



MCI Telecommunications Corporation

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Federal Communications Commission
Office of Secretary

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October 16, 1996

Mr. William F. Caton
Secretary
Federal Communications Commission
Room 222
1919 M Street NW
Washington, D.C. 20554

Re: CC Docket 95-116: Local Number Portability

Dear Mr. Caton:

Today, Woody Traylor, Beth Kistner and I met with Neil Fried, Patrick Donovan, Chris Barnekov, John Scott, Lloyd Collier and Lenworth Smith of the Common Carrier Bureau. The purpose of the meeting was to review MCI's position in this proceeding. The attached material was used during the meeting and details the matters discussed.

Sincerely,

Leonard S. Sawicki
Leonard S. Sawicki

Attachment

cc: Mr. Barnekov
Mr. Collier
Mr. Donovan
Mr. Fried
Mr. Scott
Mr. Smith

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LNP COST RECOVERY

- Little agreement among carriers about how costs can be recovered on “competitively neutral” basis.
- Key disagreements relate to how to allocate costs to “all telecommunications carriers,” and proper recovery method from end users.
- FCC should consider that LNP costs will be incurred by all carriers, and refrain from imposing unnecessary allocation and recovery schemes on carriers and end users.
- MCI’s recommendation is administratively and economically efficient, and complies with FCC cost recovery criteria.

“ALL TELECOMMUNICATIONS CARRIERS”

- **ALL telecommunications carriers WILL support LNP without special allocation methods:**
 - * **LECs and CLECs will incur costs by implementing LNP in their own networks and through payments to SMS providers.**
 - * **IXCs will incur costs by implementing LNP in their own networks and through payments to SMS providers.**
 - * **CMRS providers and other non-porting LECs will incur costs through payment of LNP charge to LEC performing LNP service.**
 - * **Resellers and purchasers of combined unbundled components will incur costs in manner that parallels end user recovery process.**

- **Mandate that LNP costs be borne by “all telecommunications carriers” on a “competitively neutral basis” should NOT require that all costs must be apportioned to ALL carrier market segments on equal per-unit basis.**

“ALL TELECOMMUNICATIONS CARRIERS” (cont.)

- Recovery will be competitively neutral among competitors.
- ILEC plans to recover from “all carriers” unfairly result in non-LEC carriers bearing costs both directly and through allocation.

EFFICIENT AND NEUTRAL COST ALLOCATION

- 1) Category 1 costs are borne by all SMS users.
- 2) Category 2 costs are borne by each carrier incurring network implementation costs.
 - * Costs are incurred roughly proportionate to size of network and are therefore competitively neutral.
- 3) Category 3 costs are borne by individual carriers as necessary.
- 4) Recovery of costs from end users as state regulatory and market conditions permit, based on FCC guidelines:
 - * No pooling and no mandatory surcharges.
 - * No recovery of costs in charges to other carriers, except for charges to defaulting carriers.

INEFFICIENT AND UN-NEUTRAL

- Pooling, either national, regional, or state
 - * Encourages inefficient cost, complex to administer.
- Mandatory surcharges
 - * Unfair to force competitors to isolate single cost component on customer bills, especially when overall rates are declining.
- Allowing carriers to pass through LNP costs to competitors
- Revenue allocator, especially retail revenue allocator