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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

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REPLY COMMENTS

Sprint Corporation, on behalf of Sprint Communications Company, L.P. and the United and Central telephone companies ("Sprint LECs"), hereby respectfully submits its reply to comments filed in the above-captioned proceeding. As discussed briefly below, service provider portability for geographic telephone numbers is clearly in the public interest, and a Commission mandate for its implementation is necessary to ensure its availability. Sprint also suggests refinements to AT&T's location routing number (LRN) proposal, and reiterates the benefits of phasing in a uniform, nationwide system of service provider portability.

I. SERVICE PROVIDER PORTABILITY OF GEOGRAPHIC NUMBERS IS IN THE PUBLIC INTEREST, AND COMMISSION ACTION IS NECESSARY TO ENSURE ITS AVAILABILITY.

The majority of commenting parties agreed with the Commission's tentative conclusion that service provider portability for geographic telephone numbers is essential to the development of competition in the local service market.¹ These parties point

¹ See, e.g., Sprint, pp. 3-7; AT&T, pp. 4-7; MCI, pp. 2-4; Ad Hoc Coalition of Competitive Carriers, pp. 4-8; ALTS, pp. 2-8; California PUC, p. 2; Florida PSC, p. 1; GSA, pp. 2-5; Illinois

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to market studies and surveys which strongly demonstrate customers' unwillingness to switch to another local service provider if they also have to change their telephone number; the positive impact service provider portability has had in the 800 services market; and the pending federal legislation and the on-going state portability trials whose underlying analysis concluded that portability is in the public interest. In light of the survey results -- all of which, including Pacific Bell's study, prove the critical role number portability plays in a customer's decision about whether to switch to another local service provider -- and the industry's experience with portable 800 numbers, it is clear that implementation of service provider portability for geographic numbers is in the public interest.²

Commerce Commission, p. 3; LDDS, p. 2; MFS, pp. 2-4; Missouri PSC, p. 2; NARUC, p. 4; NCTA, p. 3, 8; New York DPS, p. 1; Ohio PUC, p. 1; TRA, p. 3; Teleport, pp. 3-4; Texas PUC, p. 2; Time Warner, pp. 6-7; U.S. Small Business Administration, p. 5; US West, p. 2.

² There seems to be general agreement that the Commission and the industry should focus their resources on the implementation of service provider portability rather than service or location portability, or portability for non-geographic codes, since it is not clear that market demand exists for these types of portability. See, e.g., Sprint, pp. 19-20; AT&T, p. 39; MCI, p. 22; Ad Hoc Coalition, p. 2; ALTS, p. 13; California PUC, p. 5; Illinois Commerce Commission, p. 13; MFS, p. 3; NCTA, pp. 3-4; New York DPS, p. 3; Teleport, pp. 3-4; Time Warner, p. 5; U.S. Small Business Administration, p. 5; Ameritech, p. 13; BellSouth, pp. 7, 16; Bell Atlantic, p. 22; Nynex, p. 18; Pacific, p. 3; Southwestern Bell, p. 5; USTA, p. 3. Air Touch Paging expresses an interest in nongeographic number portability in the "near term" (p. 17). However, this interest seems quite general, and it is possible that Air Touch Paging's interest could be reasonably met by adopting a permanent portability solution which is sufficiently flexible to accommodate other types of portability, should deployment of other types of portability be warranted.

Despite this apparently incontrovertible evidence, much of the LEC industry -- including six of the BOCs, GTE, Cincinnati Bell, and USTA -- asserts that lack of service provider portability is not a barrier to competition; that the lack of portability can be overcome through price discounts, superior service and quality, and effective marketing techniques; and that there is a lack of "convincing" evidence of market demand for number portability.³ In addition, several of these parties seem to imply that interim measures such as Remote Call Forwarding (RCF) are satisfactory portability solutions which are adequate for the indefinite future.⁴

The resistance to implementation of number portability expressed by these parties, while hardly surprising, is nonetheless without merit. The main support for their position, a survey conducted on behalf of Pacific Bell, in fact confirms the importance of geographic number portability. As Sprint explained in its comments (Appendix 1), Pacific's own data show that there are situations in which number portability is the most important factor in a customer's decision as to whether to switch to an alternative local service provider, and that number portability is a critical factor in almost all of the scenarios considered in the Pacific survey. Moreover, both the shift in market share due

³ See, e.g., Ameritech, p. 7; BellSouth, pp. 3-7; Bell Atlantic, p. 2, 8; Nynex, p. 9; Pacific, pp. 3-6; Southwestern Bell, p. 9; Cincinnati Bell (CBT), p. 2; GTE, pp. 5-7; USTA, pp. 3-4.

