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AUG 10 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)	
)	
Telephone Number Portability)	CC Docket No.
)	95-116

COMMENTS OF
THE CELLULAR TELECOMMUNICATIONS INDUSTRY ASSOCIATION

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August 10, 1998

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TABLE OF CONTENTS

	PAGE
SUMMARY	
I. INTRODUCTION	1
II. THE COMPLEXITIES AND COSTS ASSOCIATED WITH WIRELESS NUMBER PORTABILITY OUTWEIGH THE PERCEIVED BENEFITS TO COMPETITION.....	5
III. THE RATE CENTER PARADIGM SHOULD NOT BE IMPOSED UPON WIRELESS CARRIERS.....	8
A. Wireless carriers are efficient users of numbering resources because they do not assign numbers to subscribers based on rate center.....	11
IV. CONCLUSION.....	13

SUMMARY

NANC has submitted its Wireline Wireless Integration Report to the Commission, elevating certain issues for Commission determination.

This report demonstrates that the competitive benefit to CMRS number portability is outweighed by its complexity and attendant costs.

Additionally, any proposals to subject the wireless industry to wireline rate centers for purposes of achieving service provider number portability are misplaced. It is the regulatory equivalent of trying to force a square peg into a round hole. Wireless providers are efficient users of numbering resources precisely because the mobility of wireless customers does not require issuance of telephone numbers based on physical location. Wireless serving areas are geographically large and cross state boundaries. Thus, the rate center concept makes no logical sense in such an environment.

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Pursuant to the Common Carrier Bureau's ("CCB" or "the Bureau") request for comments on the North American Numbering Council's ("NANC") recommendation concerning local number portability administration of wireline wireless integration, the Cellular Telecommunications Industry Association ("CTIA")¹ submits its Comments in the above-captioned proceeding.

I. INTRODUCTION

In 1996, faced with a sharply divided record, the Commission determined that number portability in the CMRS industry would foster increased competition among CMRS carriers and promote future competition between CMRS

¹ CTIA is the international organization of the wireless communications industry for both wireless carriers and manufacturers. Membership in the association covers all Commercial Mobile Radio Service ("CMRS") providers, including 48 of the 50 largest cellular and broadband personal communications service ("PCS") providers. CTIA represents more broadband PCS carriers and more cellular carriers than any other trade association.

providers and wireline services.² Reasoning that number portability would facilitate the entry of new service providers and provide incentives for competitive prices and increased service choice and quality for consumers, the Commission required all CMRS providers in the top 100 MSAs to implement service provider number portability by June 30, 1999.³ The Commission further concluded that "in the future, as CMRS providers compete to become a substitute for wireline service, CMRS customers will assign the same importance to number portability as wireline subscribers do today."⁴ While the Commission's predictive judgment may or may not ultimately prove to be correct, CTIA strongly asserts that the perceived future competitive benefit of CMRS number portability is presently outweighed by the huge burden it imposes on CMRS carriers due to its complexity and costs - which the NANC Wireline Wireless Integration

² Telephone Number Portability, CC Docket No. 95-116, First Report and Order and Further Notice of Proposed Rulemaking, 11 FCC Rcd 8352 at ¶¶154-160 (1996) ("First R&O").

³ Id. at ¶¶ 159 & 166; see also Telephone Number Portability, CC Docket No. 95-116, *First Memorandum Opinion and Order on Reconsideration*, 12 FCC Rcd 7236 at ¶ 134 (1997). The MO&O on Recon also required CMRS providers to continue to support roaming.

⁴ First R&O at ¶ 145 (citing PCS PrimeCo Reply Comments at 1-2).

Report so clearly documents. This burden is so great that the robust competition already seen in the CMRS marketplace, which is largely the result of the aggressive network build-out and marketing by the new entrants, will be impeded through a diversion of resources to CMRS number portability.⁵

Currently no service competition exists between wireless and wireline services, nor is it expected in the foreseeable future.⁶ Also, most experts do not expect that either service will truly serve as a substitute or replacement for the other in the foreseeable future.⁷ As such, CTIA supports the recommendation from the Wireline

⁵ Formerly, the Commission asserted the need for CMRS number portability as the removal of a barrier to competition among providers, particularly barriers facing new PCS entrants. The Commission was unpersuaded at that time that the CMRS marketplace was substantially competitive. First R&O at ¶ 158. However, new entrants have substantially penetrated the CMRS market absent the ability to retain telephone numbers when changing providers. Wireless number portability was not a prerequisite to substantial CMRS competition. CTIA observes that in Finland, where wireless penetration is on the brink of surpassing wireline subscribership, there is no wireline wireless number portability. Indeed, Finland has the world's highest market penetration for mobile telephones. See James Berry, International Herald Tribune, March 26, 1998, at 10.

