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EX PARTE OR LATE FILED

April 27, 1998

EX PARTE

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, NW
Washington, DC 20554

RECEIVED
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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: CC Docket 95-116, Local Number Portability (LNP)

Dear Ms. Salas:

This filing is being made on behalf of the large LEC LNP Coalition (excluding Ameritech), and in response to a request for information from Commission staff.

Commission staff has asked the companies to estimate the effects on their previously filed estimated federal end user surcharges based on the assumption that cost recovery was initially limited to subscribers in the FCC-mandated top 100 MSAs. The companies were also asked to factor in the additional costs associated with modifying their billing systems to apply the surcharge at an MSA-level and additional LNP demand outside of FCC and state mandated deployment areas during the proposed fixed 5-year recovery period. Lastly, staff asked that the companies provide further rationale for their position regarding how the surcharge would be applied to Centrex and PRI ISDN services.

The large LEC LNP Coalition continues to support application of a uniform federal end user surcharge that would be applied to all customers on a regionwide basis (or national basis for GTE). The regionwide recovery of LNP costs via a federal end user surcharge is consistent with the Commission's prior finding in the LNP order that *LNP benefits all customers*, not just those customers who choose to port their numbers to a competing LEC.

Customers in an LNP-equipped area are able to choose to take service from any local exchange carrier without having to change their telephone number. The transparency with which a customer can change local carriers also benefits every other

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user of the network, who will continue to reach the customer who ports just as she has always done. The ability of consumers to change carriers, without concern for the impact this may have on other business or residence network users' being able to reach them, is considerable. LNP is expected to stimulate competition in the local exchange market in much the same way as presubscription has facilitated competition in the interLATA market.

The following are revised estimates of each company's federal surcharge if recovery is limited to customers whose lines are LNP-capable beginning 2/1/99:

	Revised Estimate	% Increase LNP Surcharge
Bell Atlantic	$0.65	20%
BellSouth	$0.75	34%
GTE	$1.12	86%
Pacific Bell	$0.57	4%
SWBT	$0.72	36%
US West	$0.80	33%

Any plan that requires cost recovery from a smaller base of customers would increase each company's estimated LNP surcharge. The magnitude of the change reflected in the above estimates varies by company due to many factors, such as differences in population density in LNP-mandated MSAs, company-specific billing system issues and assumptions regarding demand for LNP beyond the mandated MSAs.

For example, population density in the Pacific Bell territory and the mid-Atlantic region served by Bell Atlantic will result in a majority of these companies access lines being LNP-equipped by 12/31/98. The magnitude of the costs associated with each company's having to change its billing system so it can charge on an MSA-by-MSA basis also varies widely (up to approximately $30M). An individual company's estimates for the expansion of LNP are shaped by that company's initial mandatory deployment requirements, distinct characteristics of other markets served and network topography.

The FCC should also permit the LNP per-line, per-month federal surcharge to be calculated for Centrex and PRI ISDN customers based upon the 9:1 trunk equivalency ratio for Centrex and the 5:1 ratio for PRI ISDN. These were the ratios the Commission directed the incumbent LECs to use in determining SLCs and PICCs they would charge subscribers to those services. Not to use these ratios for calculating LNP surcharges would represent a reversal of prior Commission policy established to ensure equity in cost

recovery among multi-line business services. *See Second Reconsideration Order and Memorandum Opinion and Order* in CC Docket No. 96-262, paragraph 40 (adopted October 8, 1997).

If the Commission were to require the application of the LNP per-line, per-month federal surcharge on other than an equivalent loop basis, the LNP surcharge would become an economic disincentive for business customers in choosing between the functionally equivalent network-based Centrex service relative to PBX service. This would also cause government, education, and health care facilities, who represent a large portion of the Centrex customer base to bear a disproportionate share of the cost of LNP. Similarly, an economic disincentive would be created for customers to move to more efficient network technologies, like PRI ISDN, if they were required to bear a disproportionate share of LNP cost recovery.

Please include a copy of this correspondence in the public record of the above-captioned proceeding.

Sincerely,

Marie Breslin

Marie Breslin

cc: T. Power
K. Dixon
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