ORIGINAL

DOCKET FILE COPY ORIGINAL

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

RECEIVED
JUL 3 1997
FCC MAIL ROOM

In the matter of The North American Numbering Council (NANC) Recommendation Regarding the Administrator, Billing and Collection Agent, and Related Rules.	CC Docket No. 92-237

REPLY COMMENTS OF THE STATE OF CALIFORNIA AND OF THE PEOPLE OF THE STATE OF CALIFORNIA ON THE NORTH AMERICAN NUMBERING COUNCIL RECOMMENDATION

I. INTRODUCTION

The People of the State of California and the Public Utilities Commission of the State of California (CPUC or California) hereby submit these reply comments on the North American Numbering Council's (NANC's) recommendations pertaining to the North American Numbering Plan Administrator (NANPA). The CPUC reply comments are limited to the following issues: 1) proposed staff levels; 2) cost issues; 3) vendor diversity, and 4) intellectual property and associated resources. The CPUC does not offer reply comments on the NANC's Billing and Collection Agent recommendation.

As a preliminary matter, California must emphasize that it faces critical number exhaust. From 1996 to 2000, California will have doubled, from 13 to 26, the number of NPAs. At present, we are beginning tertiary relief planning in the NPAs where growth in number demand has been most acute. Thus, the CPUC has a strong interest in an

No. of Copies rec'd 0+4
List ABCDE

efficient and responsive new national number administration system, and in a NANPA administrator that will run the new system effectively.

II. STAFF LEVELS ARE INADEQUATE

Like California, most other parties asserted in their comments that Lockheed's proposed staffing level of twenty-five people to provide NANPA services nationwide will be inadequate. (Comments of CPUC, pp. 2, 4.) Several parties observed that it is unreasonable to expect such a dramatically reduced staff to handle the tasks currently performed by approximately sixty-five people located in various state and state-mandated agencies. (Comments of Southwestern Bell/ Pacific Bell/Nevada Bell [hereafter, Southwestern Bell group], p. 7; Mitretek, pp. 14-15.) Lockheed also plans to reserve one-third of the proposed staff positions for administrative purposes, which will further reduce the number of staff available to attend the local NPA relief meetings in each state. (Comments of Airtouch, p. 7.) California shares these concerns, because many of the Central Office (CO) code administration activities require substantial human intervention and judgment, as noted in the comments of Worldcom, Omnipoint, and the Southwestern Bell group. Inadequate staffing could cause serious harm and impair competition by failure to assign CO codes in a timely manner. (Comments of AirTouch, p. 7; Southwestern Bell group, p. 5; MCI, p. 5.) The likely result of Lockheed's proposal to dramatically scale back on number administration resources was effectively captured in AirTouch's comments:

> [C]omparison of Lockheed's estimated workload with its proposed staffing levels demonstrates that the Lockheed proposal is seriously deficient and will almost certainly result in unacceptable delays in code assignments, NPA relief, and other numbering administration tasks. Lockheed's own response to the NANPA working group's questions indicate that Lockheed assumes an average of 10,000 code opening requests per year, between 30-40 NPAs requiring relief, and an average of 12 meetings per NPA relief. [Footnote omitted] (Comments of AirTouch, p. 7.)

The Southwestern Bell group similarly noted that "[a]ccurate and timely performance by the new NANPA is vital to ensuring appropriate administration of scarce numbering resources in a timely manner". (Comments of Southwestern Bell group, p. 5.)

These numbering resources are not only scarce but critical to the development of competition in various markets. If they are not properly administered, the Southwestern Bell group observed, "the entire industry will face serious and irrevocable harm". (Id.) California urges that, at a minimum, Lockheed must justify how its proposed lower staffing level could accommodate the growth in numbering and code administration activities.

III. COST ISSUES

The primary reason that Lockheed was tentatively selected as the NANPA administrator was the costs contained in its proposal. MCI alone agrees with the NANC's apparent conclusion that cost should be the determining factor. (Comments of MCI, pp. 10-11.) Other parties, including the CPUC, observe, however, that cost should not be the only criterion for selecting the NANPA. Indeed, performance is the most crucial element to be considered. (Comments of AirTouch, pp. 3, 8-9; CTIA, p. 5; PCIA, p. 7; Southwestern Bell group, p. 8.) In addition, parties correctly note that Lockheed may well have underestimated its costs, which inevitably will lead to cost increases later, once the magnitude of the task overwhelms the Lockheed staff and additional resources become necessary. California and other parties also agree that Lockheed has a higher cost per person than any of the other proposals submitted for consideration, which, again, will result in higher costs if the Lockheed staff must be increased. (Comments of CPUC, p. 8; Omnipoint, pp. 3-4; CTIA, p. 4; PCIA, p. 6; AirTouch, p. 8.)