⁶ Wireline Wireless Integration Report at 40.

⁷ Id.

Wireless Integration Report to "defer the introduction of portability between wireless and wireline service providers until a clear and real competitive need exists."⁸

It is compelling to note that both competitive rationales underlying the mandate for wireless number portability do not justify the tremendous burden being placed on CMRS providers to comply with service provider number portability by June 30, 1999.

According to the Wireline Wireless Integration Report, only one technical alternative has been identified that can meet the Commission's mandates -- location portability beyond rate center, NPA, state and LATA boundaries. However, "location portability is expected to be an enormous undertaking which could be at least as large in scope, complexity and cost as service provider portability."⁹ Explicit in such statements is the recognition that service provider number portability is also an enormous undertaking. A similar recommendation is made for location portability, i.e., "location portability should not be introduced until *adequate market demand exists* to support the associated enormous costs or until

⁸ Id.

⁹ Id. at 41.

there is a *real and compelling need* from a competitive perspective and *cost recovery* mechanisms developed.¹⁰

II. THE COMPLEXITIES AND COSTS ASSOCIATED WITH WIRELESS NUMBER PORTABILITY OUTWEIGH THE PERCEIVED BENEFITS TO COMPETITION

Every technical innovation requires a three step process: (1) finding and finalizing a technical standard; (2) implementing the standard, which includes switch upgrades, changes to billing systems and other operational support systems, and changes to existing equipment or building new equipment; and (3) conducting extensive testing in the laboratory and in the field under varying conditions to ensure the reliability, quality and integrity of the service. Step two of this process takes anywhere from eighteen to twenty-four months to complete. Step three can not even begin until the standard is implemented and the equipment is available for testing. Each step is a prerequisite to the next and each step requires a significant investment of time and money.

The standards for CMRS number portability are not finalized and thus wireline-wireless number portability integration can not yet proceed. As indicated above, this

¹⁰ Id.

step is only the initial step to realizing CMRS number portability. Once the standards are resolved, they must endure extensive testing and nationwide implementation. Initially, implementation in one market will be done in order to work out any kinks in the system before nationwide implementation can be successfully assured. This whole process is complicated by the differences between wireless serving areas and wireline serving areas and different call "rating" capabilities, as recognized in the NANC Wireline Wireless Integration Report. The unresolved issues surrounding wireline rate centers present challenges to full implementation of service provider number portability.

The complexity and costs of achieving wireless number portability are evident in the problems spawned by separation of the mobile directory number ("MDN") from the mobile identification number ("MIN") and by debates over wireline rate centers. The separation of the MIN from the MDN raises significant challenges to the implementation of wireless number portability. Service providers use the single MIN for such tasks as performing registration, call processing, provisioning, customer care and billing.¹¹

¹¹ Petition for Extension of Implementation Deadlines of the Cellular Telecommunications Industry Association filed by CTIA, Nov. 24, 1997, CC Docket No. 95-116, Declaration of Arthur L. Prest at 3-4.

These issues make CMRS number portability a complex and expensive proposition.¹² It is estimated that wireless carriers may spend as much as \$1 billion dollars upgrading their networks during the next three years, exclusive of any ongoing costs.¹³

Currently, the wireless industry is facing several mandates that are simultaneously requiring significant research and development. In many instances, the same technical personnel are dealing with simultaneous mandates from the following proceedings: the year 2000 problem ("Y2K"), E911, CALEA, Section 255, TTY compatibility, certain aspects of Universal Service, and number portability. While every proceeding is important, each proceeding imposes aggressive compliance deadlines and significant costs to both carriers and their vendors in order to meet the mandate. CMRS number portability ranks as one of the most complicated and expensive mandates.¹⁴

¹² In a pending Petition seeking forbearance of the CMRS number portability rules, CTIA asserts that wireless number portability hurts CMRS competition more than it helps.

¹³ "Wireless Number Portability: A Bowl of Cherries for Competition. . .but Just the Pits for Everyone Else?" The Yankee Group, Wireless/Mobile North America, Executive Summary, March 3, 1998, Vol.6, Issue 6.

¹⁴ Id.

