



MCI Telecommunications Corporation

1801 Pennsylvania Avenue, NW
Washington, DC 20006
202 887 2048

Leonard S. Sawicki
Director
FCC Affairs

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

August 22, 1997

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

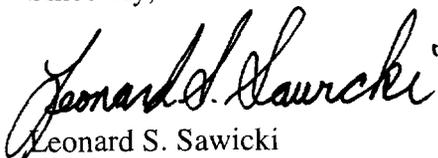
Dear Mr. Caton:

On August 21, Beth Kistner, Donna Roberts and I met with Kathy Franco of Commissioner Chong's office. The purpose of the meeting was to review cost recovery options available to the FCC. MCI recommended that the Commission treat LEC LNP costs as endogenous for interstate price cap purposes. MCI also asked that the Commission pay attention to situations where regional LLCs have contracted with the NPAC vendors to begin services on October 1, but RBOCs will wait until as late as the end of March to begin providing portability. The RBOCs must assume their payment obligations from the outset of the contract period, not based on the arbitrary portability dates that some have established.

The attached material was used during the meeting.

Please add this letter and the enclosed copy to the record of this proceeding.

Sincerely,


Leonard S. Sawicki

Attachment

cc: Ms. Franco

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Companies Should Be Responsible For Their Own Type 1 and Type 2 Costs

- ILECs have submitted inadequate and inconsistent costs -- totals of \$250M to \$1B per company, BUT
- 3 RBOCs calculate total LNP costs in \$250-\$300M range (Bell Atlantic, NYNEX, Ameritech)
- Double recovery of OSS costs?
 - Estimates up to \$100M
 - Includes development for non-LNP changes
 - OSS upgrades will enhance RBOC efficiencies
- FCC Needs more detail, including all assumptions
 - Use only LNP costs
 - Separated by investment and expense
 - Annual revenue requirement (depreciation, return, overhead, other loadings)
- NO POOLING