The more significant and very problematic result of selecting a NANPA administrator based solely on cost would be the mismatch between need and resources.

> Skimping on numbering administration resources will not be cost effective. The cost to individual carriers of additional resources for number administration is small when spread over the entire industry. But the cost of lost business or delayed market entry caused by the lack of available numbers and inefficient number administration is significant, both for carriers and consumers. (Comments of AirTouch, p. 3.)

The CPUC urges the FCC to consider performance, long-term costs, and other factors besides short-term costs in evaluating the NANC recommendation. "The

Commission should not be penny-wise but pound-foolish with number administration." (Comments of AirTouch, p. 8.) Finally, as PCIA noted, "[c]hoosing an Administrator based on a bid that does not include a substantial portion of the costs could leave telecommunications industry participants facing large, unexpected bills at some later date". (Comments of PCIA, p. 7.)

IV. VENDOR DIVERSITY

Lockheed proposes to serve as both the NANPA and the local number portability (LNP) regional database administrator.[1] This would concentrate both of these administrative functions, LNP and NANPA, in one company. MCI views this synergy as a benefit. (Comments of MCI, p. 12.) Other parties question the value of transferring number administration and assignment functions from Bellcore with the goal of decentralizing control over number resources, and then concentrating both number administration and LNP database administration in one vendor. This would appear to recreate a situation similar to that which raised concerns about Bellcore. (Comments of PCIA, pp. 7-8; Worldcom, pp. 5-6; CTIA, pp. 5-6; AirTouch, p. 8; Southwestern Bell group, p. 10.)

The CPUC recognizes that vendor diversity is valuable and would encourage competitive bids for future administrative activities. (Comments of CTIA, p. 5; PCIA, p. 8; AirTouch, pp. 7-8.) California believes that assigning more than one telecommunications administration activity to a single vendor may not promote that diversity.

V. HANDOFF OF INTELLECTUAL PROPERTY AND ASSOCIATED RESOURCES

Lockheed has stated that it will agree to transfer only certain intellectual property to its successor. Lockheed's limited commitment raises at least two concerns. First, it is not consistent with the bidding requirements, which specified that the company chosen to serve as the NANPA for this first five years should agree to transfer all intellectual

property and systems to NANC or its designee at no additional charge. (Comments of MCI, pp.14-15.) Thus, several parties note that Lockheed's proposal will amount to paying twice for the same resources: once for the development of those resources, and a second time to purchase the developed resources to pass along to the bidder which succeeds Lockheed. (Comments of Omnipoint, pp. 3-4.) A similar issue has arisen in California involving the transfer of data from one provider of the California Relay Service to the next. Without addressing here the merits of the parties' positions in that dispute, the CPUC simply notes that it is highly desirable to resolve intellectual property issues in advance.

In addition, several parties observe that NANC may encounter difficulty in attracting or selecting a vendor other than Lockheed to serve as the NANPA subsequently if a potential succeeding vendor faces the prospect of absorbing significant costs to purchase developed resources. (Comments of Worldcom; PCIA; AirTouch.) If Lockheed has already received payment for developing these resources, but refuses to transfer them to the next NANPA without additional charge, those costs would then have to be included in the bid price and ultimately passed onto the industry as a whole. The industry, thus, would pay twice for the same resources. California shares this concern, and urges the FCC to consider these consequences in its evaluation of the NANC recommendation.

VI. CONCLUSION

For the reasons stated above, the CPUC recommends that the NANC reconsider its proposed selection of Lockheed to be the NANPA. The Lockheed proposal raises serious questions about the appropriate staffing levels, the use of cost as the only factor for evaluating competing bids, as well as concerns for the ultimate cost of NANPA

///

///

///

[1] Lockheed has been recommended to serve as the LNP regional administrator for four of the seven regional LNP databases.

activities, for potential diversity amount LNP and NANPA rendors, and for the transfer of intellectual property.

Respectfully submitted,
PETER ARTH, JR.
EDWARD W. O'NEILL
HELEN M. MICKIEWICZ

Helen M. Mickiewicz

Helen M. Mickiewicz

505 Van Ness Ave.
San Francisco, CA 94102
Phone: (415) 703-1319
Fax: (415) 703-4592

Attorneys for the
Public Utilities Commission
State Of California

July 2, 1997

CERTIFICATE OF SERVICE

I, Helen M. Mickiewicz, hereby certify that on this 2nd day of July, 1997 a true and correct copy of the forgoing REPLY COMMENTS OF THE STATE OF CALIFORNIA AND OF THE PEOPLE OF THE STATE OF CALIFORNIA ON THE NORTH AMERICAN NUMBERING COUNCIL RECOMMENDATION was mailed first class, postage prepaid to all known parties of record.

Helen M. Mickiewicz

Helen M. Mickiewicz