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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
Administration of the North American Numbering Plan Carrier Identification Codes (CICs)	)	CC Docket No. 92-237
Petition for Rulemaking of VarTec Telecom., Inc.	)	

PETITION FOR RECONSIDERATION OF TELECOMMUNICATIONS GROUP, INC.

Telco Communications Group, Inc. ("Telco") urges the Commission to reconsider its Second Report and Order ("*Order*") in the proceeding captioned above.[1]

I. TELCO SUPPORTS ALTERNATIVE PROPOSALS TO GRANDFATHER MOST THREE-DIGIT CICS AND TO USE THE THIRD DIGIT OF THE CAC AS THE DESIGNATOR FOR FOUR-DIGIT CICS.

The *Order* concludes that the number of digits in Feature Group D Carrier Identification Codes ("CICs") should be changed from three to four and the number of digits in Carrier Access Codes ("CACs") should be changed from five to seven. To implement the change, the *Order* establishes a transition period of eight and a half months after which CIC assignees will not be able to use their

[1] Administration of the North American Numbering Plan Carrier Identification Codes (CICs); Petition for Rulemaking of VarTec Telecom., Inc., *Second Report and Order*, CC Docket 92-237, FCC 97-125 (released April 11, 1997) ("*Order*").

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existing three-digit CIC codes to route switched traffic. Instead, companies will be required to use only four-digit CICs embedded in seven-digit CACs.

Telecommunications service providers and other industry participants have been discussing alternatives to the Order, with the goal of striking a better balance between the need for additional carrier identification codes ("CICs") and the preservation of the significant competition in interstate telecommunications markets provided by three-digit dial-around service providers whose businesses would be severely disrupted by a mandatory conversion to four-digit CICs. Based on Telco's participation in those discussions, Telco supports an alternative proposed by VarTec Telecom., Inc. ("VarTec") which VarTec has stated it will describe in further detail in its petition for reconsideration of the *Order.*

Under the alternative, as Telco understands it, the Commission would (1) require local exchange carrier ("LEC") switches and software to continue the current practice of accepting both three- and four-digit CICs, (2) implement four-digit CICs by requiring a "1" in the carrier access code ("CAC") prior to the four-digit CIC, and (3) grandfather all three-digit CICs except those beginning with a "1." This plan preserves the significant existing competitive pressure that dial-around service puts on long-distance rates, expands the pool of available CICs to include all four-digit CICs and all but 100 three-digit CICs, and requires switch manufacturers and operators to do no more than what they are already required to do, namely, enable switches to process both three- and four-digit CICs. The *Order*, on the other hand, would eliminate *all* three-digit CIC assignments and

thereby jeopardize a competitive alternative for consumers that is currently thriving in the long-distance marketplace.

Telco urges the Commission to adopt VarTec's solution. In the alternative, Telco hereby requests reconsideration of the length of the transition period set forth in the Order, as more fully explained below.

II. THE LENGTH OF THE TRANSITION PERIOD PROPOSED IN THE ORDER IS INADEQUATE AND BASED, IN PART, ON UNREASONABLE ASSUMPTIONS.

In supporting its decision to abruptly shorten the transition to seven-digit CACs, the Commission fails to give sufficient weight to the interests of dial-around customers and their existing suppliers. The Commission states, without support, that "the time remaining until January 1, 1998, is sufficient to allow callers to become accustomed to dialing the extra digits."[2] Likewise, the Commission opines that, "[e]xtending the transition until the end of 1997 should give ample time for carriers to educate callers."[3] Finally, the Commission rounds out its treatment of the issue with a truism: "[C]allers who know how to reach the carriers' services are more likely to use them."[4]

This cursory treatment of the resources and lead-time required to adequately educate dial-around customers to use a new numbering sequence enables the Commission to adopt a time frame that is wholly unrealistic for the effort required. A proper time frame must reflect the realities, described below,

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2 *Order* at ¶ 44.

3 *Id.*

of how and when customers must be re-educated regarding the use of the new seven-digit CACs.

