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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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

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REPLY COMMENTS OF THE
AD HOC COALITION OF COMPETITIVE CARRIERS

Adelphia Communications Corporation; American Personal Communications, Inc.; California Cable Television Association; Comcast Corporation; Continental Cablevision, Inc.; Cox Enterprises, Inc.; Eastern Telelogic Corporation; Hyperion Telecommunications, Inc.; InterMedia Partners; Sprint Telecommunications Venture; TCI Communications, Inc.; and Teleport Communications Group, Inc. (the "Ad Hoc Coalition of Competitive Carriers" or the "Coalition") hereby submit their reply comments in the above-referenced proceeding.[1/] For the reasons described below, the Commission should act swiftly to require the implementation of service provider local number portability.[2/]

Number portability is as important to local competition as equal access is to long distance competition. Without equal access, long distance competition would have languished, even after the breakup of the Bell System. Without number portability, local competition also will languish, even after other barriers to competition are removed. Thus, prompt, clear and conclusive Commission action in this proceeding is vital.

1/ In the Matter of Telephone Number Portability, *Notice of Proposed Rulemaking,* CC Dkt. No. 95-116, RM 8535, FCC 95-284 (rel. July 13, 1995) (the "Notice").

2/ As described in the Coalition's comments, "service provider local number portability" is a feature that gives the customer the opportunity to change carriers without changing telephone numbers. Coalition Comments at 2. The Commission should seek a number portability architecture that causes no meaningful degradation in the quality of service consumers receive. *Id.*, Appendix at 3.

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The comments in this proceeding show that there is broad support for the basic principles outlined in the comments filed by the Coalition. In particular, most parties recognize the importance of a strong Commission role in ensuring that number portability is implemented on a reasonable but prompt schedule and recognize that number portability is vital to the proper development of local telephone competition. The Commission should not be swayed from this course by the insubstantial objections of incumbent telephone companies to the prompt development of portability. At the same time, the Commission should not deny CMRS providers the benefits of number portability. Instead, the Commission should require the telecommunications industry to implement true service provider local telephone number portability as quickly as possible and should not let the technology used by a carrier stand as a barrier to the availability of number portability.

I. There Is a Broad Consensus in Favor of Service Provider Local Number Portability.

The unequivocal message of the comments is that there is a very strong, very broad consensus in favor of the implementation of service provider local number portability. The comments also show that there is no meaningful technical barrier to the implementation of portability on an expeditious schedule.

The comments reflect strong agreement that number portability is important and should be implemented nationwide. Representatives of new entrants, interexchange carriers and even incumbent local exchange carriers agree that the Commission should take decisive action to make true service provider local number portability available throughout the country. *See, e.g.*, AT&T Comments at 2; U S West Comments at 1; National Cable Television Association Comments at 4. The consensus in favor of number portability also

includes state regulators, who uniformly agree that number portability will enhance the development of local telephone competition. *See, e.g.,* NARUC Comments at 2; California Comments at 2. The commenters also agree that service provider local number portability is the proper focus of the Commission's near term actions and that administration of any number portability resources should be done by a neutral entity. *See, e.g.,* AT&T Corp. Comments at 33; New York State Department of Public Service Comments at 3-5; Coalition Comments at 17. In fact, the comments reflect much more agreement than disagreement on the basic principles of service provider local number portability. Most of the disagreement, as shown below, can be traced directly to the LECs' desire to delay implementation of portability, with the obvious intent to reduce the degree of competition they would face in the local exchange marketplace. *See infra* Part II.

The comments also demonstrate that there already are approaches to providing number portability that can meet the basic requirements outlined in the Coalition's comments and that there are no meaningful technical barriers to implementing those portability architectures. Several companies, including AT&T, MCI and US Intelco, described architectures that could provide true service provider local number portability.[3/] These approaches already are undergoing testing and refinement. While these architectures may require some further development before final deployment, the availability of several choices demonstrates that there are no significant technical barriers to the near-term implementation of service provider local number portability.

3/ Pacific Telesis also proposed an architecture it calls "Release to Pivot." This architecture, however, relies on the switch of the consumer's original carrier to determine the routing of a ported call. For the reasons described in the Coalition's comments, any approach that depends on the original carrier's switch for routing is unacceptable. *See* Coalition Comments at 19.

