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EX PARTE OR LATE FILED

Ex Parte

March 12, 1998

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
Mail Stop Code 1170  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

RE: CC Docket No. 95-116

On March 11, 1998, David Brown, Gary Fleming, and the undersigned representing SBC met with Neil Fried, Lenny Smith, Lloyd Collier, Chris Barnekov, Gayle Radley Teicher, Pat Forester, Andre Rausch, Marion Gordon, Les Selzer, and Whitey Thayer to discuss issues in the above referenced docket. The discussion focused on the issue of LRN database queries for calls terminating to a given NXX code once that NXX code has been designated as number portable. The following is a synopsis of the discussion.

Currently, there exists a dispute in the industry regarding the *initiation* of LRN database queries once an NXX has been designated as number portable. Commenting parties in the cost investigations of number portability tariffs for Bell Atlantic and Ameritech, as well as SWBT's petition for waiver of the LNP implementation schedule, have advocated that even though carriers have requested an NXX be designated as number portable, the requirement to query the LRN database prior to terminating a telephone call should be deferred until after the first number in that NXX has been ported. SBC's implementation plan for number portability contemplates translating NXX's, designated by competing carriers as requiring number portability, to require LRN database queries when number portability is initially made available in a given MSA. Moreover, the development of the pre-arranged and default query rates, as well as the end user surcharge rate, contained in tariffs recently updated by SWBT and soon to be updated by Pacific Bell utilize, for purposes of demand development, this same methodology.

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Commenting parties have attempted to persuade the Commission that work completed by the LNPA Working Group, under the guidance of the NANC, reached agreement on industry standards for initiating database queries once an NXX has been designated as number portable. These parties contend that the interval to process the first service order that ports the first number in an NXX is five days. In fact, the process flows developed by the LNPA Working Group, and endorsed by the NANC and the Commission, specify the date by which a service order porting a telephone number must be completed. The subject flows do not specify when the translations activities necessary to port the number must begin, they simply indicate that requests for numbers to be ported must be completed no later than five days after the industry agreed to 45 days required to activate LNP for an NXX. The top one hundred MSA's contain as many as one hundred switches and thousands of NXX's. Activating LNP for a given NXX in all the switches in an MSA in five days is not only burdensome, it will certainly create routing errors due to the magnitude of work compressed into a short timeframe.

The methodology employed by SBC to calculate the pre-arranged and default query rates, developed the cost (numerator) portion of the rate equation (cost divided by demand) by combining the recurring cost of queries and fifteen percent of the non-recurring (implementation) LNP costs. The demand (denominator) portion of the rate equation was developed by assembling the facts known at the time about query volumes. One of the inputs to the demand development was the switch selection process initiated as a result of the First Memorandum Opinion and Order On Reconsideration issued by the Commission on March 11, 1997. At the conclusion of the switch selection process, supervised by the individual state regulatory Commission's, carriers has selected almost all NXX's in all switches contained in Phases I through V. No carrier indicated that NXX's in a given switch would require LNP activation at any time other than the initial deployment of LNP in that switch. Armed with this information, SBC set about the process of developing demand volumes with, known quantities of demand from our own end users, wireless carriers, IXC's who have indicated whether they would or would not deploy their own LNP database, and the only other information available - - - the data from the switch selection process. The result is the rates currently on the record for pre-arranged and default queries for SWBT and soon to be provided rates for Pacific Bell. It is important to understand that the dispute regarding when queries are initiated affects only the denominator of the rate equation. The costs are what they are. Once the Bureau and SBC conclude the cost investigation, decreases in demand only increase the rate. The amount of expenditures ultimately recovered remains the same.

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Importantly, while the above discussion is limited to the rate development for pre-arranged and default queries, the rate for queries directly affects the end user surcharge. The end user surcharge of \$.53 submitted by SWBT on March 4, 1998 and the \$.55 end user surcharge that will be submitted by Pacific Bell on March 13, 1998 were developed by combining eighty five percent of the non-recurring (implementation) costs and the rate for a fixed number of queries per month. Any change in query demand development methodology will therefore result in a corresponding change in the end user surcharge rate.

In summary:

- No industry standard exists for the processing interval of the first service order to port a number in a given NXX.
- Enabling LNP for NXX's in an MSA utilizing a five day interval is unreasonable, burdensome, and will likely create routing errors.
- SBC properly used the industry data available to calculate query volumes.
- Changes in query demand determinations will not affect the amount of expenditures ultimately recovered.
- Changes in query demand will only produce changes in query rate levels with corresponding changes in end user surcharge levels.
- SBC's default and pre-arranged query rates and end user surcharge rates are reasonable.

Please include this letter and the attachments in the record of these proceedings in accordance with Section 1.1206(a)(1) of the Commission's Rules.

Acknowledgment and date of receipt of this transmittal are requested. A duplicate transmittal letter is attached concerning this matter.

Respectfully submitted,



CC: Neil Fried  
Lenny Smith  
Lloyd Collier  
Chris Barnekov  
Gayle Radley Teicher  
Pat Forester  
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