

I. The Commission Should Announce, as Soon as Possible, that LRN Will be the National Routing Plan for Permanent Number Portability

As the comments have pointed out, Congress has now resolved the principal question which the Commission had been considering (*i.e.*, whether permanent LNP should be deployed). Congress has further indicated that LNP should be deployed expeditiously (when “technically feasible”), and that this Commission must assume a leadership role (implementation per “requirements prescribed by the Commission”).¹

It is now time to resolve the next most important question: which LNP routing/addressing scheme should be used nationally.² The Commission should, moreover, move swiftly in doing so because such a decision will remove much industry uncertainty and will, as a result, expedite considerably the date by which permanent LNP can become a reality. Among other things, a Commission announcement would:

- Give switch vendors the green light they need to move expeditiously in modifying their switch software to accommodate the LRN addressing plan;
- Encourage carriers to begin modifying their systems (*e.g.*, provisioning, operations support, maintenance, billing) to accommodate the LRN addressing plan; and
- Encourage the industry to move forward in selecting operators of the LNP Service Management Systems (“SMS”).

As the Georgia Commission notes, a de facto routing standard has emerged within the industry — Location Routing Number (“LRN”)³ — since the comments were filed

¹ See Section 251(b)(2). Indeed, as discussed below, it appears that Congress has given this Commission exclusive jurisdiction over permanent LNP.

² The record in this docket establishes overwhelmingly that the public interest would be served if only one LNP routing (or addressing) plan were implemented nationwide. As a practical matter, the seamless interoperability of an interstate “network of networks” will work efficiently (and perhaps work at all) only if all 2000+ carriers use the same LNP routing method.

³ With LRN, a routing number (different from the dialed number) is assigned to identify the correct end office serving the called party.

last year.⁴ The comments confirm that an LRN-based routing plan is now supported by most IXCs, many incumbent LECs, and most new LECs. To date, LRN is the only LNP routing plan adopted by, or recommended for adoption to, state commissions.

While resolution of the routing/addressing plan is timely, it would be premature to decide the details of LRN implementation. For example, there are several triggering mechanisms which are compatible with an LRN addressing plan and, it appears, interoperable with each other. There are pros and cons with each method, and some methods may be significantly less expensive to implement and operate than others.⁵

The Commission cannot now make a reasoned decision concerning these details because the software upgrades for these various solutions do not yet exist, testing has not yet occurred, and the costs for various solutions have not been determined.⁶ In these circumstances, the Commission should leave these implementation details to the regional industry negotiations proposed below. When the industry returns to the Commission (no later than December 31, 1996 under U S WEST's proposal), the Commission should have

⁴ Georgia PSC Comments at 1. The Georgia PSC interprets this development as rendering it unnecessary for the FCC to make a decision. U S WEST cannot agree. While an FCC decision may have no impact in Georgia or in other states which have adopted LRN, a decision would remove potential controversy in other states and, in the process, expedite the date permanent LNP can be deployed nationally.

⁵ Some of the pros and cons of different triggering mechanisms (*e.g.*, AIN, IN or Query on Release) are discussed briefly in Pacific Bell's comments. In typical fashion, MCI asserts that any triggering mechanism other than the one it favors is "anti-competitive" and should be "summarily rejected." MCI Comments at 8-9. However, the "query on release" method about which MCI complains could reduce significantly total LNP implementation costs, because the number of LNP data base dips could be reduced dramatically (*e.g.*, by 70% or more). It is too early for regulators to make final decisions; the industry needs cost data, information on technical impacts and time to test the various triggering mechanisms.

⁶ NYNEX is correct that, if the FCC were to adopt one particular triggering mechanism, "equipment suppliers, through the pricing of their products, [would] take financial advantage of all service providers." NYNEX Comments at 4 n.4. LECs will be in a much better position to negotiate reasonable terms for LNP upgrades if they retain the flexibility, at least in the near future, to implement more than one LNP triggering solution consistent with the LRN routing plan.

the facts necessary to make any decisions (assuming there is no industry consensus concerning these technical details).

II. Deployment Decisions Must Consider Practical Realities and Network Reliability

Industry views on LNP implementation take the predictable extremes — from “let’s still talk about which LNP routing plan to adopt”, to “let’s deploy LNP in the top 100 MSAs in 18 months (by 3Q97)”. Given Congress’s reaffirmation of the importance of LNP, the first extreme is no longer acceptable. The second extreme is dangerous — unless the Commission is willing to allow the network to crash and to increase significantly the costs of implementing LNP.