⁴ See, e.g., Ameritech, p. 13; Bell Atlantic, p. 5; Nynex, p. 9; Pacific, p. 28.

to number portability (10%) and the discount needed to get businesses to even consider switching to an alternative local service provider (12%) are very significant and highlight the crucial role of number portability. Finally, Pacific's use of "conversion factors," the phrasing of its survey questions, its inclusion of apparently anomalous survey results, and the lack of clarity associated with certain technical aspects of its survey, all tend to minimize the estimated impact of number portability.

It is obviously not in the interest of an incumbent LEC, whose sole or primary interest is the provision of local exchange service, to facilitate competition for its monopoly customer base.⁵ As GSA correctly states (p. 7), "...there are forces in the market that have an interest in delay, if not outright failure, of the effort to achieve effective number portability." Indeed, several of the BOCs pointedly refrain from estimating a date by which they could implement a permanent portability solution, and oppose a Commission mandate for such implementation by a date certain. Because of the incumbent LECs' incentive and ability to protect their monopoly customer base, it seems clear that "[p]ermanent portability solutions will not become reality until this Commission acts" (US West, p. 11). Therefore, the

⁵ It is perhaps telling that two LECs which are affiliated with entities other than the incumbent local service provider (the Sprint LECs, which are affiliated with both the Sprint IXC division and the Sprint Telecommunications Venture, and US West, which filed comments on behalf of its operating company and cable TV companies planning to provide local telecommunications services in competition with other incumbent telephone companies) recognize the importance of service provider portability and support its prompt implementation.

Commission should mandate the implementation of a permanent portability solution within a reasonable and specific time frame.

In its comments (pp. 11-12), Sprint suggested that the Commission adopt the following portability implementation schedule: deployment of a permanent solution in the top 100 MSAs within 2 years from release of a Commission order; in years 3-4 for the next 135 MSAs; and in years 5 and beyond in the remaining markets.⁶ Given the work associated with implementation, the schedules for the on-going state portability trials, and the time it took to implement a system of 800 database access (20 months from release of the order mandating its implementation), the implementation schedule suggested by Sprint is both reasonable and achievable.

NECA (p. 2) and OPASTCO (p. 2) express concern about the financial implications of mandated portability for small and rural LECs. Sprint agrees that there may be some markets within an MSA in which demand for geographic number portability will be insufficient to support deployment of this capability. Proposals by Sprint and other commenting parties to require the phased-in implementation of number portability based on market size or competitive pressures should in large measure accommodate the con-

⁶ See also, Teleport, p. 12; Ad Hoc Coalition, pp. 15-16; MFS, p. 8 (implementation in the 100 largest SMSAs by the end of October, 1997). In addition, BellSouth estimates that the industry could implement a permanent solution in 3-5 years (p. 54), and Pacific states that most of the permanent portability solutions currently being considered could be implemented within 3 years (p. 15).

cerns of smaller LECs.⁷ In addition, waivers should be granted where it can be demonstrated that portability implementation requirements impose an unreasonable burden or where special circumstances exist.

Finally, Sprint agrees that RCF may be used as an *interim* measure pending implementation of a true system of number portability.⁸ However, RCF's deficiencies are well documented.⁹ Among other things, competitors who rely upon RCF will effectively be limited to offering local service only on a resale basis. The incumbent LEC will retain control of the routing of the end user's traffic and will continue to collect the access charges associated with use of its facilities. At best, RCF will be of utility only in exceptional cases. Indeed, because RCF basically is a system of resale, it is unlikely to be of utility at all unless it is provided at a modest cost. Competition cannot be expected to emerge in an environment where the only way to obtain number portability is for the competitor to resell the facilities of the incumbent local service provider on an inferior basis and at an added cost.

⁷ See, e.g., Sprint, pp. 11-12; Ad Hoc Coalition, pp. 15-16; Illinois Commerce Commission, p. 9; MFS, p. 8; Teleport, pp. 11-12.

⁸ In order to minimize the incidence of fraud associated with the use of RCF, any LEC offering RCF as an interim portability measure should ensure that appropriate fraud control measures are also in place. For example, calls should not be allowed to be forwarded to international, 0+, 0-, 10XXX, 555, 700, 800, 850, 900, 950, 976, 911, 411, or public or semi-public coin telephone numbers.

⁹ See, e.g., Sprint, p. 17; AT&T, pp. 10-15; MFS, pp. 14-16.