"Carriers' and vendors' bottom lines will be directly affected by the deployment of number portability."¹⁵ In the Executive Summary of a report entitled "Wireless Number Portability: A Bowl of Cherries for Competition. . .but Just the Pits for Everyone Else?" the Yankee Group stated its finding that:

When one considers the total cost and the overall impact of number portability, it is the single most significant issue facing the wireless industry during the next 24 months. It will affect most network and operational elements of wireless carriers, including customer acquisition and retention, billing systems, intercarrier agreements, and network infrastructure. Over the next three years [reference omitted], carriers may spend up to \$1 billion upgrading their networks for number portability..Beyond that amount, there will be significant ongoing costs.¹⁶

III. THE RATE CENTER PARADIGM SHOULD NOT BE IMPOSED UPON WIRELESS CARRIERS

Wireline telephone customers are assigned a telephone number based on their physical location. More specifically, ILEC customers are assigned a telephone number from the NXXs assigned to the switch that serves the rate center area in which the customer is physically located. Similarly, CLEC customers are assigned a

¹⁵ Id.

¹⁶ Id.

telephone number from the NXXs assigned to the CLEC for the rate center area in which the customer is physically located.¹⁷ Rate centers conform to state boundaries. Local rates and "toll free calling areas" associated with ILEC rate centers reflect the states' authority to regulate the provision of landline service.

By contrast, wireless serving areas reflect the mobile patterns of wireless customers. A CMRS license and/or serving area may cross several state boundaries and routinely covers much larger geographic areas than an ILEC rate center. Therefore, wireless NXXs do not correspond to the physical location of its customers. Wireless customers are provided a mobile service for which fixed physical location is irrelevant.¹⁸ As such, tying CMRS NXXs to a specific location makes no sense in a mobile environment and unnecessarily complicates the provision of wireless services. This is the regulatory equivalent of trying to force a square peg into a round hole.

¹⁷ Wireline Wireless Integration Report at 32.

¹⁸ For example, in the Washington, D.C. license area, CMRS carriers provide mobile services to customers in at least three states, five area codes, and several rate centers, including the Washington, D.C and Baltimore MSAs.

Rate centers are problematic with respect to porting numbers across services in the following scenario: porting a wireless NPA-NXX to a wireline carrier, where the CMRS number is outside the wireline rate center. This has been characterized as a competitive disparity disadvantaging wireline carriers because some wireless customers will be unable to port their numbers to wireline phones, at least as long as the rate center paradigm is used only by the wireline industry.

Several solutions or recommendations for achieving competitive parity have been advanced in the Wireline Wireless Integration Report: maintain rate center integrity, location portability, rate center consolidation, and CMRS number assignment aka "numbering alignment." Maintaining rate centers by requiring wireless providers to conform to the rate center paradigm is no solution for achieving competitive parity. Requiring alignment of wireless service areas with wireline rate centers would disadvantage wireless providers. As noted above, rate centers make no sense in a wireless setting. There is no technical need from a routing or rating perspective within the wireless provider's network for imposition of rate centers.

Furthermore, CMRS providers are already burdened with implementing the changes to their systems that MDN/MIN separation will necessitate. Requiring CMRS providers to further overhaul their billing systems and fundamentally change the way they do business in order to conform to a concept that makes no logical sense in a mobile environment can not be deemed to be good regulatory policy.

A. Wireless carriers are efficient users of numbering resources because they do not assign numbers to subscribers based on rate centers

One of the other proposed solutions to the porting problem presented by rate centers is to require assignment of NXXs to wireless service providers on a per rate center basis and require assignment of telephone numbers to wireless customers based on their billing location. Such a solution would negatively impact number conservation efforts.¹⁹ CMRS providers are efficient users of numbering resources because they can allocate the numbers of a NXX block of 10,000 numbers without regard to rate centers. Furthermore, since the billing location of a CMRS

¹⁹ And this is especially true in rural markets -- only a handful of CMRS numbers may ever be used since the communities are often so small -- yet, under this proposal, using the 10,000 NPA-NXX blocks per rate center will be required, since rural markets are outside of the 100 largest MSAs where LEC number portability is mandated.

subscriber (which is often associated with the subscriber's MDN) is irrelevant to rating a wireless call, this solution serves no purpose in the wireless context. Lastly, there is no technical need for such a restriction.

IV. CONCLUSION

The NANC Wireline Wireless Integration Report documents the complexities and costs CMRS number portability engenders relative to any competitive benefit. Further, the wireline rate center paradigm makes no sense in the CMRS environment -- it is the regulatory equivalent of trying to force a square peg into a round hole. The Commission should not subject wireless carriers to illogical and inefficient mandates.

Respectfully submitted,



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