A subject as complex and far-reaching as LNP requires Commission leadership. However, it is also imperative that the Commission’s decisions reflect practical realities and respect network reliability. Consequently, any implementation schedule should incorporate the industry practice and the need to deploy LNP in three phases:

Phase One: First Office Application. Historically, any new technology designed for national use is first evaluated by one or two companies in a limited area. This “first office application” (“FOA”) is undertaken to test the new technology, to allow time to find and eliminate bugs before the application is deployed more widely, and to provide valuable insight to assist the rest of the industry in their deployment of the technology. Experience demonstrates that use of the FOA process generally reduces implementation costs and often expedites the overall deployment of new technology.

U S WEST agrees with AT&T that Atlanta and Chicago should be selected as FOA areas for the LRN routing plan and that this Commission should set the end of 3Q97 as the target date for completion of this FOA. Atlanta and Chicago are good FOA candidates because the Georgia Commission has already targeted July 1997 as the deployment date for LRN in Atlanta and because the Illinois Commission has targeted mid-1997 as the deployment date for LRN in Chicago.

Phase Two: First Region Application. Although LNP will be introduced in specified areas, it is likely that certain LNP functions (*e.g.*, SMS) and components (*e.g.*, carrier LNP data bases or “SCPs”) may be implemented on a regional basis. Our country is divided into seven regions corresponding to the seven original RBOCs. Consequently, once the Atlanta and Chicago FOAs are successfully completed, LNP should simultaneously be introduced in the other five regions (with the Ameritech and BellSouth regions moving immediately to phase three).

Implementation of LNP will be a major undertaking for carriers in each region, and most of the upgrade work (*e.g.*, systems modification) must be completed before LNP can be introduced anywhere within a region. All carriers, but especially the RBOC with its scores of systems that must be re-designed, will need time to evaluate the introduction of LNP — to ensure that the SMS is operating smoothly; that calls are routed properly; and that legacy systems have been modified correctly to interact properly with the new routing scheme. U S WEST therefore recommends that:

- The Commission adopt a “first region application” (“FRA”) for the five non-FOA regions;
- Each FRA should commence no more than 60 days after successful completion of the two FOAs — although planning would begin yet this year;

- The length of each FRA should be no longer than 90 days; and
- The most populous metropolitan area within the region should be used for the FRA, unless the industry agrees to use a different area (with at least one office of each major switch type included in the trial).

A necessary predicate to any FRA, like an FOA, is at least one operational SMS in the region. The Commission should therefore direct carriers in each region to develop an SMS plan — including selection procedures (*e.g.*, draft RFP), operations, financing, and cost recovery — within six months of the Commission's order or by December 31, 1996, whichever is earlier. To make this process manageable, the Commission should further direct each RBOC to host the industry meetings and to submit to the Commission for public comment the regional industry's proposal concerning the proposed SMS plan.

Phase Three: Further Implementation Within Each Region. In one respect, expansion of LNP to other areas becomes relatively straightforward once an FRA (or an FOA) is successfully tested and deployed in one area. On the other hand, it is not feasible to convert to any new technology on a flash-cut basis. In each area where LNP is introduced, software, facilities, and signaling links must be installed and tested, and interface testing among multiple carriers must be undertaken and coordinated. Each carrier (and SMS operator) has only so many personnel competent to discharge these respective tasks; and each carrier is also constrained by the delivery schedules of its vendors. The question, then, is how to develop a regional deployment schedule that is realistic yet meets the marketing needs of all involved.

U S WEST believes that, consistent with one of the central tenets of the new Act, this is a matter that should be addressed in the first instance through industry negotia-

tions.⁷ Specifically, U S WEST recommends that, as part of the SMS-plan process described above, each RBOC be directed to develop an industry consensus LNP deployment plan. Among other things, this deployment plan would prioritize the areas (and the end offices within each area) where LNP would be introduced. This industry-developed plan would be submitted to the Commission for public comment simultaneously with the SMS implementation plan — that is, within six months of an order or December 31, 1996, whichever is earlier.

III. The Commission Must Resolve Fundamental Cost Recovery Issues

The comments confirm that Congress has resolved the two most fundamental cost recovery issues — namely, that each carrier is entitled to recover its LNP implementation costs and that costs should be recovered in a competitively neutral manner. There is also broad consensus that common costs (*e.g.*, SMS) should be shared equitably and, while there is some disagreement over the details, these details should be addressed by the industry during the proposed planning sessions conducted this year.

There is, however, one important cost recovery issue which the Commission should address now. Industry negotiations will not proceed smoothly and expeditiously unless all carriers are assured that they will recover their implementation costs. This Commission therefore needs to declare that, if it is going to assume the responsibility for implementing LNP, it will also assume the responsibility of ensuring cost recovery.

⁷ Given its participation in workshops in Colorado, Georgia, and Washington, U S WEST is confident that most deployment details can be resolved through the established consensus process. To the extent consensus is not achieved, the FCC can resolve any difference during 1Q97 — when needed facts will be available.

