Finally, it would be overly burdensome for national carriers for the Commission to delegate audit authority to the states. A state commission will only audit a carrier for the NPA within its state. The purpose of an audit is to understand how the carrier is administering all it number resources, not individual NPAs. Once standardized data is collected and available to the states on a semi-annual basis, their current need to audit carriers will be eliminated.

F. Rules, Guidelines, and Enforcement

It is critical that the Commission establish a minimum set of enforceable rules on number administration. While industry guidelines have an important role to play, not all matters should be dealt with via guidelines. The guideline process provides a useful way to deal with issues that require consistency across the industry, but do not involve matters that are both controversial and important to the industry's trusteeship of the public numbering resource. In those instances, uniform rules are needed.

Guidelines are helpful for establishing consistent practices with respect to many processes associated with numbering administration.[63] When a problem occurs in those processes, it can easily be resolved through a modification of the guidelines. Industry guidelines, however, should not be used for the development of policy in numbering administration.

For policy considerations in numbering administration, nationwide uniform requirements are needed. To that end, the Commission should develop some national rules that guide the methodologies underlying the numbering process. A uniform set of national rules would help

[63] Examples of processing guidelines are those directions for filing forms, processing applications and reporting requirements.

achieve the Commission's goals of creating national standards, ensuring access to numbering resources, and delaying the exhaust of the NANP.[64]

At a minimum, these rules should clarify what uniform requirements for cost recovery measures, COCUS reporting and forecast utilization. Additionally, the rules should outline a national implementation methodology for number pooling including resolution of whether any contamination level is appropriate for block recovery. Developing national rules in these areas would create a consistent framework for the industry and the states to follow.

Once this consistent framework is created, the Commission can delegate to the states the authority to make state-specific decisions within the framework. The Commission's rules could afford states autonomy, similar to the autonomy they enjoy under the guidelines for implementing new area codes,[65]. The states would still have implementation power; their choices, however, would occur within the uniform, national framework created by the new rules.

The flexibility of guidelines ensures that the industry can respond as appropriate to changing circumstances. However, guidelines are difficult to enforce. There is no standardized process for their enforcement and no body has clear authority to enforce them. The lack of process means that any ad hoc enforcement that occurs may effectively threaten to infringe the interests of service providers without appropriate respect for due process rights.

The Commission cannot cure this infirmity merely by making a rule that says carriers must follow the guidelines and then permitting enforcement of that rule by the Commission's procedures. Such a rule would in itself raise significant issues of due process and the authority of the Commission to delegate its rulemaking authority to private parties. The Commission can

[64]*See* In the Matter of Numbering Resource Optimization, *Notice of Proposed Rulemaking*, CC Docket No. 99-200, para. 6 (June 2, 1999).

ordinarily adopt and change its rules only after providing notice and allowing interested persons to comment. Industry guidelines, however, can be adopted and altered without any notice to potentially interested persons. The Commission cannot write a rule that would permanently endow this evolving process with the status of properly considered and adopted federal rules.

The role of state commissions in enforcement must be better developed. In the area of numbering administration, the states act pursuant to authority that is held in the first instance by this Commission. The Telecommunications Act allows the Commission to delegate all or any portion of its numbering jurisdiction to the state commissions or to other entities. When the Commission does so delegate authority, it should make clear the extent to which that delegation includes enforcement authority. MCI WorldCom recommends that the Commission clarify that the state commissions have authority to enforce their own rules and decisions, but do not possess authority to enforce the rules or decisions of this Commission. Moreover, since the states act pursuant to authority delegated by the Commission, state commission numbering enforcement proceedings must afford parties due process rights at least as extensive as those provided by the procedures of this Commission. In addition, remedies should be limited to those available to this Commission. State law cannot provide remedies for the enforcement of delegated, federal authority.

Additionally, NANC should have a supervisory role in the development of industry guidelines surrounding the process of number administration. NANC, includes representation from a broad range of interested parties, with members industry, states and consumer groups. Allowing NANC to take a stronger role in overseeing the creation of guidelines will result in a more balanced approach to numbering administration.

