convenient service packages. Number portability is not an absolute requirement to permit competitors to enter the local services market.

The Commission need not engage in the process of gathering an evidentiary record on customer demand. It is enough that the Commission's tentative conclusion is sound: service provider portability will enhance competition. The seminal questions that the Commission should now address are the questions associated with the development of a uniform long-term methodology for such portability, including the appropriate roles of the Commission, state regulatory commissions, and industry bodies.

B. The FCC, States, and Industry Bodies Each Have a Role to Play in Developing and Implementing a Long-term Local Number Portability Solution

The NPRM correctly notes that there is a federal interest in this area because deployment of different number portability solutions across the country would have a significant impact on the provision of interstate telecommunications services, and because a uniform method is likely to be more efficient. NPRM, para. 30. Accordingly, USTA supports an FCC role in which the

Commission would establish mandatory performance characteristics and oversee the development of a uniform long-term solution.

However, the FCC should not unilaterally undertake to develop a specific technical solution, interfaces, or protocols for a long-term solution. That task is better handled by a broad industry group of technical experts, and by existing standard-setting bodies. See NPRM, para. 34 (“[t]ypically, we look to industry bodies to develop standards in the first instance.”). If necessary, the FCC could set a realistic deadline by which time the industry group must have completed its work and finalized its recommendations for a long-term solution.

Additionally, the FCC should not determine when all competitors must provide the service provider portability capability. Rather, each company’s implementation schedule should be driven by the determination of the state regulators in their operating area that local portability is appropriate for that state, as part of state regulatory commissions’ consideration of issues related to local competition.

As a result of a variety of activities, including state proceedings relative to that state’s introduction of local service competition, several proposals for geographic number portability have been introduced by various industry participants. All of these proposals would have significant impact on the telephone network, and would require new switch software, extensive deployment of network databases, and changes to current signaling methods. These portability proposals also demonstrate that local number portability will place new requirements on existing operational, administrative and billing systems, and on the provision of operator services and other existing services. Given the breadth of the implications and the variety of factors to be weighed, it is not possible to determine the best solution for long-term geographic number portability at this time. The record developed in this proceeding will provide important information for an industry group to make this determination.

The role of the Commission should be to utilize the comments and other input received in this proceeding, as well as the experience of the various local number portability trials, and the findings compiled by the various state public utility commissions, to develop those performance characteristics required for a long-term local number portability solution that can be deployed in multiple areas. The Commission correctly observes that deployment of different number portability solutions across the country would have a significant impact on the provision of interstate telecommunications services. NPRM, para. 30. A uniform, national method for providing long-term number portability will be less costly and more efficient, id., and would also help to preclude concerns that competitors may have available varying service structures, some of which they might argue are discriminatory or inferior. See NPRM, para. 32. The Commission should ensure that state requirements governing number portability do not impede this national policy.<sup>3</sup> Accordingly, the Commission should issue an order which selects an industry body or advisory group to develop the specific details of the long-term solution, consistent with the mandatory specifications.

This industry group should be given a timetable and a realistic final deadline for developing its recommendations, albeit one which recognizes the complexity of the issues involved, and the sufficiency of interim solutions. The Commission should evaluate the proposal for consistency with the mandatory specifications, and provide an opportunity for public comment on the industry group's proposal. The Commission should then adopt a further order incorporating the proposal, and submit the proposal to existing standards bodies, e.g. the T1 committee, responsible for establishing operational standards and signaling protocols. Carriers may then implement the long-term solution as required by state regulatory commissions.

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<sup>3</sup>The need for nationwide uniformity for interim solutions is not as great, because carriers are deploying these solutions in response to specific local demands, and therefore the need for efficiencies between networks is not as significant as in a more evolved competitive market. Additionally, deployment of diverse interim solutions will permit carriers to experiment with a variety of number portability solutions, and those arrangements are not dependent on methods applied elsewhere. Accordingly, there is no need for federal oversight of interim solutions.

C. The Commission Should Adopt an Order Specifying the Mandatory Minimum Features of Any Acceptable Long-term Local Number Portability Solution.

