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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of	)	
	)	
Connecticut Department of Public Utility Control	)	RM No. 9258
	)	
	)	
Petition for Rulemaking	)	

Reply Comments of the Ad Hoc Telecommunications Users Committee

The Ad Hoc Telecommunications Users Committee (hereinafter the Committee or Ad Hoc) hereby submits its reply to comments that have been filed regarding the above-captioned petition.

The Committee reiterates its support for a reexamination of the Commission's "wireless overlay" prohibition. Although the wireless overlay prohibition may have made sense when it was adopted, changed circumstances call for review of the policy. The Commission should include such reexamination as part of a comprehensive review of the manner in which numbering resources are being utilized. The need for a comprehensive review of the way in which the nation's numbering resources are being utilized is set forth in a report, entitled *Where Have All The Numbers Gone, Long-term Area Code Relief Policies and the Need for Short-term Reform,* that was prepared by Economics and Technology, Inc., and is attached to the Committee's Comments in this proceeding.

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Ad Hoc is convinced that such an analysis will lead the Commission to conclude that, on balance, the wireless overlay prohibition costs the public far more from premature exhaustion of numbering resources than the pro-competitive benefits that the policy was supposed to produce. On the one hand, the benefits of the policy, promotion of competition between wireline and wireless services is speculative at best. On the other hand, the cost of the policy, a material waste of numbers with attendant cost to all of society, is clear and substantial.

I. WIRELESS CARRIERS WHO OPPOSE CDPUC'S PETITION MISS THE POINT IN FOCUSING ON THE COMMISSION DECISIONS THAT ESTABLISHED THE WIRELESS OVERLAY PROHIBITION

Several wireless carriers and their trade associations argue that the Connecticut Department of Public Utility Control's (CDPUC) petition would violate the teachings of the Commission decisions that established the wireless overlay prohibition.[1] These decisions essentially hold that imposing a wireless overlay would competitively disadvantage wireless carriers who would compete with wireline carriers, and would violate sections 201(b) and 202(a) of the Communications Act.[2]

These pleadings, however, miss the point: the competition that the Commission hoped to foster between wireline and wireless carriers has not developed, at least not to any material degree. None of the commenters

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[1] *Proposed 708 Relief Plan and 630 Numbering Plan Area Code by Ameritech-Illinois,* 10 FCC Rcd 4596 (1995) (*Ameritech Order*); *Implementation of the Local Competition Provisions of the Telecommunications Act of 1996,* 11 FCC Rcd 19392 (1996).

[2] Section 201(b) of the Communications Act of 1934, as amended, 47 USC 201 (b), prohibits, *inter alia,* unreasonable carrier practices. Section 202(a) prohibits, *inter alia,* unreasonably discriminatory carrier practices.

presents any factual evidence to demonstrate that there is material competition between wireline and wireless carriers.[3] And for good reason: there is no significant amount of such competition. They could have presented data showing wireline service numbers that have been disconnected and replaced with wireless numbers; however, they did not, despite the fact that since exchange carriers provide both wireline and wireless services such carriers surely would possess such data. Nor did they even provide data showing market share erosion attributable to growth in wireless service demand.

Rather than argue that wireline and wireless services now compete, one commenter argues that the Commission should deny CDPUC's petition because elimination of the wireless overlay prohibition would have negative implications for the potential competition that may develop between wireline and wireless carriers.[4] They would have the Commission cling to a policy that causes all of society to shoulder very significant costs while it waits (some would say hopes) for meaningful competition to develop between wireline and wireless carriers. Stated differently, they assert that in the public interest equation speculative benefits should outweigh the actual costs of area code proliferation.

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[3] Bell South argues in its comments (pages 1-2) that wireless service does compete against wireline service, but offers no data to support its assertions. Bell South's contentions may be designed to further its position that wireless service should be considered when evaluating exchange carrier applications to provide in-region long inter-exchange service.

The United States Telephone Association (USTA) argues at pages 4-6 of its comments that the prospects for competition between wireless and wireline services is brighter than depicted by the CDPUC. USTA, however, only presents evidence that can best be characterized as several layers of hearsay and generalizations.