Thus, notwithstanding the contrary suggestions of the BOCs, RCF does not constitute a solution to the problem of number portability even on an interim basis. Its utilization provides no justification for any delay in the implementation of number portability, and should not be the basis on which RBOC requests to enter the interLATA market are granted.

II. A MODIFIED LRN APPROACH MAY BE THE OPTIMAL LONG TERM SOLUTION.

Numerous commenting parties have offered criteria which they recommend be used to evaluate and choose among the portability solutions proposed by various entities.¹⁰ There appears to be general agreement that whatever solution is chosen should satisfy the following principles:

- it must be flexible enough to accommodate future portability requirements;
- it must use scarce numbering resources efficiently;
- it must allow carriers to provide unique competitive services independent of other industry players;
- it must allow carriers to control the network routing for their customers;
- it must provide for seamless service between carriers and should not result in degradation of service to end users;
- it must not favor any industry segment or enable any industry segment to gain monopoly control over any of the portability system elements (thus, for example, any shared database must be administered by a neutral third party);

¹⁰ See, e.g., Sprint, p. 3; AT&T, p. 16; MCI, pp. 7-8; Ad Hoc Coalition, Appendix 1; ALTS, pp. 10-19; Teleport, p. 11; Ameritech, pp. 2-3; Bell Atlantic, p. 12; Nynex, pp. 15-16; Pacific, pp. 10-11; US West, pp. 15-20; USTA, p. 7.

- it should support operator and emergency services;
- it should allow all carriers to properly bill and rate all types of calls.

Of the portability solutions offered to date, AT&T's location routing number (LRN) proposal, with the modifications discussed below, comes the closest to satisfying the criteria listed above. As AT&T points out (pp. 20-22), LRN does not require calls to be routed first to the incumbent local service provider's network; it is a single number solution, so conserves NANP resources; and it supports the continued availability of vertical features and advanced services for customers of all exchange carriers. However, Sprint believes that the LRN proposal can be improved by inclusion of the following enhancements.

First, the LRN should include the service provider identification (SPID) in the last four digits of the LRN. (Under AT&T's plan, the LRN would be a non-assigned number in a switch.) This provides greater routing control and flexibility for the service provider; in addition, using the same SPID in each switch lessens the administrative burden on the service provider.

Second, the terminating end user's zip code should be included in the SMS database. Inclusion of the zip code in the SMS provides specific information for use in customer billing. When a service provider serves a local calling scope which is greater than today's wire center, the IXC will not be able to determine the location of the end user for customer billing, since AT&T's LRN proposal identifies only the terminating wire

center, not the end user's location. Provision of the customer's zip code addresses this problem.

Third, the Generic Address Parameter (where the LRN is located) and the Dialed Number parameter "flip" should be eliminated for routing purposes. Flipping these parameters at the terminating end office, as is suggested under the AT&T LRN plan, requires greater time and resources and is not necessary for routing.

A few parties suggest that a uniform, nationwide solution such as the LRN proposal is unnecessary and that each state and each carrier be given the flexibility to implement whatever portability solution it considers best, so long as those solutions are interoperable.¹¹ Sprint disagrees. Implementation of a uniform, nationwide solution will ensure compatibility and is the most cost-efficient way to proceed. Even if industry fora develop technical standards and interoperability test plans, as Sprint has recommended (p. 14), there is always the risk of inconsistent interfaces and operational standards if a patchwork of systems is deployed.

III. COST RECOVERY ISSUES SHOULD BE CONSIDERED IN A FURTHER PROCEEDING.

With the exception of GTE, few if any parties offered an estimate of the costs associated with deployment of a permanent portability solution, presumably due primarily to the uncertainty surrounding which solution (or solutions) will ultimately be

¹¹ See, e.g., Ameritech, pp. 2-3; Pacific, p. 12; MCI, pp. 7-8; California PUC, p. 3; Ohio PUC, p. 2; Time Warner, p. 16.

adopted. Until additional information on the level and types of costs carriers would incur to implement a permanent solution is available, it seems logical to defer consideration of appropriate cost recovery mechanisms (perhaps including a surcharge on end user customers in the markets in which the permanent solution is available) to a later proceeding.

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October 12, 1995

CERTIFICATE OF SERVICE

I, Joan A. Hesler, hereby certify that on this 12th day of October, 1995, a true copy of the foregoing "REPLY COMMENTS OF SPRINT CORP." was sent via First Class Mail, Postage Prepaid, or Hand Delivered, upon each of the parties listed below.


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