

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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CC Docket No. 92-237
Federal Communications Commission
Office of Secretary

In the Matter of)
)
North American Numbering Council)
Recommendations Regarding The North)
American Numbering Plan Administrator,)
Billing and Collection Agent, and)
Related Rules)

COMMENTS OF WORLDCOM, INC.

WorldCom, Inc. ("WorldCom") hereby files its comments in response to the Public Notice released by the Commission on May 19, 1997 in the above-captioned proceeding. The Commission seeks comments on the recommendations adopted by the North American Numbering Council ("NANC") in its May 16, 1997 report concerning selection of the North American Numbering Plan Administrator ("NANPA") and the Billing and Collection Agent ("NANC Recommendation").

I. INTRODUCTION AND SUMMARY

WorldCom is a premier global telecommunications company, providing its customers with facilities-based and fully integrated local, long distance, international, and Internet services. WorldCom is the fourth largest facilities-based interexchange carrier ("IXC") in the United States. Following its merger with MFS Communications on December 31, 1996, the new WorldCom now includes the largest facilities-based competitive local exchange carrier ("CLEC") in the United States, and UUNET Technologies, Inc., the world's largest Internet service provider ("ISP").

As explained further below, WorldCom generally supports most of the

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fundamental points discussed in the NANC Recommendation. Although WorldCom does not necessarily oppose the recommended selection of Lockheed Martin as the NANPA to replace BellCore and assume the responsibilities of the Central Office Code administration, WorldCom favors Mitretek's selection instead and urges the Commission to carefully review the relative merits of both parties' application. However, WorldCom strongly opposes the recommended selection of NECA as the Billing and Collection ("B&C") Agent, and urges that Lockheed Martin or another competitively-neutral entity be selected to perform the B&C functions.

II. WORLD COM FAVORS MITRETEK'S SELECTION AS NANPA, AND URGES THE COMMISSION TO CAREFULLY REVIEW BOTH CANDIDATES ON THE MERITS

WorldCom does not necessarily oppose the recommended selection of Lockheed Martin as the new NANPA. However, WorldCom believes that Mitretek presents a more compelling case. It must not be forgotten that a considerable majority of the NANPA Working Group Evaluation Team, which met repeatedly over the course of several weeks, voted for Mitretek, not Lockheed Martin. Further, NANC (with several representatives absent) only recommended Lockheed Martin by the slimmest of margins, 13-11. Under these unique circumstances, the Commission should carefully review the substance of the Working Group's recommendations before selecting a NANPA.

The Working Group gave Mitretek strong marks in several areas, including: (1)

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its detailed analysis and understanding of the requirements; (2) the numbering expertise of its newly-hired staff; (3) its willingness to make available all intellectual property rights to any successor; and (4) its participation in recent Industry Numbering Committee (INC) and NANPA Working Group activities.¹ WorldCom believes that, for these and other reasons, Mitretek has demonstrated that it is the best qualified candidate to assume the very crucial responsibilities of the NANPA.

The chief concern raised by Mitretek's application is the fact that Mitretek's price is double the amount quoted by Lockheed Martin. There appears to be several reasons for this substantial difference. First, Mitretek proposes a staffing level of 53 people, compared to Lockheed Martin's initial staffing of 25 people. If this staffing level is determined to be excessive -- which no party has actually demonstrated -- Mitretek could be instructed to reduce its initial staff. In contrast, roughly one-third of the staff level proposed by Lockheed Martin is devoted to administrative support, which raises the opposite concern that Lockheed Martin's staff level may be too low.

Second, and relatedly, the Mitretek staffing levels appear to be responding to the need for extensive manual intervention in the current Central Office code assignment process. Lockheed Martin has placed considerable emphasis on database systems to accomplish this task,²

¹ NANC Recommendation at 9-12.

² See NANC Recommendation at 7.

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but WorldCom is concerned that some aspects of this task cannot be mechanized.

Third, Mitretek's proposed price may also take into account fluctuations in the amounts billed and received to sustain an even cash flow. As Mitretek is a not-for-profit entity, any monies received in one year would not and could not be kept as profit, and could be directed to be held and applied to future billings.

Fourth, it must be noted that Mitretek has committed itself to the quoted price of \$45 million for the term of the administration. This binding commitment should not be overlooked.

Further, in very real terms, Mitretek's commitment to making available to NANC (or a NANC-designated organization) the systems and software needed to administer the numbering plan will avoid considerable costs for the industry, as well as insure that any future transition will be streamlined and economically feasible.³ Lockheed Martin has not made a similar commitment, and in fact appears to have strong reservations against doing so without compensation.

While Lockheed Martin also presented a generally satisfactory proposal -- and WorldCom would not oppose Lockheed Martin's selection should the Commission not decide to select Mitretek -- several parties have voiced significant concerns about some elements of Lockheed Martin's application.

³ NANC Recommendation at 11.

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WorldCom does not share the concerns raised by some parties that Lockheed Martin will have difficulty in obtaining and retaining competent staff in its centralized site in Tarrytown, New York.⁴ WorldCom is confident that Lockheed Martin will be able to attract and retain qualified personnel.