[4] Teleport Communications Group, Inc., Comments at 4-5. See also, GTE Service Corporation Comments at 6-7 and Cellular Telecommunications Industry Association Comments at i.

Other wireless carriers, however, urge the Commission to revisit its wireless overlay decision. The Bell Atlantic Companies state that, "Because geographic splits can no longer deal effectively with number exhaust in many situations, overlays should be encouraged."[5] Omnipoint agrees with the CDPUC that the Commission should rethink its conclusions concerning technology and service-specific NPA overlays. In Omnipoint's view,

> If properly implemented, wireless overlays can (a) improve numbering resources for wireless carriers, (b) avoid significant discrimination against new entrants, (c) avoid anti-consumer 10 digit dialing requirements, [and] (d) allow state commissions to deal with all-services NPA planning in more creative and efficient ways.[6]

Obviously, these wireless carriers, unlike other commenting wireless carriers and wireless trade associations, do not believe that review of the current prohibition against a wireless overlay would harm their competitive positions.

Attached hereto as Attachment A is a portion of a market study that among other things states that about forty-five percent of wireless service customers do not know the number of their handsets and that over eighty percent of wireless service providers have given their wireless service numbers to ten people or less. Thus, it is clear that in most cases wireless service satisfies a need for mobile service; it is not a substitute for wireline service.

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[5] Bell Atlantic Comments, at 3. Bell Atlantic's support for the use of overlays seems to be conditioned on (a) use of ten digit dialing wherever wireless overlays are utilized and (b) wireless carriers not being required to return numbers already in use. Ten digit dialing may become commonplace if overlays replace geographic splits as a way to deal with the number exhaust problem. The take-back problem may require more factual investigation to sort out apparent factual conflicts (see pages 6-7, *infra*.).

[6] Omnipoint Comments at 2.

Ad Hoc, the CDPUC and the Public Utility Commission of Texas (PUCT) also believe that the wireless carriers' competitive positions would not be harmed by Commission reconsideration of the wireless overlay prohibition. Ad Hoc explained in its comments that wireless and wireline carriers serve different markets. Ad Hoc, the CDPUC and the PUCT have no interest in understating the extent to which wireless and wireline services compete. Real competition between these services would open new buying opportunities for large business customers and would generally enhance consumer welfare. The absence of any data showing noteworthy replacement of wireline service with wireless service confirms Ad Hoc's view that wireless and wireline service generally do not substitute for each other. Based on its experiences, PUCT states, that, "[I]t does not appear that the interests competition in the telecommunications market are advanced by the Commission's prohibition of a service-specific overlay."[7] Thus, a policy allowing wireless overlays would not disadvantage wireless carriers in relation to wireline carriers.[8] A balanced reading of the comments leads to the conclusion that there is good reason for the Commission to reconsider the wireless overlay prohibition as part of a comprehensive review of the manner in which the nation's numbering resources are being utilized.

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[7] PUCT Comments, at 5.

[8] *Id.*, Comments at 4 reporting that public comment indicates that wireless overlays would not be a negative factor in influencing decisions to buy wireless service.

II. THERE IS NO CREDIBLE EVIDENCE THAT THE COST OF WIRELESS OVERLAYS WOULD BE SIGNIFICANT

AT&T Wireless Services asserts that the cost of wireless overlays would be significant.[9] AT&T, however, offers only generalizations to support its contention. If only wireless customers were required to dial ten digits for a local call, or if only callers to wireless numbers were required to dial ten digits, wireless carriers would seem to have legitimate complaint that the competitive costs of an overlay are significant. That, however, is not the case. Throughout the country, local calls that previously could be made with seven digit dialing now require ten digit dialing because of geographic area code splits. Moreover, as explained in Ad Hoc's Comments, a wireless overlay has been used in New York for many years with no evidence that wireless carriers in New York are to any degree disadvantaged relative to wireless carriers who are not operating under a wireless overlay.