The central salient feature of the Commission's role in this matter is to specify the mandatory performance characteristics of any acceptable long-term number portability solution. This will ensure technical uniformity and equivalency of offerings available among competitors, and minimize the impact on end users. USTA suggests that any long-term number portability solution should contain the following performance characteristics:

- **The capability to provide location portability in addition to service provider portability;**
- **Allow continued use of existing service features, e.g. Caller ID or Auto Callback;**
- **Allow continued use of enhanced 911 and operator services;**
- **Minimize the number of database dips required to properly route calls to both ported and non-porting numbers (See NPRM, para. 47);**
- **Allow for proper rating of a call in real time;**
- **The capability to be integrated with service providers' existing billing and operational support systems with minimum modifications;**
- **Not require that a service provider bear responsibility for or have the capability to control routing calls to other competitive service providers;**
- **The capability to be implemented in different areas, responsive to the development of competition and market demand;**
- **Not affect the originating calling area, e.g., require simultaneous universal upgrades.**

The NPRM implicitly recognizes that both developing competition, and avoiding unnecessary costs, are important objectives of the Commission's local number portability proceedings. The above list of characteristics is intended to achieve the appropriate balance between those two objectives. This list will also help to ensure that any long-term number portability solution implemented does not discriminate against any type of carrier. For example, competitive LECs should not have any technical obstacles to providing all the features, e.g. enhanced 911, caller ID, that customers identify with full-featured telephone service. See NPRM,

para. 41 (Commission concludes that the number portability environment should support operator services, and enhanced 911). The Commission should adopt an order which includes these characteristics as mandatory to any long-term number portability solution.

## **II. Location Portability, Service Portability, and Non-Geographic Numbers**

### **A. The Commission Must Initially Specify a Limit On the Geographic Scope of Location Portability To Preserve the Integrity of the Existing NPA System.**

The NPRM correctly identifies the value in having telephone numbers portable within a given area. NPRM, para. 26. As a matter of competition policy, it may be the case that permitting nationwide location portability for geographic-based telephone numbers would focus subscribers' attention more closely on service and price considerations, and thereby enhance competition. Unfortunately, that competitive utopia is simply not possible given the present system of identifying and routing calls to their destination, and determining the associated charge by identifying the originating and terminating location.

As the Commission notes, 800, 900, and 500 calls are geographically portable because service providers are able to translate the dialed number into a geographic number associated with a specific termination location. NPRM, para. 10; see NPRM, para. 9 (“[t]he NXX code designates the switch within the NPA code to which a call should be routed”). At this point in time, maintenance of some specific geographic area and specific switch associated with geographic numbers is essential to permit routing, billing and rating of telephone calls - regardless of the identity of the service provider. Accordingly, the Commission should adopt guidelines for location portability which specify that local number portability services initially shall not provide for portability outside of the geographic area associated with an NPA. Location portability may expand if at some point technical capabilities permit, and if supported by market demand.

The Commission should also balance the value of the existing geographic numbering system against whatever value widespread location portability is believed to have. The current

geographic numbering system is not only valuable from a network administration perspective, but also from the perspective of end users. The current system permits callers to identify a general geographic location associated with a given telephone number, e.g. a "212" or "718" number is identifiable as associated with a call originating or terminating in New York City. This in turn assists callers in determining whether toll charges will apply before they place a call and enhances the value of Caller ID services, including interstate Caller ID services which can begin to be made available on December 1, 1995. See Order on Reconsideration, CC Docket 91-281, FCC 95-187 (released May 5, 1995). A long-term solution should consider these factors.

B. A Federal Mandate For Service Portability Is Unnecessary

The NPRM notes that in some instances, customers must change numbers if they change services offered by the same service provider, and that the inability to retain a telephone number in those circumstances may deter customers from selecting new and different services, such as ISDN. NPRM, paras. 1-2, para. 25. The NPRM seeks comment on demand for service portability, and the extent to which its absence inhibits the growth of new services. Id., para. 25.