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[65] *See* 47 C.F.R. § 52.19; *Second Report and Order and Memorandum Opinion and Order*, FCC 96-433, para. 264,

G. Fees for Numbers Are Not a Solution

The Notice suggests that a pricing mechanism might allocate numbers more efficiently than the current system does.[66] The Notice suggests that numbers may be inefficiently allocated today because they are "free" to service providers. In the first place, this assumption is simply false. While service providers do not pay NANPA when they request a code, they nonetheless incur significant costs associated with the administration and implementation of NXX codes. It is unlikely that a service provider would incur those costs without some expectation regarding potential revenues. It should be also be noted that under the current price structure for ported numbers, service providers will pay per number charges for each pooled block that they receive.

The Notice also suggests that if carriers had to pay for numbers they would find ways to use numbers more efficiently. This suggestion may be superficially true, but the outcome it hopes for could be all but unachievable. More importantly, even if achieved, the way in which the outcome would be reached would almost certainly violate the statute under which the Commission must operate.

It may be true that if numbers were a good manufactured and sold in a competitive market, then their equilibrium price would ensure that service providers would request and use numbers in an economically efficient manner. However, that is not the world in which we live. Numbers exist in a limited supply that can be expanded when necessary. Their usage, once assigned, is limited to a single rate area. Inefficiencies in the assignment and use of NXX codes are the cause of the rapid area code exhaust that now occurs.

278-90 (Aug. 8, 1996) (describing the rules as guidelines for states to follow when implementing area code relief).
[66] Notice at paras. 225-240.

The task of determining a price for numbers is quite difficult. The price should be set so as to recover all costs associated with a number or block of numbers, while at the same time taking account of all externalities. This is a monumentally difficult task. The Eastern Bloc undertook this task for many years for a wide variety of goods and services. As everyone knows, they failed miserably. Markets are a decentralized system for finding and using the information that is necessary to determine the very outcome that the regulator would have to begin with: what should the price of numbers be? There is simply no reliable way for a regulator to make this determination.

The Commission may be under the impression that there is some way to avoid the administrative determination of a price for numbers, perhaps auctioning unused numbers to some third party who would then be authorized to sell them in a market. Even if this were possible, and the Commission had the authority to adopt such a plan, the end result would inevitably violate the statutory standard of competitive neutrality. The numbering inefficiencies that exist today result from the common network architecture that requires each LEC to obtain at least one NPA-NXX for each rate center. Market pricing of numbers would create an uneven incentive to improve this inefficient network architecture. In today's world, some carriers obtain a greater utilization of their numbers than others. For example, the utilization levels achieved by CLECs are clearly lower than those of large ILECs and wireless carriers. This does not reflect badly on CLECs, but is merely a symptom of the inefficiencies inherent in the legacy architecture. Nonetheless, the carriers with the lowest utilization levels would inevitably bear the burden of creating a more efficient system for allocating NXX codes, such as thousand block pooling.

This result is directly contrary to the Telecommunications Act which requires that "the cost of establishing numbering administration arrangements shall be borne by all

telecommunications carriers on a competitively neutral basis."[67] There is nothing competitively neutral about creating a system in which some carriers will be forced to act on uneven incentives to improve the efficiency of number administration.

Creating a pricing system for numbers would also raise numerous other difficult issues to which there are no easy answers. Would service providers be required to pay for numbers already allocated to them? If so, how would the incumbent monopolists recover costs associated with their relatively large inventories? What is the source of the Commission's authority to sell numbers? What should be done with the proceeds of these sales? MCI WorldCom does not believe that the Commission has the authority to adopt such a policy.

MCI WorldCom recommends that the Commission adopt the optimization measures recommended in these Comments. After implementation of these measures, the Commission should reexamine the efficiency of the number administration system.

VIII. COST RECOVERY

A. Cost Recovery Should be Similar to the Commission's LNP Approach

MCI WorldCom agrees with the Commission's tentative conclusion that section 251(e)(2) does address interstate and intrastate matters and therefore the Commission rightfully has jurisdiction to establish the distribution and cost recovery mechanism for both intrastate and interstate costs of number pooling. The Commission's tentative conclusion is both sound and logical, and firmly grounded in the Telecommunications Act. Section 251(e)(1) provides the Commission with "exclusive" jurisdiction over number administration, and Section 251(e)(2) requirement to establish a cost recovery mechanism in no way diminishes that jurisdiction.