LNP will be deployed to benefit users of local exchange service and, under settled principles of cost causation, it is these users who should fund a carrier's LNP costs. There are two ways a LEC can recover its new LNP costs: (1) effectively hide them in a general increase in local rates, or (2) impose a monthly per-line surcharge (much like LECs do today with E911 service). Exercising its exclusive jurisdiction (*see* Section IV below), this Commission should authorize LECs to implement the surcharge approach.

Incumbent LECs should not be required to file general rate cases (14 for U S WEST's incumbent alone) to recover their LNP implementation costs. Rate cases are time-consuming and costly — for the petitioner, for other industry members, and for state commissions alike. The public interest is not served by diverting critical resources at a time when the entire industry should be focusing on major implementation tasks which need to be completed. Besides, the time delays associated with rate cases, coupled with the contentious nature of proposed rate increases, will undermine LEC confidence that they will recover their LNP costs. No carrier will have the proper incentive to implement a government mandate unless it first has assurance that it will recover its costs. Because only the surcharge approach would guarantee cost recovery and allow industry members to focus on LNP implementation, this Commission should authorize (but not require) LECs to recover their LNP costs using a per-line surcharge.⁸

⁸ Two commenters, ALTS and Teleport, ask this Commission to require incumbent LECs to file rate cases so their LNP costs can be hidden in a general local rate increase. Incumbent LECs should not be required to face a burden (like new rate cases) not also faced by new LECs — especially when incumbent LECs face significantly greater implementation costs compared to those of new LECs. U S WEST's new LECs would not be concerned if the incumbents against which they were competing imposed an LNP surcharge.

IV. The Commission Should Focus Its Finite Resources on Permanent LNP and Leave to State Commissions the Responsibility for Implementing Interim LNP Arrangements

This Commission arguably has exclusive (*albeit* transferable) jurisdiction over LNP.⁹ This jurisdiction is important because, as discussed above, an efficient LNP system will become a reality only through Commission leadership.

This Commission's jurisdiction over "interim" LNP is less clear.¹⁰ However, even if the Commission does have concurrent jurisdiction, it should leave the subject of "interim" LNP to the carrier-to-carrier negotiation process and the state commission mediation/arbitration process. There is now no question but that "interim" LNP is technically feasible, and the comments confirm that the state commissions are fully capable of implementing "interim" LNP in a competitively neutral basis — with some having already done so.¹¹ In addition, this Commission needs to focus its finite resources on the one area where its intervention is required: permanent LNP. The sooner permanent LNP is deployed, the sooner "interim" LNP arrangements and issues become irrelevant.

V. The Commission Should Reaffirm That, at Least at Present, CMRS Providers Need Not Provide LNP

Congress has decided that, at least initially, CMRS providers should not be required to provide LNP — although it did empower this Commission to impose this duty on those providers later (by re-classifying them as LECs).¹² While CMRS service consti-

⁹ See Section 251(d)(1) and (2).

¹⁰ See Section 153(30), a definition which appears to include permanent LNP only. See also Section 251(b)(2), requiring availability of permanent LNP "in accordance with requirements prescribed by the [FCC]."

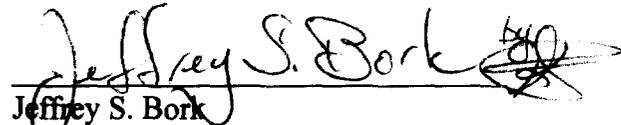
¹¹ See, e.g., ALTS Comments at 6 n.4.

¹² See Sections 153(26) and 251(b).

tutes "telephone exchange service" under the new Act,¹³ there is "no evidence" CMRS providers are "competing or even ready to compete with wireline local exchange service at this time."¹⁴ Thus, to remove any uncertainty and to eliminate needless controversy in state proceedings, this Commission should confirm that, at the present time, CMRS providers are under no current duty to provide LNP, but may be required to do so at a later date.

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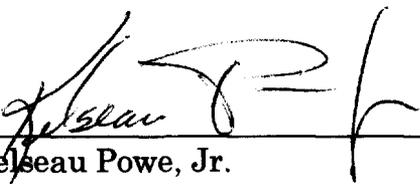
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¹³ See Section 153(47).

¹⁴ BellSouth Comments at 6. See also Annual Report and Analysis of Competitive Market Conditions with Respect to Commercial Mobile Services, First Report, 10 FCC Rcd 8844, 8869 ¶ 75 (Aug. 18, 1995).

CERTIFICATE OF SERVICE

I, Kelseau Powe, Jr., do hereby certify that on this 5th day of April, 1996, I have caused a copy of the foregoing **U S WEST REPLY COMMENTS** to be served via first-class United States Mail, postage prepaid, upon the persons listed on the attached service list.


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