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September 10, 1997

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SEP 10 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Mr. William F. Caton, Acting Secretary
Federal Communications Commission
1919 M Street, NW - Room 222
Washington, DC 20554

Re: Ex Parte - CC Docket No. 95-116, Telephone Number Portability

Dear Mr. Caton:

On September 9, 1997 Harry Sugar, James Bolin and I, of AT&T, met with A. Richard Metzger, Patrick Donovan and Glenn Reynolds of the Common Carrier Bureau and its Competitive Pricing Division. The purpose of the meeting was to discuss AT&T's position on the allocation and recovery of local number portability implementation costs as previously expressed in its comments in the above-referenced proceeding. The attached documents were used as a discussion guide.

Two copies of this Notice are being submitted to the Secretary of the FCC, in accordance with Section 1.1206(a)(1) of the Commission's rules.

Sincerely,

A handwritten signature in cursive script, appearing to read "F. Simone".

ATTACHMENT

cc: A. R. Metzger
P. Donovan
G. Reynolds

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List ABCDE

CC Docket No. 95-116, FNPRM
Telephone Number Portability Cost Recovery

Cost Allocation

*The record in this proceeding supports a Commission
Order requiring each carrier to bear its own costs*

3 out of the 5 RBOCs agree:

PacTel (8/16/96 comments):

"Type 2 costs should not be pooled and allocated. Rather, each carrier should bear its own cost."

Ameritech (8/16/96 comments):

"A mechanism involving pooling is administratively expensive and may incent and reward inefficiency."

U S West (8/16/97 comments):

"Application of the 'competitively neutral' standard requires each provider of telephone exchange service -- incumbent or facilities-based entrant -- to recover its number portability costs from its own end-user customers and not from other facilities-based carriers."

SBC (4/25/97 ex parte):

SBC Recommendation 2 - Each Carrier Recovers Its Own Costs: "It closely reflects the realities of a competitive environment" and "This arrangement better ensures that carriers will deploy more efficient technology"

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CC Docket No. 95-116, FNPRM
Telephone Number Portability Cost Recovery

Cost Recovery

Allowing recovery of LNP implementation costs via access charges provides the wrong marketplace incentives for the development of local service competition and is contrary to the intent of the Telecom Act

“In this proceeding, we seek to reform our system of interstate access charges to make it compatible with the competitive paradigm established by the 1996 Act and with state actions to open local networks to competition.”

CC Docket No. 96-262, Notice of Proposed Rulemaking

“In order to achieve pro-competitive, deregulatory markets for all telecommunications services, we must move access charges to more cost based and economically efficient levels.”

CC Docket No. 96-98, First Report and Order

- The current jurisdictional separations process would allocate approximately 15% of ILEC LNP costs to the interstate jurisdiction.
- If this occurs, the only viable cost recovery mechanism for the ILECs would be interstate access charges to IXCs. The Commission can avoid this by directly assigning all Type 1 and Type 2 LNP implementation cost to the intrastate jurisdiction.