II. Incumbent LECs' Objections to Prompt Implementation of Service Provider Local Number Portability Should Be Disregarded.

Despite the broad consensus in favor of number portability, many incumbent LECs urge the Commission to move slowly and incrementally. The LECs attempt to appear to support number portability while advocating positions that would prevent it from being implemented in the foreseeable future. In particular, the LECs focus on the "demand" for portability and on its purported costs to justify delays in Commission action. The Commission should reject these efforts at delay and move to implement service provider local number portability expeditiously.

First, the LECs argue that there is not significant demand for number portability. To buttress this argument, they supply survey data that are both highly suspect and misinterpreted. In reality, there is a significant need for service provider local number portability that the Commission cannot ignore.

The primary source of survey data is Pacific Bell, which argues that new entrants can overcome the lack of number portability by offering discounts below the rates they otherwise would charge for their services. Pacific Bell Comments at 3. This might appear reasonable, but in practice the magnitude of the discounts (or of the loss of market share without the discounts) is much more significant than Pacific suggests. In essence, Pacific is arguing that it is reasonable to require new entrants to give up as much as half of their potential market share or to discount their rates by an additional twelve percent to maintain the market share they otherwise would have obtained.[4/]

4/ *Id.,* Attachment A at 49. Pacific suggests that this discount is reasonable in light of the discounts already offered in the interexchange marketplace or in the local competition (continued...)

Moreover, Pacific's analysis of its survey data relies on a series of guesses and approximations. The precise figures presented in its tables and charts are, in fact, derived by making assumptions about how answers such as "highly likely" and "somewhat likely" translate into marketplace behavior. *See id.*, Attachment A at 16. Given Pacific's use of imprecise approximations, it is ironic that Pacific Bell then criticizes MCI and MFS for their efforts to provide more precise numerical data.[5/]

Similarly, some LECs argue that they do not perceive any consumer demand for number portability.[6/] What the LECs fail to acknowledge is that number portability is not

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4/ (...continued)
experiment in Rochester. *Id.* at 3. What Pacific does not mention is that the discount required to convince customers to switch carriers without number portability is **in addition** to whatever other discounts the competitive carrier already would be offering, not in lieu of the existing discounts. This is a significant difference, especially in light of LEC efforts to impose high charges on new entrants for interconnection and other essential services. Pacific's argument also ignores the likelihood that incumbent LECs will respond to competition by cutting their prices, which will further reduce the potential profit margins of new entrants.

5/ *Id.* at 4. GTE also says it has conducted a survey that shows that customer interest in number portability is not high, but reports only its conclusions about the survey and not the underlying data. GTE Comments at 5. Obviously, without the data it is impossible to evaluate the accuracy of GTE's conclusions.

6/ *See, e.g.,* BellSouth Comments at 5. GTE takes this position to the furthest extreme by attempting to limit number portability to customers who are willing to change their numbers to get it. GTE argues that portability will be difficult and expensive to implement by confusing the characteristics of service provider and location portability. Indeed, GTE spends much of its effort discussing the technical and consumer difficulties of disengaging numbers from their geographic identities. GTE Comments at 9. Then GTE argues that the Commission should adopt a proposal that not only requires customers to change their telephone numbers to obtain portability but also requires them to use non-geographic numbers if they want portability. GTE Comments at 9. The GTE proposal thus violates the most basic principle of number portability: customers must not be required to change their telephone numbers. GTE's proposal combines the worst features of the current regime and of full geographic portability. As a result, it is not a serious proposal and does not merit even the slightest Commission attention.

something that generates "demand," like call forwarding or call waiting, but rather is something that consumers expect, like the ability to switch long distance carriers where equal access has been implemented. Indeed, the analogy to equal access is quite apt. In much the same way that equal access enabled the growth of long distance competition, number portability will enable the growth of local telephone competition. *See, e.g.,* Coalition Comments at 4; AT&T Comments at 3. Moreover, number portability, like equal access, is an intermediate good, not the end product that consumers buy. Thus, there is no reason to expect specific demand for portability; rather, the well-documented demand for competitive local telephone service, by itself, provides more than sufficient justification for portability because portability is essential to the development of local competition.