A. *Timing*

Education of dial-around customers may not begin until the transition to four-digit CICs is complete at the *switch level.* Telco can not begin instructing its customers to dial a new CAC until the relevant local exchange switches have been reprogrammed to process the new CACs correctly and field testing has been completed to audit switch performance. Spending millions of dollars to instruct customers to dial an access code that is not yet available would, to say the least, be a waste of Telco's resources, and would likely cost the company most of its customers when they are unable to complete a call after dialing the new code.

Although the Bell Operating Companies may be prepared to upgrade their switches to process the new seven-digit CACs by January 1, 1998, Telco's meetings with independent local exchange carriers indicate that all LECs will not be in a position to reliably handle the new CACs by the end of this year. And even if all end-office switches were upgraded by that time, Telco and other dial-around interexchange service providers will need additional time to field test every end-office to guarantee that the CACs would be processed properly.

Assuming further that all switch upgrades and field testing across the country could be completed by January 1, 1998, it is only at that point that

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[4] *Id.*

customer education can begin. Consumer education materials can not specify a date to begin using the new CACs until that date is known with certainty – and that date won't be known until the switch upgrades and field testing is complete. Obviously, service providers like Telco can not send materials to customers informing them that, at some undetermined point in the future (whenever the switches have been reliably upgraded and field-testing is complete), customers will begin using seven-digit CACs, and then, months or years later, send them a notice to begin using the new dialing instructions. Such a two-phase notice process would be akin to raising the green flag at the Indianapolis 500 and, hours after the cars have run out of gas, dropping it to signify the start of the race.

The education process itself will require significant lead time, particularly given the demographic characteristics of Telco's customers – predominantly older Americans with lower calling volumes and cautious buying habits. Thirty-five percent of Telco's customers are over the age of 65, a figure that is 59% more than the current American population. They generally spend less than $20 per month for long-distance telephone service and, consequently, the major telecommunications carriers often do not target them for lower pricing plans and significant discounts. In addition, these customers tend to be ill-informed regarding changes in the industry and are wary about switching their "presubscribed" interexchange carrier. Telco provides them with steeply discounted dial-around service without requiring them to abandon fully the

traditional service provider they have known for many decades and, in many cases, still think of monolithically as "The Phone Company."

Changes in the dialing habits of Telco's customers must be initiated and then reinforced with follow-up reminders, letters, and telemarketing. To minimize caller confusion if the Commission insists on abandoning three-digit CICs, call intercept messages must be developed, like those used to introduce new area codes or area code splits, to inform dial-around customers who continue to use their familiar five-digit that they are required to dial additional digits. The process for developing call intercepts has not yet begun and requires industry consensus to implement.

Telco's marketing department has conservatively estimated that at least one year will be needed to assist customers in making the permanent transition to seven-digit CACs and preserving (or, in some cases, restoring) their confidence in the use of dial-around access codes. Based on the Commission's tentative conclusion in the Notice of Proposed Rulemaking,[5] Telco reasonably believed that it would have six years from the release of an order to test the switches and educate its customers.[6]

B. *Notice*

The Order states that, although only nine months remain before the transition to seven-digit CACs required under the Order, the industry has been

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[5] Administration of the North American Numbering Plan, *Notice of Proposed Rulemaking*, 9 FCC Rcd 2068 (1994) ("*NPRM*").

[6] NPRM at ¶ 54.

on notice since May, 1994, and the transition has effectively been operative since at least April 1, 1995 – when the last three-digit CICs were issued.[7] This assertion may be reasonable with respect to whether switch manufacturers and LECs were on notice, and could take action, regarding the inevitable introduction of four-digit CICs, but, as described above, that time-frame is irrelevant to the education of dial-around customers. If the Commission insists on the exclusive use of four-digit CICs (as opposed to keeping three *and* four-digit CICs as described above), Telco can not begin educating its customers to change their dialing sequence to seven-digit CACs until all switches are appropriately reprogrammed and field testing is complete. Education efforts before such time would be confusing, ineffective and a waste of time and money.