[67] 47 U.S.C. Section 251(e)(2)

Further, we agree with the Commission's tentative decision that ILECs' numbering administration costs, including costs incurred as a result of number pooling, should be recovered under a federal cost recovery mechanism to be established in this proceeding.

The Commission has rightfully concluded that thousands-block pooling is a numbering administration arrangement under section 251(e)(2). Indeed, there is no other purpose to pooling except to conclude that numbers are "available on an equitable basis."[68] MCI WorldCom agrees with the Commission's tentative conclusion that all telecommunications carriers must bear the costs of thousands-block pooling in a competitively neutral manner. All carriers benefit from a numbering administration system that efficiently and cost-effectively provides numbers for the ultimate use of the public regardless if a carrier or class of carriers actually receives any numbers. Extension of the existing NANP for as long as possible benefits all carriers, who will not be faced with premature reprogramming of their networks, as well as the public, since NANP expansion is likely to have a dramatic impact on customer premise equipment. MCI WorldCom sees policy reason for excluding any individual or class of carriers from the cost allocation formula for thousands-block pooling.

MCI WorldCom also supports the Commission's conclusion that an interpretation of section 251(e)(2) that permits the Commission to oversee the distribution and the recovery of the costs of thousands-block pooling implementation best achieves the policy goal of ensuring that number administration costs overall, including thousands-block pooling costs, are not at odds with the pro-competitive goals of the Act.[69] We agree that the mechanism for recovering the costs of thousands-block pooling: (1) should not give one provider an appreciable, incremental

[68] 47 U.S.C. Section 251(e)(1)
[69] Notice at para. 196.

cost advantage over another, when competing for a specific subscriber; and (b) should not have a disparate effect on competing providers' abilities to earn a normal return.

The Commission has identified three categories of costs for thousands-block pooling administration: (1) costs incurred by industry as a whole, such as, NANP administrator costs, OSS enhancements and operations support[70] to the existing Number Portability Administration Center System (NPAC); (2) carrier-specific costs directly related to thousands-block pooling implementation, such as enhancements to carriers' SCP, LSMS, SOA and OSS systems and (3) carrier-specific costs not directly related to thousands-block pooling implementation. MCI WorldCom agrees these cost categories should be adopted. Pooling is based on the LNP architecture. It is therefore logical that the cost categories would be similar to those used for LNP cost categorization.

Relying on either cost allocation methods or cost information from experimental thousands-block pooling initiatives in Illinois and New York, however, is of questionable utility. In Illinois, a limited and imperfect pooling cost allocation system is in use that is unlikely to reflect the true cost of a Commission-mandated pooling requirement. A different structure is in place in New York using a "track and true-up" mechanism for subsequent billing to industry based on the anticipated Commission cost recovery order. As neither the Illinois Commerce Commission, the New York Department of Public Service, nor this Commission has released a cost recovery order by which the interim pooling administrator could be paid, carriers had to devise some method to compensate the interim pooling administrator. Carriers have no authority or ability to try to impose a cost allocation formula on "all carriers" for pooling and therefore adopted an interim mechanism purely as a stopgap measure. Per-block charges paid by

[70] Costs to interact with the pool administrator and to process/broadcast data blocks.

recipients for blocks of numbers in no way can be construed as competitively neutral under section 251(e)(2). Such a cost allocation flies in the face of the competitive neutrality mandate for number administration because costs are allocated only on a few individual carriers, not on all carriers as mandated by the Act for number administration. Apart from the cost allocation mechanisms, the costs of the state trials may not yield useful information to predict the costs of future pooling. Both trials are manually administered and, by design, were intended to demonstrate pooling feasibility. The more advanced pooling that the Commission would mandate is intended to be an automated process. Therefore, cost information from the Illinois and New York trials will not be applicable to national pooling.

MCI WorldCom agrees with the Commission's tentative conclusion that costs not directly incurred from thousands-block pooling implementation are not costs of thousands-block implementation. Therefore, these costs are not subject to the section 251(e)(2) requirement of being borne by all carriers. No special provisions are necessary for carriers to recover those costs. We agree with the Commission that carriers should recover those costs in any lawful manner consistent with their obligations under the Act. However, it would not be appropriate or lawful for any ILEC to attempt to recover in access charges these costs or any costs of thousands-block pooling.