At the present time, the lack of such number portability between services is a direct result of the interplay between the costs of introducing such new services and the levels of market demand for them. For example, customers changing from POTS to ISDN sometimes must change telephone numbers because the central office serving their location is not ISDN-equipped. See NPRM, para. 25. Rather, ISDN is offered throughout the service area under a foreign central office (FCO) plan for customers outside of the serving area of the ISDN-equipped central office. This approach to ISDN deployment moderates the LEC's capital and expense requirements, and permits ISDN deployment to follow market demand. In fact, such deployment may stimulate demand by permitting ISDN to be offered at more cost-effective rates. Should demand for ISDN, and for service portability be sufficient, service providers will be incented to equip more central offices with ISDN. This is also likely to be true for other services. Accordingly, there is no basis for the Commission to immediately mandate service portability.

The Commission requests comment on the extent to which a lack of service portability inhibits the growth of new services, such as ISDN, and the relative importance of service portability to the decisions of end users when considering whether to obtain new services. NPRM, para. 25. The lack of number portability is not likely to inhibit the growth of ISDN or other new services. Many customers who order ISDN do so as an additional service, often for work-at-home purposes (because of its data capabilities), not as a replacement for existing voice services. In these circumstances, number portability is not an issue. On the contrary, other significant issues for customers are the service fees and cost of premises equipment associated with ISDN. If the Commission were to mandate immediate number portability among a single provider's services, see NPRM, para. 25, the costs incurred would redirect capital away from deployment of ISDN. This redirection would create added upward pressure on service prices, and could in fact reduce demand for ISDN services. Similar results would pertain for other types of services.

The advent of service provider number portability and location portability will permit customers to retain their numbers when changing services in many cases. And, in an increasingly competitive local exchange service market, customers will have available a broad array of service providers and service packages from which to choose while retaining their number. The competitive environment itself encourages all providers to remove internal inhibitors, such as those which require customers to change telephone numbers in order to change service, in response to market demand.

The Commission should not require service portability capabilities to be offered immediately, or to be included as part of a long-term number portability solution. Rather, the long-term number portability solution should include the technical capability for selective, cost-effective deployment of service portability, in response to market demand. While service portability need not be a mandatory performance characteristic of the long-term number portability solution, the long-term solution should also not create inefficiencies in service portability deployment.

C. A Centralized Database Solution Would be Most Efficient for Implementing Non-Geographic Number Portability Should Portability Become Appropriate.

For both 900 and 500 services, the Commission should carefully examine whether sufficient demand for number portability exists. The Commission should be cognizant of the fact that portability for these services would add significant costs, with the effect that demand for these services would likely be reduced. At the present time, there is no compelling reason to mandate number portability for either of these services. In fact, there exist compelling reasons not to impose the additional costs of portability on these services at this time.

In the case of 500 services, these personal number services are presently in their infancy. Very little evidence with regard to the demand for portability for these numbers is available. At the present time, the public interest would be better served by minimizing the external costs imposed on these services, and instead permitting demand to grow to a more robust level. Moreover, the Commission should weigh the competitive benefits of service provider portability. 500 numbers have been assigned to all interested parties on a non-discriminatory basis, subject to availability. Provisions have been made to ensure the availability of functionally equivalent numbers for relief of the 500 SAC if needed, e.g. 533, 544. Accordingly, there is no immediate urgency requiring service provider portability for 500 services.

At some point in time, demand for 500 services may be sufficiently robust that the public interest favors service provider portability for 500 services. If that situation develops, 500 service provider portability can best be provided through a national, centralized database system similar in function to the 800 SMS system. The Commission should have the responsibility of issuing a regulatory mandate to provide 500 portability, and directing an industry group to develop guidelines and implement the database solution, when the appropriate time arrives. At that time, the Commission will also need to address two key issues: selection of a 500 SMS contractor/manager, and recovery of the costs of the database system. As was recently pointed out in the INC report to the Commission on PCS Number Portability, these issues are inappropriate for resolution by an industry group. As INC concluded, resolution of these

issues is necessary in order to develop a long-term solution for PCS number portability. See INC Report on PCS N00 Portability, INC 95-0512-010.