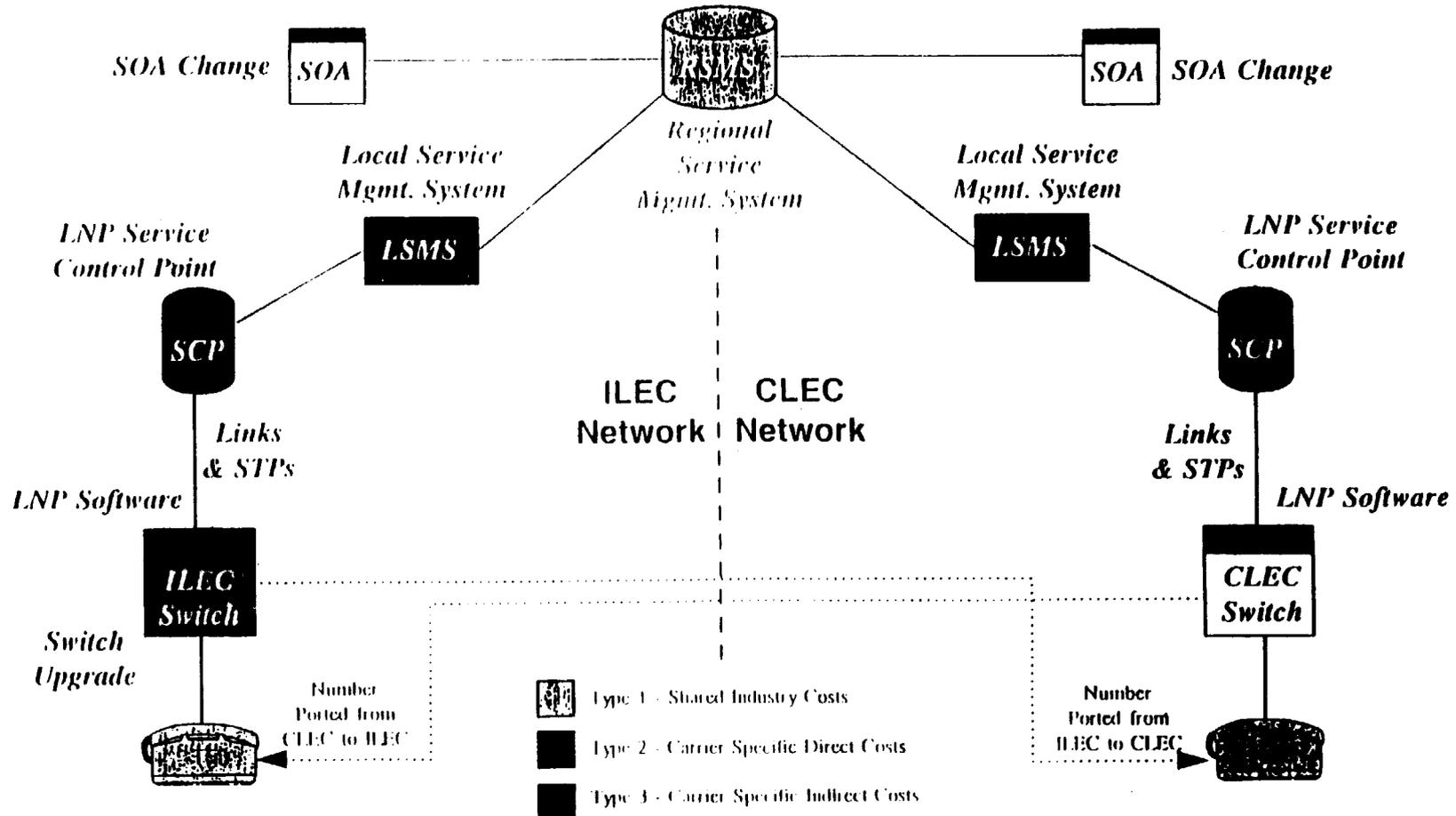
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