AT&T argues that a reconsideration of the overlay policy that results in wireless carriers being compelled to migrate to new wireless NPAs would cause serious inconvenience to their customers and significant costs for the carriers. For example, AT&T argues that,

> [A] wireless overlay would cause the highest costs, the most customer confusion, disruption and inconvenience, and the longest delays in implementation of any possible code relief method available to the states.[10]

AT&T continues to argue that,

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9 AT&T Wireless Services, Inc. Comments at 8-10.

10 AT&T Wireless Services, Inc. Comments at 8.

> [U]nlike wireline telephones, wireless handsets would have to be reprogrammed if the state mandates a telephone number. While some handsets are capable of remote programming, for many wireless phones, the new mobile identification number must be programmed directly into the phone's microchip. This often requires a special programming device and onsite service.[11]

AT&T's comments are noteworthy in what is left unstated. What percentage of wireless handsets in service would require onsite service? What would such service cost the carrier? What percentage of the in-service wireless handsets could be number reprogrammed remotely? How much would such remote reprogramming cost? Attached hereto as Attachment B is information that a wireless carrier put on the Internet regarding reprogramming wireless handsets because of a geographic area code split. (Reprogramming of wireless sets is sometimes required because of a geographic area code split.) As is obvious from reading the attachments, Motorola and NEC wireless handsets can be remotely reprogrammed for a new area code. The Committee does not know as fact what percentage of in-service wireless handsets can be reprogrammed remotely compared to the percentage of handsets that need on-site service (presumably at the wireless service vendors' sites). Nor does the Committee know the cost to the wireless carriers of the reprogramming (remote and on-site) efforts. What is apparent, however, is that the costs may not be nearly as significant as the general assertions of some commenters suggest. The Commission should seek information on these issues as part of its comprehensive review of the utilization of nation's numbering resources.

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[11] *Id.*, at 8-9.

Ad Hoc, however, is confident that the cost to society of the current policy is very high. The Committee's comments and the attachment thereto explain that the alarming proliferation of area codes has caused, and will cause, businesses, government and non-profit institutions much expense. Stationary and signage must be changed. PBX tables often need to be modified. Internal directories must be reprinted. Notification to customers of changed numbers must be effected. Often overlooked is the cost of misdialed numbers and the need to revise databases that are used to reach and service customers and citizens. CDPUC and PUCT obviously also believe that the cost of continuing number proliferation, of which the wireless overlay prohibition is a material cause, is intolerable. For the public interest, the Commission should revisit its wireless overlay prohibition.

III. RECONSIDERATION OF THE WIRELESS OVERLAY PROHIBITION WOULD NOT BE UNLAWFUL

Several commenters contend that imposition of a wireless overlay would be unlawful. They contend that it would be unlawfully discriminatory and would constitute an unreasonable practice. They are wrong.

The Commission decisions banning wireless overlays were based on a balancing of interests that in turn was predicated on underlying facts. The facts are not as the Commission anticipated them to be. Wireless and wireline service respond to different market needs. At least in most instances, and probably overwhelming so, consumers do not consider wireless service to be a substitute for wireline service. So the pro-competitive benefits of the policy are at best speculative. On the other hand, the costs of the policy to society are quite

considerable. Number proliferation and the attendant costs are unprecedented and thus necessarily much greater than the Commission could have anticipated when it adopted the wireless overlay prohibition.

Different facts warrant a different policy. The Communications Act, as the Commission knows well, bans only unreasonable practices and discrimination. Current facts more than justify imposition of wireless service overlays.

IV. CONCLUSION

In view of the foregoing, Ad Hoc reiterates its support for reconsideration of the Commission's wireless overlay prohibition. Certainly, the record justifies prompt commencement of a rulemaking – a rulemaking that should be concluded expeditiously, along with a comprehensive review of number resource utilization, to save the public from dramatic and largely unnecessary number proliferation.