The Commission seeks comment with respect to portability of 900 numbers. NPRM, para. 74. The Commission should continue to examine whether the benefits of 900 number portability outweigh the costs. See NPRM, para. 73, n.66. (citing USTA Reply Comments on Teleservices Petition for Rulemaking, filed December 12, 1994). Additionally, the system which supports service provider portability for 800 services is only capable of performing that function and cannot be modified easily and inexpensively to route 900 calls. NPRM, para. 73. Moreover, because of the differing structures of the services associated with 900 numbers, a solution for 900 portability might not be able to utilize the same platform as that contemplated for 500 number portability. Accordingly, there is no basis to mandate service provider portability for 900 numbers.

### **III. Cost Recovery Process**

#### **A. Existing Tariffs for Interim Local Number Portability Services Have Been Approved and Should Be Permitted to Remain In Effect**

In the interim period between when a long-term portability solution is developed, and a particular state mandates its deployment in a particular area, existing interim portability methods should be permitted to continue. Continued provision of these services will encourage the development of competition and help create further demand for portability, thereby enhancing the viability of the long-term solution. Specifically, Remote Call Forwarding (RCF) and Flexible Direct Inward Dialing (DID) should be permitted to be made available to competitive carriers at tariffed rates. These techniques, and their derivatives, accomplish the fundamental goal of service provider portability. Existing tariff arrangements have not been found to be unlawful or unreasonable and are meeting the needs of both existing LECs and competitive carriers. Careful coordination and further refinement through the continued provision of these interim arrangements may in fact yield valuable information regarding local number portability solutions. Industry and Commission resources must be focused on cost recovery for the long-term solution.

B. The Cost Recovery Process for the Long-Term Portability Plan Should Not Competitively Disadvantage Any Provider

As an initial matter, the Commission should be cognizant of the fact that, since local number portability is a factor in competition for local services, and since state regulators will make the decision as to when competition and demand levels justify the mandatory availability of the long-term solution, states will also have at least partial responsibility to determine how it is to be paid for and how the costs will be shared. Just as cost recovery should be competitively neutral as between service providers, and subscribers, so should cost recovery be competitively neutral as between local and interstate services. Accordingly, a cost recovery plan should include steps to determine proper cost allocations between state and interstate jurisdictions.

The long-term solution should retain the principle that costs should be recovered from the cost-causer. However, the Commission should also view the cost recovery issue from a comprehensive perspective - the competitive market for local exchange and access services will not merely consist of a bi-polar opposition between existing LECs and unaffiliated new entrants, e.g. CAPs, cable companies, and new PCS providers. There will be multiple beneficiaries from local number portability. To the extent that various parties may benefit from number portability within a specific geographic area, it is reasonable to recover related costs from all users within that area. Of course, in areas where local number portability is not available, neither service providers nor customers should contribute to the costs of number portability offered elsewhere.

Imposing the substantial costs associated with a long-term solution for local number portability on new competitive carriers alone could distort or impede competition. At the same time, incumbent LECs should not be disadvantaged by taking a loss in implementing a capability which primarily benefits their competitors - i.e. funding their own loss of revenues and customers. The Commission should not overlook the fact that many of the companies now engaged in pursuing local exchange competition are among the world's largest, e.g. Time Warner and AT&T, and have resources far beyond those of individual LECs. Accordingly, the costs of a long-term number portability solution should be shared by all parties using the system. See NPRM, para. 54.

The NPRM suggests that existing LECs' implementation of Advanced Intelligent Network (AIN) functionalities in their networks may be utilized to provide number portability. NPRM, para. 53. Although the development of AIN technology is relevant to the development of local number portability, the AIN capabilities presently being deployed are not sufficient to provide a long-term local number portability solution. Therefore, the Commission should not rely on existing methods of cost recovery for AIN capabilities, or on revenue from AIN services to support the implementation of a long-term local number portability solution.

Until the technical characteristics of the long-term number portability solution are known, we can only determine the most general characteristics of an appropriate cost recovery process. Accordingly, the Commission should not mandate a specific mechanism for cost recovery at this time, but should continue to examine cost recovery issues as the nature of the long-term solution becomes known. Local number portability costs incurred by LECs will represent new investments in new technology,<sup>4</sup> and the cost recovery methodology should recognize this fact.