The LECs' misunderstanding of the consumer value of portability extends to their discussion of the costs of portability. The LECs almost uniformly argue that the costs of number portability should be borne by the "cost causers." *See, e.g.,* SBC Corp. Comments at 6. In other words, the LECs want new entrants to foot the entire bill. This might make sense if number portability were a mere optional calling feature, like call waiting or call forwarding. But number portability is not an optional calling feature. Instead, like equal access, it is a fundamental element critical to the development of competition and, also like equal access, it will benefit all telephone consumers.[7/] Thus, the costs of number portability should be shared among all telephone consumers, and the most efficient way to do that is to require all carriers to bear their own costs of implementing portability. *See* Coalition Comments at 21.

7/ In the long run, portability also will benefit all providers, including incumbents, because it will give each provider a fair opportunity to compete for the customers of all other providers in the same market.

In addition, it is important to recognize that the costs of portability are not as significant as the LECs suggest, in large part because they will be spread among all telecommunications service providers. Many of the costs associated with portability already have been incurred as LECs upgrade their networks for other reasons, and many "costs" will merely represent acceleration of upgrades that would have happened anyway. While LEC cost estimates are enormous, *see, e.g.,* GTE Comments at 14, a more realistic assessment of the total costs of service provider local number portability to be borne by **all** providers, including new entrants, is offered by AT&T, which suggests that the total costs are likely to be between $1 and $2 billion, spread over several years. *See* AT&T Comments at 33 n.36. This amount represents only a small fraction of the total annual capital investments of the many telecommunications providers that would implement portability. Thus, it is evident that LEC complaints about the cost burdens of implementing number portability are greatly overblown and should be accorded little weight. Collectively, the remaining LEC arguments against swift implementation of portability are no more persuasive.

III. The Commission Should Extend the Availability of Number Portability to CMRS Providers.

The Cellular Telecommunications Industry Association ("CTIA") urges the Commission to leave wireless number portability issues for another day. CTIA's position is based on a misunderstanding of the likely role of emerging wireless technologies (such as broadband PCS) and overgeneralizes the technical concerns raised by wireless number portability.

First, CTIA bases its position principally on its perception of the nature of the cellular environment. Indeed, almost all of CTIA's arguments are based on the existing cellular

network architecture or the behavior of cellular customers. *See, e.g.,* CTIA Comments at 4, 9. Some of CTIA's assumptions may be accurate for today's cellular marketplace, but it is unlikely that those assumptions will hold either for new technologies such as broadband PCS or for cellular operators in the long run. In particular, PCS operators are likely to compete with existing landline telephone companies.[8/] Unlike CTIA's hypothetical wireless customer, who does not care about her telephone number, most wireline customers do have published telephone numbers and do not "restrict the number of persons with access" to their numbers. *Id.* at 10. Given that fact, the availability of number portability to wireless carriers will be as crucial as it will be for wire-based competitors.[9/]

In addition, it is apparent that many of the technical concerns described by CTIA are by no means insurmountable. Most of the functions that CTIA says would be affected by number portability actually are performed *after* a call is received by the cellular carrier. Thus, a portability architecture that uses the facilities of the N-1 carrier to make routing decisions would have no effect on those functions.[10/]

Rather than making distinctions between wired and wireless communications, the Commission should strive to make its number portability rules technology neutral. Technology-neutral rules will bring the maximum benefits to consumers because they will

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8/ Integrated wireless and wireline service offerings also will compete with traditional wireline and wireless services.

9/ CTIA also does not suggest any reason to believe that wireless consumers who switch from a cellular carrier to a PCS provider, or from one cellular carrier to another, will not want to keep their telephone numbers.

10/ For instance, the home location register queries described in CTIA's comments cannot occur until after the call has been delivered to the cellular carrier's network. *Id.* at 5. In a portable environment, only calls that "belong" to the cellular carrier would be routed to the carrier, so there would be no need for any change in the query process.

greatly increase choice and competition in the telecommunications marketplace. If the Commission feels constrained to make any distinctions between competing technologies, those distinctions should be the minimum necessary and should be limited in time so as to avoid creating regulatory inequities between competitors.

IV. Conclusion

For all of these reasons, the Ad Hoc Coalition of Competitive Carriers respectfully requests that the Commission adopt rules in accordance with the positions taken herein.

Respectfully submitted,

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