Of greater concern to WorldCom, however, is Lockheed Martin's perceived and actual responsiveness to the warring needs and demands of competitors. Lockheed Martin has already witnessed in the local number portability ("LNP") arena the conflicting and contentious viewpoints of different industry groups. While WorldCom believes that Lockheed Martin should be fully capable of being evenhanded, competitively neutral, and responsive to all customers, carriers need to be assured that this will be the case. Published procedures for ordering numbers and resolving disputes are essential.

Lockheed Martin's recent foray into telecommunications service provision with Intersputnik also should be examined. The FCC should make clear that if the joint venture in the future chooses to serve North America (defined as Canada, the United States, Mexico, and the Caribbean) for any type of data, telecommunications or cable television service, Lockheed Martin would immediately lose its competitively neutral status, and its NANPA position as well.

WorldCom also acknowledges the concern that Lockheed Martin may in theory exert undue power by virtue of its 800/888 Help Desk and LNP vendor activities. Should

⁴ NANC Recommendation at 6.

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Lockheed Martin be selected, WorldCom urges the Commission to require that Lockheed Martin develop concrete transition plans. On an annual basis, Lockheed Martin should update its documentation of functions and responsibilities, and the performance thereof, for possible transition to another provider should Lockheed Martin be deemed to be performing unsatisfactorily for technical/operational or policy reasons.

Further, to alleviate "low-balling" concerns in the future, WorldCom urges the FCC to direct the NANC to include a mechanism whereby vendors may refine proposals and adjust price quotes accordingly. A "best and final offer" stage, or negotiations for terms and conditions, would help ensure that the industry is benefiting from competition. Indeed, to have true competition, all vendors should know what service is being proposed, and at what price (as long as proprietary or internal confidential information still remains safeguarded).

In short, WorldCom believes that the Commission should adopt the well-supported recommendation of the NANPA Working Group Evaluation Team, and select Mitretek as the new NANPA. Should the Commission decline to take this step, however, WorldCom does not oppose the selection of Lockheed Martin as a second-best choice.

III. WORLD COM OPPOSES NECA'S SELECTION AS BILLING AND COLLECTION AGENT

WorldCom strongly opposes the recommended selection of NECA as the Billing and Collection ("B&C") agent. As NECA is now configured, and even with the cosmetic

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modifications suggested by NECA in recent correspondence with the Commission, there is no real chance that NECA will operate in a fair, competitively neutral fashion.

As the B&C agent, NECA would have far more reason to question and disallow certain carriers in this intensely and increasingly competitive environment, and be more accepting and forgiving of those who control it -- the incumbent local exchange carriers ("ILECs") -- in the area of financial calculations and obligations. If concerns are voiced that Lockheed Martin, an unaligned entity, may have too much leverage because of its LNP and 800/888 activities, it is difficult to fathom how NECA can be supported as the B&C agent when it is controlled, constituted of, and beholden to only one segment of the industry, and is involved in so many other areas of telecommunications. No matter how NECA seeks to recast itself, the ILECs will continue to retain and exert undue influence and power over NECA.

WorldCom has thoroughly examined the Evaluation Team's proposed cure to make NECA a more competitively neutral entity. As WorldCom has pointed out in its recent comments in another proceeding,⁵ the creation of an independent board of directors for NECA will not change the historical ILEC leanings of NECA, or somehow rid it of its ILEC affiliation. In particular, adding just one international entity will be entirely insufficient to counter NECA's parochial nature.

⁵ See, e.g., Comments of WorldCom, CC Docket No. 97-21, filed January 27, 1997; Comments of WorldCom, CC Docket No. 97-21, filed March 3, 1997; Reply Comments of WorldCom, CC Docket No. 97-21, filed April 3, 1997.

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While NECA does indeed have some limited experience regarding B&C activities in the NANPA environment, it nullifies its own eligibility by refusing to accommodate shortfalls in collections, a stated, publicized requirement of the B&C Agent. If this important self-disqualification is overlooked, then the NANPA selection process -- which took thousands of staff hours and considerable expense to accomplish -- will all be a futile exercise.⁶

Further, in addition to these obvious drawbacks, WorldCom does not believe the "pros" listed by NANC for choosing NECA as the B&C agent are sound. Many carriers -- with whom NECA has relationships -- are not pleased with the state of those relationships. Experience in telephone billing in a static environment is much different from billing in a competitive and contentious environment. NECA has experience in the former environment, not in the latter. NECA also has little experience with the international side of the business.

Thus, WorldCom urges the Commission to appoint Lockheed Martin, or a similarly competitively-neutral entity, as the B&C Agent. Whichever entity is selected as the NANPA must be directed to either provide billing and collection services itself, or hire a billing and collection service bureau not aligned with any segment of the telecommunications industry in any way.

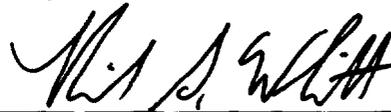
⁶ If Lockheed Martin is the selected NANPA, any concern that its B&C quote was 30 percent higher than NECA's is negated by the fact that NECA is poised to charge extra for non-routine report, testimony, and litigation.

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IV. CONCLUSION

The Commission should adopt WorldCom's views concerning the NANC's recommendations on NANPA.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I, Cecelia Y. Johnson, hereby certify that I have this 20th day of June, 1997, sent a copy of the foregoing "Comments of WorldCom, Inc." by hand delivery to the following:

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