For price cap carriers, the FCC asks whether LECs should be permitted to treat costs as exogenous, and thereby increase their rates. NPRM, para. 54. It should be noted that exogenous treatment does not directly permit LECs to increase their rates - merely the Price Cap Index (PCI) or "cap" which governs what rates will be presumed reasonable. See 47 C.F.R. § 61.45. In a competitive market, higher rates may not result in cost recovery. Accordingly, the cost recovery process for price cap carriers should focus on the substance and design of price cap LECs' tariffs, as well as on whether the costs receive exogenous treatment. For rate-of-return carriers, the costs of local number portability will represent additions to the rate base, which will be reflected in tariffs for associated services. Average schedule companies should recover their costs through appropriate revisions to their tariffs or to the NECA tariff in which they concur.

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<sup>4</sup> As noted elsewhere, the 800 database and SMS may be a useful model for developing a local number portability solution, but that database is only capable of performing the function for which it was designed: supporting 800 service in its current form.

With respect to the costs of developing a local number portability database system, which may be built and administered by a non-carrier third party, the costs of that system should be recovered from all carriers using the system. Pursuant to the Commission's CompTel Order, we expect that administrative access to that system by carriers, i.e. to change the service provider associated with a particular geographic telephone number, will be a tariffed common carrier service. See Provision of Access for 800 Service, Order, 8 FCC Rcd 1423 (1993) ("CompTel Order"). Similarly, carriers who offer local number portability in their service areas will likely be assessed a per-query charge for access to the database.

One possibility would be for service providers to assess a one-time per-line charge on end users who elect to switch carriers, similar to the charge assessed for Primary Interexchange Carrier (PIC) changes. This charge should be set at a level which does not discriminate against new entrants nor impede competition. That arrangement will help support the implementation of the long-term solution in a fashion which is cost-neutral among subscribers who utilize the service and those who do not yet have portability options in their service areas.

The Commission should avoid cost recovery mechanisms which assess charges on carriers who obtain no benefit from local number portability, e.g. carriers in states or geographic areas where portability has not been introduced. Similarly, the costs of number portability should not be spread over the general base of telephone subscribers or access customers, where these parties neither cause any costs associated with local number portability, nor receive any benefits. Such arrangements would be discriminatorily unfair, inconsistent with established Commission policies, and could distort the process of introducing new competition by understating the costs of local number portability.

Implementing an effective and comprehensive local number portability system is likely to involve significant costs; there are inherent trade-offs between performance and cost involved in determining the essential characteristics of such a system. Although cost is only one factor to consider, the public interest would be best served by solutions which focus on minimizing the

long-term costs through efficient performance, rather than reducing short-term costs through inefficient performance.

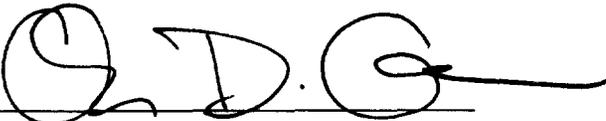
## CONCLUSION

As a general matter, implementation of a long-term number portability solution is in the public interest. However, the public interest also requires careful attention to the appropriate roles of industry and standards-setting bodies, state regulatory commissions, and to the federal role in ensuring uniformity, operating efficiency, and non-discrimination between competitors. Additionally, the public interest requires adopting national performance characteristics which achieve an appropriate balance between performance and costs.

Implementation of local number portability requires acceptable cost recovery mechanisms which do not disadvantage any provider and encourage the development of competition. Consideration of portability for non-geographic telephone numbers should be handled as a separate matter. Consistent with these principles, the Commission should move forward to fulfill its role in developing a long-term solution for local number portability.

Respectfully submitted,

UNITED STATES TELEPHONE ASSOCIATION

BY 

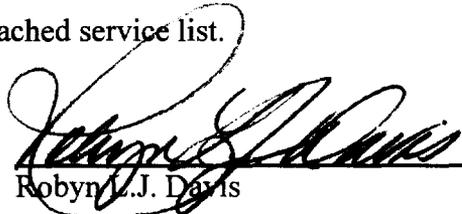
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**CERTIFICATE OF SERVICE**

I, Robyn L.J. Davis, do certify that on September 12, 1995 copies of the Comments of the United States Telephone Association were either hand-delivered, or deposited in the U.S. Mail, first-class, postage prepaid to the persons on the attached service list.

  
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