The Commission may have envisioned a transition in which switches were upgraded by January 1, 1998 and simultaneously, during that upgrade period, customers were informed of the impending change to seven-digit CACs and re-educated to use the new numbering sequence. In fact, however, for the reasons described above, Telco can not begin educating its customers until the switches are upgraded and field testing is complete. Accordingly, the Commission must extend the transition period beyond the period required merely to meet the needs of local carriers and switch manufacturers. The transition period must also give Telco and other providers of dial-around service sufficient time to meet the needs of the calling public. To this end, the Commission should consider

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[7] *Order* at ¶ 37.

requiring switch manufacturers and local exchange carriers to upgrade their switches by January 1, 1998, as the Order does currently, but permit an additional one-year period during which dial-around carriers may test nation-wide switches and begin the education of their customers. During this "second phase" of the transition, the switches must continue to recognize both five-digit and seven-digit CACs.

III. THE COMMISSION'S ESTIMATES REGARDING THE FUTURE EXHAUSTION OF CICS ARE AN UNSUBSTANTIATED AND UNREASONABLE BASIS FOR DISRUPTING DIAL-AROUND SERVICE.

The Order's requirement of an abrupt transition to four-digit CICs exclusively by January 1, 1998, is supported, primarily, by its concern that the number of remaining 5XXX and 6XXX four-digit transition CICs is insufficient to last beyond the end of 1997.[8] This concern, though based on reasonable assumptions, is unsubstantiated. Other assumptions, equally as reasonable, would support a longer transition period.

For example, the Commission assumes that, based on Bellcore estimates, 16 CICs per month will be consumed through January, 1998. Furthermore, the Commission assumes that an *additional* 16 CICs per month will be consumed because, with the conservation plan modifications in the Order, carriers will be entitled to two CICs, instead of one.[9] In other words, the

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[8] *Order* at ¶ 45 n.149.

[9] *Id.*

Commission assumes that 100% of the new entrants will want two CICs – simply because they can have two CICs.

The Commission also assumes that, with the modification of the conservation plan, only 75% of existing CIC holders with one CIC will want, or be eligible for, a second CIC.[10] If the Commission makes a consistent assumption that only 75% of the *new* entrants described above will want and/or qualify for two CICs, the number of available CICs would increase by four per month, or, aggregated, nearly two additional months of transition beyond January 1, 1998.

But that is a small example. If the Commission assumes that 50% of new and existing CIC holders with one CIC will immediately want, and qualify, for a second CIC, an assumption that is as reasonable as the unsubstantiated figure of 75%, then the number of available CICs on January 1, 1998, increases by nearly 350, or more than one additional year of the transition period at a 24-CIC per month consumption rate.

Furthermore, the Commission assumes that 375 CICs (nearly one-year's worth of transition at the Commission's assumed consumption rate of 32 CICs per month) must remain available through January 1, 1998, for new competitive entrants spurred on by the Telecommunications Act of 1996.[11] But the Commission does not explain who these new entrants would be, nor how they differ from the 16 new entities that already would be acquiring CICs each month

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[10] *Id.*

[11] *Id.*

under the Commission's assumptions. The significant changes mandated by the Telecommunications Act largely relate to local exchange competition and the entrance of the Bell Operating Companies into the long distance marketplace. Because the industry has agreed that new local exchange carriers will not receive CICs,[12] and the 20 Bell Operating Companies listed in the Telecommunications Act most likely have them already, these potential sources of CIC consumption will not drain the pool of available CICs. The Commission cannot automatically assume that wireless providers who do not already have CICs will drain the pool because many of those potential service providers present significant ambiguities regarding their financial ability to retain their licenses and build out their networks as well as the timing of their service introduction.

In summary, there is sufficient room in the Commission's assumptions to support a much longer transition period. Given the reasonable need of entities like Telco to educate their customers *after* they can be certain that the appropriate hardware and software upgrades have been implemented successfully, the Commission should reconsider the mandatory January 1, 1998 transition date – at least with respect to the education of dial-around customers.

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[12] Industry Numbering Committee (INC) Issue Identification Form, Issue No. 72, Service Provider Identification (SPI) for Local Network Interconnection (Resolved June 7, 1996).

CONCLUSION

For the reasons stated, the Commission should reconsider its Order with respect to the issues raised above.

Respectfully submitted,

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308.02/PET Reconsideration Telco