Further, carriers must bear their own carrier-specific costs directly incurred from thousands-block pooling and recover them in the lawful manner prescribed by the Commission. In LNP, ILECs recover carrier-specific LNP-directly incurred costs via end user surcharges. Such costs are not added to the industry shared costs and then assessed on all carriers. The competitive neutrality standard is the same for LNP and number administration so treatment should not differ regarding carrier-specific costs.

The Commission also seeks comments on whether it has the authority to allocate the shared costs of thousands-block pooling implementation only to those carriers that receive thousands-block assignments. The answer is no. The Commission is bound by the Act's competitive neutrality standard. Assessing the costs of thousands-block pooling only on carriers who receive thousand blocks shifts the burden of number administration onto a very small subgroup of the "all carriers" standard as ordered by Congress. This is the exact inequity borne by a few carriers in the Illinois trial. Further, all carriers, including IXCs, CMRS and paging, benefit from measures that extend the life of the NANP thereby staving off the massive investment to revamp the numbering scheme now in use in North America.

Additionally, assessing fees to recover the costs of thousands-block pooling on carriers receiving thousands-blocks financially penalizes those carriers making use of number optimization methods and rewards CMRS and paging carriers who will continue to receive full ten thousand-block assignments. Yet CMRS and paging carriers also benefit from the extension of the NANP as well as the ability to obtain ten thousand block assignments with a fraction of the cost for number administration.

The per block fee in use in Illinois is only an interim method designed solely to compensate the interim pooling administrator and should not be viewed by the Commission as a precedent to be adopted nationally. The Illinois Commission has ordered pooling but has taken no action on cost allocation or cost recovery. The Local Number Portability L.L.C., the "contractor" for the pooling trial, had to implement stopgap compensation methods to pay the interim number-pooling administrator in order to satisfy state commission directives. The pool establishment fee is being paid by pool participants in that NPA. The block processing fees are being paid by carriers receiving blocks.

B. Access Charges Are Not a Competitively-Neutral Solution

The Commission has tentatively concluded that ILECs subject to rate of return ("ROR") or price cap regulation may not recover their interstate carrier-specific costs directly related to thousands-block pooling implementation through a federal charge assessed on end-users. Instead, the Commission has tentatively concluded that ILECs under ROR or price cap regulation should recover carrier-specific costs through the existing cost recovery mechanisms of price cap or ROR adjustments, meaning, through access charges. The Commission asks whether such treatment would meet section 215(e)(2)'s requirement that numbering administration costs must be borne on a competitively neutral basis. MCI WorldCom strongly disagrees with the Commission's tentative finding that ILECs under ROR or price cap regulation may recover their carrier specific costs via access charges.

MCI WorldCom sees no valid reason why IXCs and their customers should bear the ILEC carrier-specific costs for thousands-block pooling, which would be the result should the Commission allow ILECs to recover such costs via the traditional ROR or price-cap method. There is nothing remotely competitively neutral about that outcome. Further, as numbering administration and LNP both share the same competitively neutral requirement for cost recovery, there should be no different treatment.

This is not a new issue for the Commission. The Commission concluded that for LNP, carrier-specific costs directly incurred for its implementation would be recovered via end user charges, not access charges. The Commission created a special, limited time charge for LNP cost recovery. There is statutory precedent for a similar charge for shared industry and carrier specific costs incurred for thousands-block pooling.

As the Commission found in LNP,

> "If the Commission ensured only the competitive neutrality of only the distribution of costs, carriers could effectively undo this competitively neutral distribution by recovering from other carriers. For example, an incumbent LEC could redistribute its number portability costs to other carriers by seeking to recover them in increased access charges to IXCs. Therefore, we find that section 251(e)(2) requires the Commission to ensure that both the distribution and recovery of intrastate and interstate number portability costs occur on a competitively neutral basis."[71]

For the Commission to implement cost recovery under the same section 251(e)(2) as it did for LNP but arrive at a totally different conclusion for thousands-block pooling, is neither lawful, valid nor reasonable. Allowing ILECs to recover carrier-specific costs for thousands-block pooling through access charges gives ILECs an appreciable incremental cost competitive advantage to the detriment of IXCs.