Respectfully submitted,

AD HOC TELECOMMUNICATIONS
USERS COMMITTEE

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May 18, 1998

200.06/PLD CDPUC Reply

ATTACHMENT A

PRESS ROOM

Press Release

Quick Navigator (Choose One)

Press Release
Washington, DC
April 28, 1998

Nearly Half of Wireless Phone Users Do Not Know Their Wireless Phone Number

Over 45% of all users do not know their wireless phone number without looking it up, according to The Strategis Group's latest survey of cellular and PCS users. This impacts the amount of people to whom users give their number. Among all users, over 80% have given their wireless phone number out to 10 people or less. Personal users, the majority of wireless phone users, have given their wireless phone number to an average of only 4 people.

"A high percentage of users are hesitant to give out their wireless phone number," says Kent Olson, Consultant with The Strategis Group. "This limits usage and average monthly revenue for carriers as the average monthly bill is positively correlated with the number of people given a users' phone number."

Average Monthly Bill By the Number of People Given a User's Wireless Phone Number

Number of People Given Wireless Phone Number by User	Average Monthly Bill of Users
None	$32
1 to 3	$34
4 to 5	$50
6 to 10	$78
11 or more	$128

Source: The Strategis Group

Users would be less hesitant to give out their wireless phone number if the first minute of incoming calls was free. Forty-four percent (44%) of all new users said they would be more inclined to give out their wireless phone number with this feature.

"PCS and digital cellular carriers who have adopted a First Incoming Minute Free pricing policy report higher average monthly subscriber revenue and a greater incoming call ratio than carriers who have not," states Elliott Hamilton, Senior Vice President. "This helps demonstrate that offering First Incoming Minute Free is a revenue maximizer and should gain acceptance among all carriers and become a standard feature of all wireless pricing plans."

Results are part of the research presented in The Strategis Group's Cellular and PCS Consumer Trends: Year-End 1997. Based on quarterly surveys, this study provides the latest in primary market research on users and nonusers including: attitudes toward wireless, Internet and paging use, demographic profiles, phone usage, brand awareness, and distribution.

For example, other findings include:

- The average price paid for a wireless phone was $71.
- The number one channel for the purchase of a wireless phone is a specialized phone store.
- 6% of users intend to switch carriers within 3 months. The primary motivation for this churn is to obtain a better pricing plan.

- 59% of potential users of wireless phone service have not subscribed to wireless because they felt the service was too expensive.
- Call waiting is the most widely used enhanced service.

Top 4 Most Widely Used Enhanced Services Among All Subscribers

Enhanced Service	Percentage
Call waiting	21%
Voice mail	19%
Caller ID	13%
Call Forwarding	10%

Source: The Strategis Group

The Strategis Group provides customized consulting services, continuous information solutions, and in-depth market research reports for the multichannel video, satellite, Internet, competitive telephony, and wireless communications industries. The Strategis Group's market studies, valuations, and strategic planning projects provide crucial information to communications industry leaders throughout the world. Cellular and PCS Consumer Trends is available for $1,500. Please contact Kent Olson at 202/530-7500 (phone), 202/530-7550 (fax), or kolson@strategisgroup.com (e-mail).

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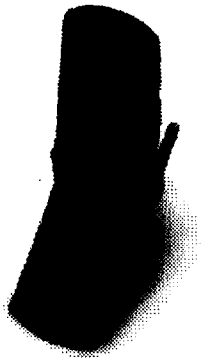
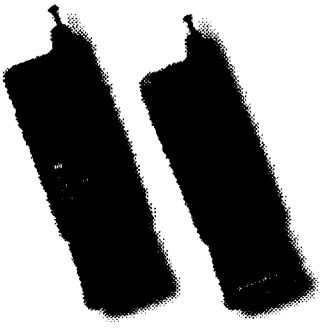
ATTACHMENT B

Area Code Reprogramming
Fact Sheet



Because of the high demand in telephone numbers, it has become necessary once again for North Carolina to split the present area codes and create new ones. As a result, Carolina West Wireless customers whose phone was 910 will need to be changed to 336. On March 15,1998, customers with a 704 area code will need to start changing to 828. Even though this is an inconvenience to everyone, we will strive to make the changes as easy as possible. You can help. You can use the instructions below to reprogram your phone to your new area code, saving time and inconvenience. Should you need assistance, we've set up a toll-free programming support number: **888-766-1581**.



