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February 20, 2015

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Room TW-A325  
Washington, D.C. 20554

*Electronically Filed*

Re: CC Docket No. 95-116; WC Docket No. 09-109

Dear Ms. Dortch:

On February 18, 2015, Len Kennedy, General Counsel of Neustar, Inc., Scott Deutchman, Deputy General Counsel of Neustar, and I, met with Jonathan Sallet, General Counsel, Michele Ellison, Deputy General Counsel, and Laurence Bourne, Neil Dellar, and Terry Cavanaugh, all of the Commission's Office of General Counsel, to discuss matters related to the Commission's consideration of the NANC's recommendation for selection of the Local Number Portability Administrator ("LNPA") for the next contract.

We noted that Neustar has already thoroughly addressed, in its filings in this docket, three key legal issues that the Commission must appropriately resolve before taking any action with respect to the NANC recommendation: specifically, the need for a notice of proposed rulemaking, FACA violations in the NANC process, and Ericsson's lack of neutrality and impartiality to serve as LNPA. We then focused our presentation on issues related to the costs and risks of a potential transition, matters that are central to the selection decision that the Commission has before it.

We noted that the only record justification for the NANC's recommendation is the assertion that selection of Ericsson to serve as LNPA will secure a lower contract price for LNPA services. But the Commission cannot evaluate whether the cost of transitioning to a new LNPA service provider will in fact produce any savings until it has also (1) defined the mechanism for effecting a potential transition; (2) estimated the time it will take to carry out; and (3) quantified the direct and indirect external costs that would be incurred by all parties affected by the transition. These costs include, at a minimum, the cost of maintaining Neustar's service under the existing contract terms; the cost of the services of any independent third-party manager

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required to effectuate a transition and certify that the existing NPAC's functionality, performance, and security are not degraded; the costs that service providers and other NPAC users will incur to update and test their interactions with a new NPAC; and the costs to operators and consumers resulting from porting disruptions, degradations in service, or increased error rates.

Neustar has submitted reports prepared by leading IT experts and a leading economist that provide fact-based, quantitative estimates indicating that the delay and costs associated with transition will outweigh any potential savings from a lower contract price.<sup>1</sup> Although Ericsson has disputed some of these estimates, there is no record basis – aside from the estimates that Neustar has submitted – for the Commission to reach a conclusion about transition timing and the full extent of transition costs.<sup>2</sup> In a case like this one, where transition costs and risks are admitted by all parties to be substantial, it would be arbitrary and capricious to fail to quantify such costs as part of any selection decision.<sup>3</sup> One would not take a \$20 cab ride to save \$1 on a gallon of milk. For that reason, before the Commission makes any selection decision, it should engage an objective, third-party expert to advise the Commission on the likely costs and risks of transition. Only by taking such a step can the Commission obtain an evidentiary basis for reaching a judgment about the potential economic benefits and burdens of the competing proposals.

We also discussed the provisions of the current contract as they related to the likely timing of any transition. We pointed out that the current contract between Neustar and the

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<sup>1</sup> See Letter from Aaron M. Panner, Counsel for Neustar, Inc., to Marlene H. Dortch, FCC at 2, CC Docket No. 95-116, WC Docket No. 09-109 (filed Jan. 26, 2015) (attaching Hal J. Singer, *Addendum to "Estimating the Costs Associated with a Change in Local Number Portability Administration"* (Jan. 26, 2015)); Hal Singer, *Estimating the Costs Associated with a Change in Local Number Portability Administration* (Mar. 2013), available at <http://www.ei.com/downloadables/SingerCarrierTransition.pdf>; Standish Grp. Int'l, *Big Bang Boom* at 2 (2014), available at [http://www.standishgroup.com/sample\\_research\\_files/BigBangBoom.pdf](http://www.standishgroup.com/sample_research_files/BigBangBoom.pdf); Letter from Thomas L. McGovern III, Counsel to Neustar, Inc., to Marlene H. Dortch, FCC, CC Docket No. 95-116, WC Docket No. 09-109 (Jan. 28, 2015) (attaching Smith & Associates, *Technical Evaluation of the Next Generation NPAC/SMS Proposals* (filed Jan. 28, 2015)).

<sup>2</sup> Of course, there may well be additional costs and risks that have not yet been identified.

<sup>3</sup> Many smaller carriers, law enforcement, and state and local public safety officials – among others – have filed comments and *ex parte* letters in this proceeding expressing their concern over a potential transition and its costs. See Letter from Michele Farquhar, Counsel to Neustar, Inc., to Marlene H. Dortch, FCC at 1 n.1, CC Docket No. 95-116, WC Docket Nos. 07-149 & 09-109 (filed Jan. 12, 2015) (citing comments and letters).

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NAPM, LLC automatically renews for one year if the NAPM does not send Neustar a notice of non-renewal prior to April 1, 2015. Under any circumstances, it is wholly unrealistic to believe that any potential transition could be achieved by July 2016. On the contrary, the NAPM's own estimate (prepared in 2009) was that any transition would take at least 33 months from selection to implementation of a new system.<sup>4</sup> (Indeed, there are multiple systems that depend on the NPAC; there are also many services that Neustar provides that are not covered by Neustar's contract with the NAPM and that are critical to law enforcement, consumers, and public safety, such as LEAP and Wireless Do Not Call and services critical to E911, disaster recovery, and network management. In light of this, planning for and implementing any potential transition so that no NPAC user is left behind would be an extraordinarily complex undertaking.) Establishing a hard transition date at this time – for example, by issuing a notice of non-renewal to Neustar –without a clear and comprehensive understanding of transition would create an entirely unnecessary risk for the industry and consumers.

The Commission staff raised a concern that Neustar would be under no contractual obligation to assist with transition – in the event that the Commission selects Ericsson – until such time as Neustar has received a notice of non-renewal. Upon reflection, under the terms of the contract, the NAPM can issue a notice of non-renewal at any time after the contract automatically renews – which would only be appropriate after the Commission has conducted the necessary analysis described above. Second, if the Commission ultimately decides to select a vendor other than Neustar to serve as LNPA, additional transition services agreements would have to be negotiated in any event, because the provisions of the current agreement do not adequately cover the services that would be required to effectuate a transition.

Furthermore, as LNPA, Neustar understands the critical role that the NPAC plays in the nation's communications infrastructure. Neustar will not place that infrastructure in jeopardy; nor will it ignore the needs of consumers, law enforcement, and public safety. Should it ever prove necessary, Neustar is willing to discuss arrangements that may be required so that, whatever decision the Commission makes, Neustar is able to do what it can to ensure that the NPAC continues to operate at the level that the industry, the public, and the Commission have come to take for granted.

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<sup>4</sup> See [http://www.nanc-chair.org/docs/mtg\\_docs/Dec10\\_FONPAC\\_PROJECT\\_PLAN\\_V1.doc](http://www.nanc-chair.org/docs/mtg_docs/Dec10_FONPAC_PROJECT_PLAN_V1.doc).

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Pursuant to Section 1.1206 of the Commission's rules, 47 C.F.R. § 1.1206, a copy of this letter is being filed via ECFS. If you have any questions, please do not hesitate to contact me.

Sincerely,

Handwritten signature of Aaron M. Panner in cursive, with a vertical line through the signature and the initials 'cmw' written to the right.

Aaron M. Panner

cc: Jonathan Sallet  
Michelle Ellison  
Laurence Bourne  
Neil Dellar  
Terry Cavanaugh