C. Other Cost Recovery Proposals Should be Discarded

The Commission's proposal to recover pooling costs based on a per-number charge is unnecessarily complex.[72] Consider, for example, the many ways to count numbers "held" by a carrier. Would the fee be assessed on telephone numbers not yet assigned to customers? If so, what would be the treatment of telephone numbers reserved by carriers for customers? What then would happen to those numbers assigned by a facilities-based carrier to a local service reseller? Would the facilities-based carrier report such assignment to the Commission or have to bill and collect from the reseller and remit that amount, too? Would only new carriers seeking numbers be forced to pay, while ILECs with an embedded base of numbers not shoulder any

[71] See *In the Matter of Telephone Number Portability*, Third Report and Order, CC Docket No. 95-116, FCC 98-82, (released May 12, 1998) para. 38.
[72] Notice at para. 225.

costs? Moreover, how would a per number approach deal with rural carriers, for example, that hold more numbers than they need due to traditional number assignment practices?

The Commission also seeks comment on whether tying cost recovery for pooling to the quantity of numbers held by each carrier would create an economic incentive to participate in the pooling process by donating excess blocks back to the pool. It is a necessary business practice for carriers to hold some inventory of numbers to meet immediate customer demand. It makes little sense to discourage normal and necessary inventory practices in an attempt to create an "incentive" to address a problem-- hoarding-- that may not exist.

The Commission is also considering establishing thresholds for what the Commission terms efficient use of numbering resources, but would leave the choice of method for achieving thresholds to individual carriers. Carriers would have to achieve certain usage levels for their numbering resources in a given area, but they would not be forced to adopt any particular technical solution, including thousands-block pooling as long as the desired level was achieved. The Commission tentatively concludes that carriers would bear their own implementation costs, whether they meet the mandatory threshold levels through thousands-block pooling implementation or by some other means.

Mandatory participation by all carriers (including wireless carriers when they become LNP-capable) in thousands-block pooling will insure the maximum benefit from that number optimization measure. The issue is area code exhaust, not individual telephone number usage or assignment. Area code exhaust is can most quickly by ten thousand numbers block assignments. Thousand-block pooling by all carriers will ameliorate area code exhaust. If number pooling is implemented as it should be, all carriers should bear the shared costs of implementation as

pooling is a function of number administration that undeniably comes under the competitive neutrality mandate of section 251(e)(2).

D. Administrative Costs Should be Allocated Among the Industry

MCI WorldCom agrees with the Commission's tentative conclusion that the costs of administrative solutions be allocated among all carriers. Implementation of administrative solutions of various optimization measures will benefit all carriers and are rightfully deemed to be activities of a numbering administration nature.

The Commission's tentative conclusion is correct that section 251(e)(2) requires that the costs of the administrative solutions be borne by all telecommunications carriers. The fact that these administrative solutions are not now being undertaken by the NANPA does not in any way diminish the fundamental numbering administrative nature of the activities. All carriers benefit from numbering administration that is efficient and that promotes easy access to telephone numbers for the use of consumers.

E. Other Pooling Cost Consideration

Another factor the Commission should consider in pooling activity cost is the cost and benefit of using contaminated blocks. The use of contaminated blocks will increase costs for carriers, yet will not aid much to delay area code exhaust. The initial assignment and donation of intact thousands-blocks will be more cost-effective for individual carriers and for the industry from a shared-cost perspective. All carriers will run telephone utilization reports on all the telephone numbers in both intact and contaminated blocks in an NPA to be used for pooling. If the blocks are contaminated, additional tests and/or other activity must occur which increase a

carrier's pooling costs. For example, in each contaminated block, carriers will audit each number to ascertain the true status of that telephone number. Carriers must undertake "intra-service provider porting" whereby each carrier will have to manually port back from the NPAC to itself that customer-assigned or contaminated number. The cost of such an undertaking increases with the percent of block contamination.