Please note: Pilot phones and their extensions must be reprogrammed at the same time in order for the group ring feature to operate properly.

Reprogramming Instructions for Motorola Cellular Phones

1. Turn on phone. Make sure you have signal to place a call. To test this, make a free call by dialing from your cellular phone **366-7111** and **SND**. You should get a confirmation recording of the call. If you don't get a recording, your reprogramming will not be successful.
2. Press *** 72** + (your NEW area code) + (your 7-digit cellular phone number) then press **SND**.
3. Press **END** after you hear a series of confirmation beeps. These beeps are a series of three (3) soft beeps, not the continuous fast busy tones. Without the proper confirmation tones, the reprogramming will not work.
4. Press **FCN** then **0** thirteen (13) times then **RCL**. If **01** appears in display, proceed to Step 5. If **01** does not appear, call our reprogramming support number.
5. Press the * key three (3) times. Your OLD area code should appear in the display.
6. Press (your NEW area code) + * and **SND**. Then turn the phone off and then back on.
7. Press **RCL #**. The display should read your NEW area code followed by your 7-digit cellular phone number. If not, begin with Step 3 again.
8. Press **RCL** then * until the display reads **SCAN B**. Then press **STO**.
9. Place a free call to **984-8700, 977-1700,** or **401-5200** from your cellular phone. If you completed all of the above correctly, you will get a recording to verify the program change.
10. Place a call from a landline phone to your newly reprogrammed cellular phone. If the call goes through, you have successfully reprogrammed your phone. If it does not go through, call our reprogramming support hotline at **888-766-1581**.

Reprogramming is essential to ensure that your cellular phone continues uninterrupted service. The grace period for changing your area code from 910 to 336 ends June 15, 1998. The grace period for changing your area code from 704 to 828 ends October 5, 1998. Your cellular phone will not operate after that date. Carolina West Wireless assumes no liability for loss of service due to incorrect area codes in phones.

For a printable text copy of these instructions please **Click Here**. After printing, please return to this page by

using the BACK button on your browser.

Reprogramming Instructions for NEC Cellular Phones

1. Power phone **ON.**
2. Press ***72** + (your NEW area code) + (your 7-digit cellular phone number) + **SEND.**
3. Press **END** from your cellular phone, after hearing short tones, press **0000, FCN, 9, 0000.**
4. Press **FCN, MEM, 7, 6.**
5. Press **MEM, #, 0, 1.**
6. Display should show all eights.
7. Press **MEM, #, 7, 1.**
8. Press **#.**
9. Enter your 10-digit cellular phone number with the NEW area code.
10. Press **#.**
11. Press and hold **CLR** untill **tESt** is displayed.
12. Press **MEM, #, 0, 2.**
13. Press **MEM 0, 0.** Your cellular number with your NEW area code should be displayed. If not, begin with step 3 again.

Once you have completed the steps above, dial **984-8700, 977-1700,** or **401-5200** to verify that the change was successful. If you do not get a confirmation recording, call our reprogramming support hotline at **888-766-1581.**

Reprogramming is essential to ensure that your cellular phone continues uninterrupted service. The grace period for changing your area code from 910 to 336 ends June 15, 1998. The grace period for changing your area code from 704 to 828 ends October 5, 1998. Your cellular phone will not operate after that date. Carolina West Wireless assumes no liability for loss of service due to incorrect area codes in phones.

For a printable text copy of these instructions please **Click Here**. After printing, please return to this page by using the BACK button on your browser.

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Certificate of Service

I, Molly McEwan, hereby certify that true and correct copies of the preceding Reply Comments of the Ad Hoc Telecommunications Users Committee in RM No. 9258 were served this 18th day of May, 1998 via hand delivery upon the following parties:

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May 18, 1998

200.06/CRTSRV. CDPUC REPLY COMMENTS (05-18-98)