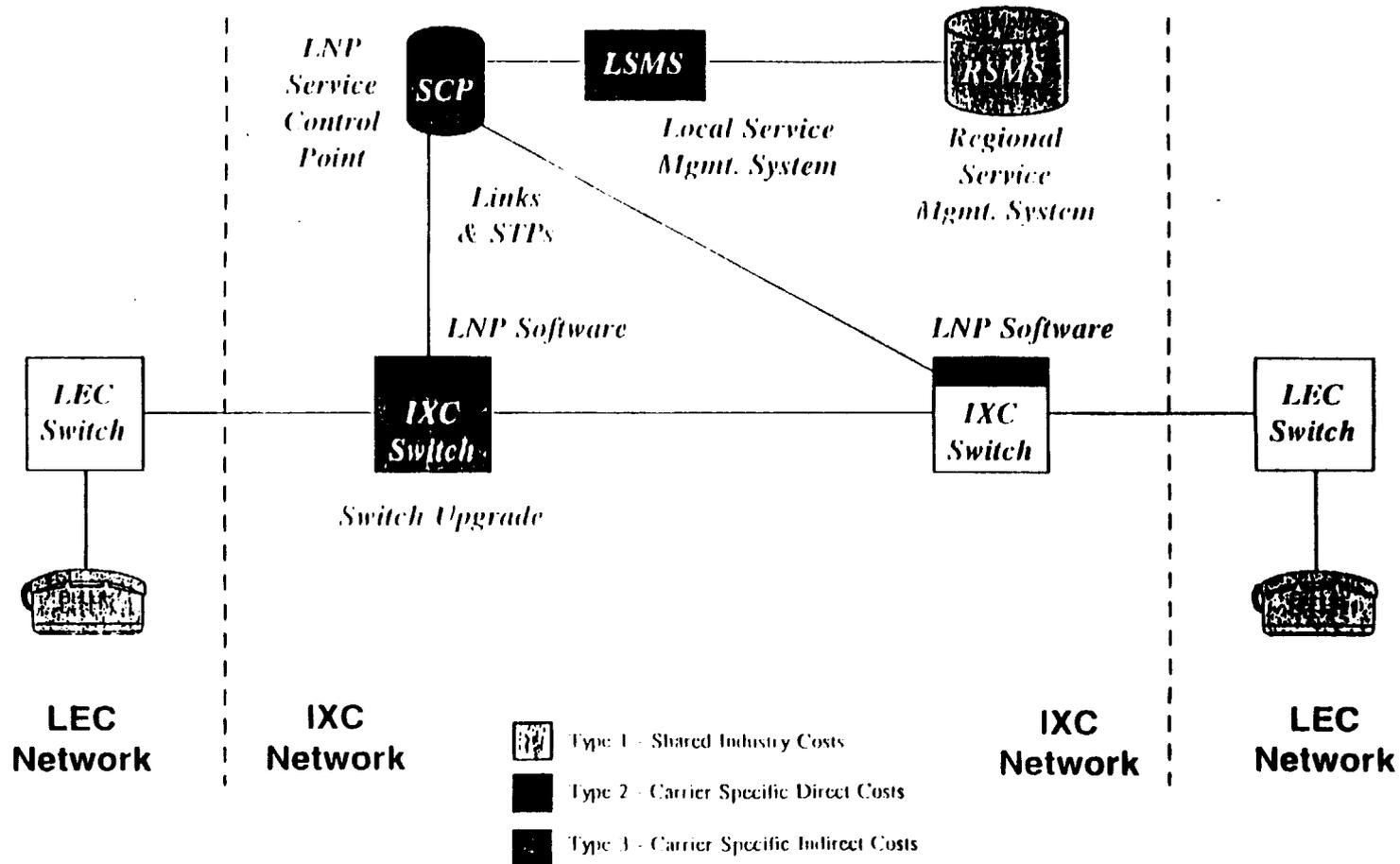
ALL TELECOMMUNICATIONS CARRIERS INCUR NUMBER PORTABILITY COSTS LOCAL NETWORK COSTS