F. Allocation Formula Should be Based on Gross Revenues

Between the time of the Commission's release of this Notice June 2, 1999 and the comment deadline of July 30, 1999, the Commission released a Report and Order regarding streamlined reporting revenue requirements for carriers' contributions to four funds: telecommunications relay service (TRS), North American Numbering Plan Administration (NANPA), local number portability (LNP) and universal service support mechanism.[73] In that Order, the Commission changed the cost allocation formula for carrier contributions to NANPA. At the time of the Notice's release, the cost allocation formula for NANPA funding was gross telecommunications services revenues minus payments made to other carriers for services and facilities purchased to provide telecommunications services.

The Commission, however, changed the NANPA funding formula from gross revenues to end user revenues in its recent Order. MCI WorldCom supports the gross telecommunications-based cost allocation formula for NANPA funding, not the new end user revenue base. Unlike LNP, TRS and universal service, pooling and number optimization efforts are activities that are transparent to the end user. Pooling will enable the public switched telephone network to

[73] See 1998 *Biennial Regulatory Review—Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Services, North American Numbering Plan, Local Number Portability and Universal Service Support Mechanisms*, released July 14, 1999, CC Docket No. 98-171.

continue to operate in a world of increasing demands on numbering resources, but it does not produce a direct end user benefit like LNP, universal service, or TRS.

MCI WorldCom believes the end user allocation formula is disconnected from the public policy objective underlying pooling and urges the Commission to adopt the gross revenues telecommunications cost allocation formula.

By using a proportionately based formula such as the NANPA formula, such costs of the administrative solutions will be borne by all carriers on a competitively neutral basis whereby one carrier is not placed at a financial disadvantage in comparison to another carrier. MCI WorldCom sees no reason to identify any class of carriers for different treatment based on end user revenues—a standard unrelated to the costs and benefits of pooling

IX. AREA CODE RELIEF

In many parts of the country, area code relief has become a controversial and divisive political issue. It is the place where the inefficiencies inherent in existing numbering administration systems have their most immediate impact on consumers and businesses. Frequent area code relief not only imposes significant costs in the form of telephone number changes, equipment reprogramming, and network changes, but it also intrudes on highly personal feelings of community that attach to telephone numbers. It has always been this way. Over the past hundred years, substantial changes to the dialing pattern have taken place. Each occasion has witnessed varying levels of public dismay over change to something that has become entangled with everyday life. Four-digit dialing and the use of exchange names may seem quaintly old-fashioned today, but the advent of seven-digit dialing brought significant public opposition.

Area code relief policies should recognize both the tangible and intangible costs associated with relief. They also must not retard competition among industry segments. The overriding policy goals should be efficiency, competitive neutrality, and sensitivity to the place of telephone numbers in the lives of our nation's communities. MCI WorldCom believes that some changes in the Commission's rules are appropriate. What is most required, however, is a cooperative, non-partisan approach by industry members, as well as sensible state commission action.

Area code overlays and geographic splits are the two most common forms of area code relief. Historically ILECs have promoted overlays while new service providers have argued argue for splits. This puts the state commission in the position of refereeing an argument while also trying to protect the interests of consumers and businesses. MCI WorldCom hopes that the industry can come together around some simple principles that might help make future relief planning less contentious.

First, that area codes play an important role in the identification of community is a significant fact that deserves respect and consideration. Second, relief plans should not be adopted that are demonstrably unfair or inefficient. Recognition of these principles and the conclusions that follow from them may make it possible for relief to occur in a less adversarial environment.

Geographic splits preserve community identity until a point is reached where a further partitioning would be inherently arbitrary and more likely to dissolve a community's self-definition that to preserve it. There is no simple formula that can be derived from this fact, but it is undeniable that, at some point, sub-municipality splits create an arbitrary division that has no basis in any real community geography. Other things equal, a geographic split should be

preferred if it can be implemented in a manner that recognizes actual community geography. However, it is important to examine those other things to determine if they are indeed equal.

An important consideration is whether the split provides as much relief as an overlay would. When properly implemented, a split can be as efficient as an overlay. Recent experience shows that overlay codes require relief in a time frame comparable to splits. However, there are instances when a split is demonstrably less efficient than an overlay. In those cases, an overlay should be the preferred method of relief.

