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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Mr. William F. Caton, Acting Secretary
Federal Communications Commission
1919 M Street, N. W. – Room 222
Washington, D. C. 20554

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

Dear Mr. Caton:

Today, Albert Lewis, Harry Sugar and I, all of AT&T, met with Kathy Franco, Legal Advisor to Commissioner Chong. The purpose of the meeting was to discuss AT&T's position on the allocation of 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,

F S Simone

ATTACHMENT

cc: K. Franco

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

The Record

The record in this proceeding supports the following Commission action:

- Recognizing that the pooling and allocating of number portability costs rewards inefficent behavior and requiring each carrier to bear its own costs

  Ameritech: "A mechanism involving pooling is administratively expensive and may incent and reward inefficiency."
  PacTel: "Type 2 costs should not be pooled and allocated. Rather, each carrier should bear its own costs."
  SBC: "Each carrier recovers its own costs: ... This arrangement better ensures that carriers will deploy more efficiently."

- Supporting a 5-year recovery period for number portability implementation costs

- Recognizing Type 3 costs as general network upgrades and, therefore, not part of this proceeding

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Remaining Issues

- We remain concerned that ILEC Type 2 cost estimates improperly include Type 3 costs
  - — For example, many ILECs have included the cost of accelerated switch replacements as Type 2 costs

- ILEC number portability costs should not be passed through to other carriers as local interconnection rates or access rates.

  "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." US West Comments, August 18, 1997.

- If the Commission agrees that ILEC recovery of number portability implementation costs through charges to other carriers is inappropriate and/or not competitively neutral, then it should directly assign these costs to the intrastate jurisdiction as part of the separations process.

  - — Absent direct assignment to the intrastate jurisdiction, AT&T estimates that approximately 15% of the number portability costs would be allocated to the interstate jurisdiction with only interstate access charges to IXCs as a recovery mechanism

  - — This sets the stage for state commissions to allow number portability cost recovery via intrastate interconnection and access charges to other carriers