ALL TELECOMMUNICATIONS CARRIERS INCUR NUMBER PORTABILITY COSTS

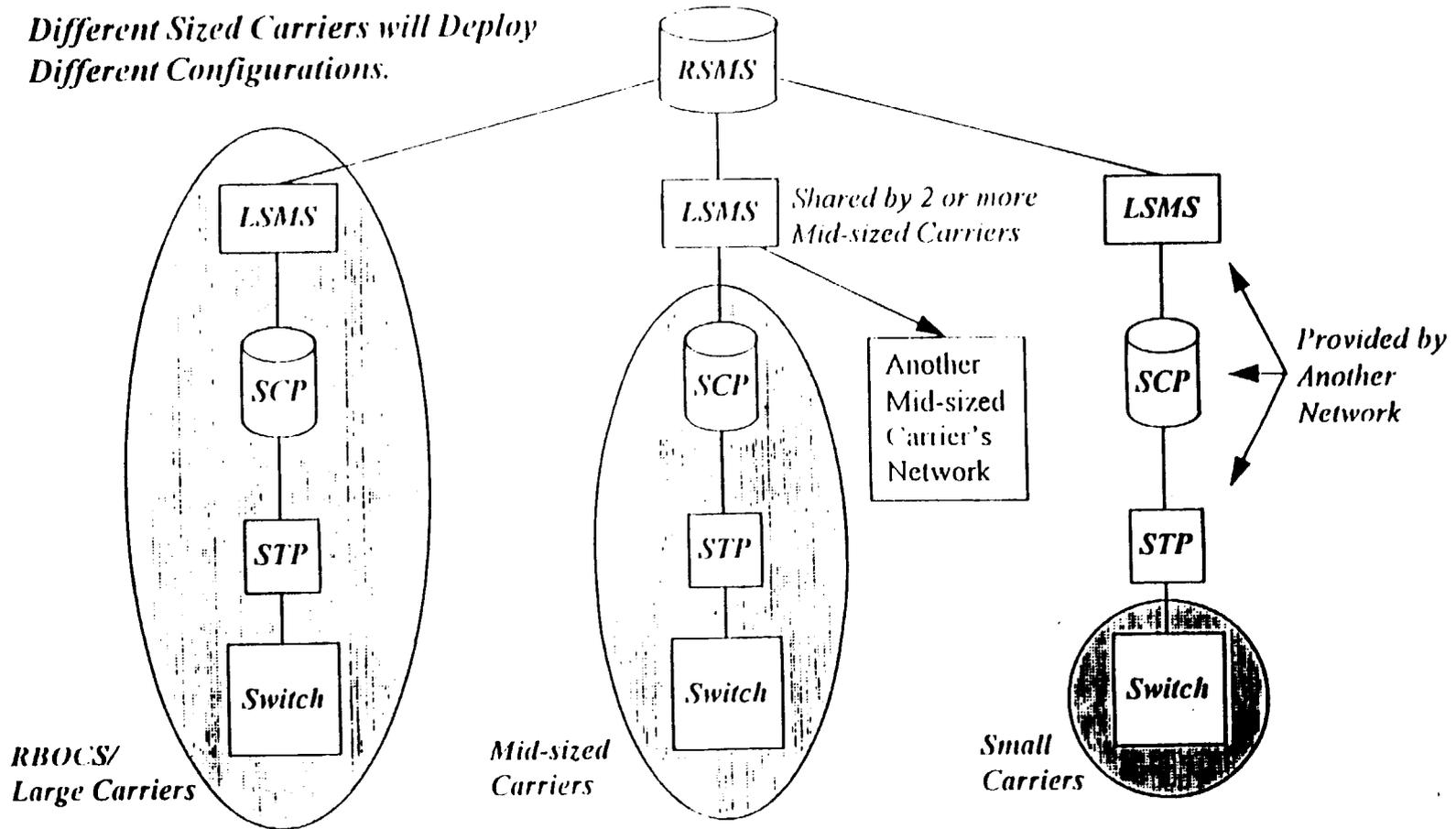
IXC NETWORK COSTS





ALL TELECOMMUNICATIONS CARRIERS INCUR NUMBER PORTABILITY COSTS LEC LOCAL NUMBER PORTABILITY CONFIGURATIONS

*Different Sized Carriers will Deploy
Different Configurations.*





ALL TELECOMMUNICATIONS CARRIERS INCUR NUMBER PORTABILITY COSTS COST ELEMENTS FOR SHARED INDUSTRY COSTS

- **Service Establishment**
 - A nonrecurring charge assessed at direct cost¹ for each logon ID established for a user. Different charges will apply for the first and subsequent IDs established for each user.
- **Access**
 - A recurring charge assessed at direct cost for each connection to the NPAC/SMS. Different charges will apply for dedicated or temporary connections and according to speed.
- **Portability Information Download**
 - A nonrecurring charge assessed at direct cost for each download provided to a user.
- **Miscellaneous Charges**
 - A nonrecurring charge assessed at direct cost for each item provided, including reports, testing, out-of-hours assistance, and other items of a specific nature in support of a user.
- **Porting Local Carrier Charge**
 - A recurring charge for all remaining NPAC/SMS costs. These costs will be allocated to carriers providing local exchange service in the areas both served by the NPAC and where permanent LNP has been implemented based on each carrier's working telephone numbers.

¹Direct Cost: The cost incurred by NPAC that are directly driven by the specific element. These costs are the result of a competitive bidding process administered by each Regional Limited Liability Corporation.



ALL TELECOMMUNICATIONS CARRIERS INCUR NUMBER PORTABILITY COSTS ALLOCATION OF SHARED INDUSTRY COST ELEMENTS

	Service Establishment Non-Recurring @ direct cost	Access Recurring @ direct cost	Port. Info Download Non-Recurring @ direct cost	Misc. Charges Non-Recurring @ direct cost	Porting Local Carrier Charge Recurring
Large LECs	per logon ID	per connection	per download	per item	per WTN
Mid-sized LECs	per logon ID of shared LSMS	per connection of shared LSMS	per download to shared LSMS	per item to shared LSMS	per WTN of all sharing carriers
Small LECs (Chgs. to Host)	per logon ID of host network	per connection of host network	per download to host network	per item to host network	per WTN of all sharing carriers
IXCs	per logon ID	per connection	per download	per item	N/A
Resellers/Switch UNE Resellers	included in wholesale/TELRIC rates				
Non-Participant Carriers	by agreement with participating carriers				



CARRIERS SHOULD NOT BE PERMITTED TO PASS THROUGH COSTS TO OTHER CARRIERS

- LEC proposals to charge LNP costs to IXC's are wrong
 - EAL proposal
 - Recovery through exogenous treatment
- Local Number Portability is a local network upgrade
- Ameritech proposal (4/29/97) is generally good but needs modifications:
 - No need for FCC declaration of recovery entitlement
 - Must include FCC guidelines prohibiting recovery from other carriers