Several states have recently ordered geographic splits that partition rate areas.[74] Because of their impact on particular service providers and customers, such splits are inherently either discriminatory, inefficient, or both. MCI WorldCom and other CLECs have previously demonstrated to the Commission the problems with these splits.[75]

A split that partitions a rate center is always inefficient. Before the split, each service provider required, at a minimum, one NXX to serve the rate center. After the split, each service provider will need at least two NXXs (one in each NPA) to serve that rate center.[76]

Splits that divide a single rate area can also impose significant and discriminatory harms on particular service providers. For example, when a split is implemented, CLECs must simply identify the NPA to which each rate center is assigned and split their NXX assignments accordingly. However, when a split partitions one or more rate areas, CLECs must ascertain on a customer-by-customer basis, the NPA of each customer. This is required because CLECs

[74] See for example, *In the Matter of a Relief Plan for the Exhaust of the 612 Area Code*, Docket No. P-999/M-97-506, Order Confirming April 6, 1999 Decision, with Modification and further Clarification, issued June 4, 1999, Minnesota Public Utilities Commission.
[75] See Attachment II
[76] Since the recent Arizona and Minnesota split are three-way splits, the minimum amount of NXXs a carrier needs for footprint increased to three NXXs codes.

assign numbers from within an NXX throughout a rate area. The process is extraordinarily burdensome.

Once the CLEC has determined each customer's NPA, it must then associate the NXX with one of the NPAs. Customers located in the other NPA will have to change their ten-digit telephone numbers unless the CLEC is able to duplicate the NXX. Thus, the split either requires customers to take ten-digit number changes, or requires service providers to duplicate codes that they would not otherwise need. Any area code relief plan that requires some customers to experience a complete ten-digit number change while other customers experience only an area code change is intrinsically discriminatory and against the basic policies set forth by this Commission.[77]

Such splits also can harm customers who have ported their number using LNP. These customers are served by an NXX that was not assigned to their current service provider. If they are not physically located in the NPA with which their former service provider associates their NXX, it may be impossible for them to avoid a ten-digit number change. The INC has recently has changed its NPA relief guidelines to disallow geographic splits that do not follow rate area boundaries. The Commission should amend its rules to make clear that such inefficient and discriminatory relief is inconsistent with the Commission's numbering administration principles. Thus, in some cases an overlay should be the preferred and only form of relief.

Overlays can have anti-competitive consequences since they create a situation in which the ILEC will tend to have a disproportionate share of numbers in the old NPA, while new service providers will tend to have a disproportionate share of numbers in the new NPA. These anti-competitive effects can be mitigated, to some extent, by certain policies. These include

LNP, UNP, and mandatory ten-digit dialing. Each of these policies either makes it possible for new service providers to obtain numbers in the old NPA, or eliminates a dialing disparity that would otherwise occur.

When an overlay is introduced, it should be permitted to provide as much relief as possible. This means that the overlay area should completely coincide with the entire geographic area of the NPA that is being relieved. The relief benefits of an overlay are maximized when the overlay covers the greatest area possible. If the overlay is arbitrarily, limited, then future relief may be needed sooner than would otherwise be the case for the area to which the overlay does not apply.[78]

Similarly, overlay area codes should not be made technology or service specific. Service-specific overlays do not provide the maximum relief that would be afforded by an all-services overlay. For example, if a wireless overlay were implemented followed by rapid growth in demand for numbers by CLECs, then relief of the wireline code might again become necessary even while there may be a surplus of numbers in the overlay code. There is no reason to arbitrarily exclude any class of carriers from the use of available numbering resources. Indeed, New York's wireless overlay was eventually opened up to all industry segments. Finally, wireless overlays would erect an artificial and unnecessary barrier to porting between carrier classes.

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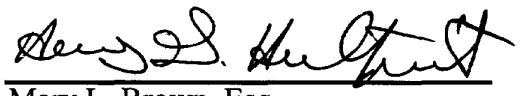
[77] See *In the Matter of Proposed 708 relief Plan and 630 Numbering Plan Area Code by Ameritech-Illinois*, IAD File No. 94-102, Declaratory Ruling and Order (released January 23, 1995)

[78] In July 1998, relief was implemented in the 305 NPA by applying a concentrated overlay over the Miami area of the NPA. The remaining 305 NPA-NXXs were set aside for assignment in the non-Miami (Keys) area. On March 22, 1999 jeopardy was declared for the remaining 305 NXXs (keys0 and exhaust now is forecasted for 1Q2000.

X. CONCLUSION

MCI WorldCom urges the Commission to adopt the pro-competitive measures that are recommended in these Comments to improve the efficiency of numbering administration.

Respectfully submitted
MCI WorldCom, Inc,



Mary L. Brown, Esq
Henry G. Hultquist, Esq
Anne La Lena
Mary De Luca
Angela Collins
1801 Pennsylvania Ave., N.W.
Washington, D.C. 20006
(202) 887-2502

July 30, 1999

CERTIFICATE OF SERVICE

I, Vivian Lee, do hereby certify that copies of the foregoing Comments of MCI WorldCom, Inc. were sent via first class mail, postage paid, to the following on this 30th day of July, 1999.

Chairman William E. Kennard*
Federal Communications Commission
The Portals
445 12th Street, S.W., 8th Floor
Washington, DC 20554

Commissioner Harold Furchgott-Roth*
Federal Communications Commission
The Portals
445 12th Street, S.W., 8th Floor
Washington, DC 20554

Commissioner Michael Powell*
Federal Communications Commission
The Portals
445 12th Street, S.W., 8th Floor
Washington, DC 20554

Commissioner Gloria Tristani*
Federal Communications Commission
The Portals
445 12th Street, S.W., 8th Floor
Washington, DC 20554

Commissioner Susan P. Ness
Federal Communications Commission
The Portals
445 12th Street, S.W., 8th Floor
Washington, DC 20554

Tom Power*
Federal Communications Commission
The Portals
445 12th Street, S.W., 8th Floor
Washington, DC 20554

Linda Kinney*
Federal Communications Commission
The Portals
445 12th Street, S.W., 8th Floor
Washington, DC 20554

Sarah Whitesell*
Federal Communications Commission
The Portals
445 12th Street, S.W., 8th Floor
Washington, DC 20554

Kyle Dixon*
Federal Communications Commission
The Portals
445 12th Street, S.W., 8th Floor
Washington, DC 20554

Kevin Martin*
Federal Communications Commission
The Portals
445 12th Street, S.W., 8th Floor
Washington, DC 20554

Kathy Brown*
Chief of Staff
Federal Communications Commission
The Portals
445 12th Street, S.W., 8th Floor
Washington, DC 20554

Christopher Wright*
General Counsel
Federal Communications Commission
The Portals
445 12th Street, S.W., 8th Floor
Washington, DC 20554

Larry Strickling*
Chief, Common Carrier Bureau
Federal Communications Commission
The Portals
445 12th Street, S.W.
Washington, DC 20554

Yog Varma*
Federal Communications Commission
The Portals
445 12th Street, S.W.
Washington, DC 20554

Jordan Goldstein*
Federal Communications Commission
The Portals
445 12th Street, S.W.
Washington, DC 20554

Anna Gomez*
Chief, Network Services
Federal Communications Commission
The Portals
445 12th Street, S.W.
Washington, DC 20554

Al McCloud *
Network Services Division
Federal Communications Commission
The Portals
445 12th Street, S.W.
Washington, DC 20554

Kris Monteith*
Competitive Pricing
Federal Communications Commission
The Portals
445 12th Street, S.W.
Washington, DC 20554

Blaise Scinto*
Federal Communications Commission
The Portals
445 12th Street, S.W.
Washington, DC 20554

Jared Carlson*
Federal Communications Commission
The Portals
445 12th Street, S.W.
Washington, DC 20554

Jeannie Grimes*
Federal Communications Commission
The Portals
445 12th Street, S.W.
Washington, DC 20554

Robert Atkinson*
Federal Communications Commission
The Portals
445 12th Street, S.W., 5th Floor
Washington, DC 20554

Diane Griffin Harmon*
Federal Communications Commission
The Portals
445 12th Street, S.W.
Washington, DC 20554

Tejal Mehta*
Federal Communications Commission
The Portals
445 12th Street, S.W.
Washington, DC 20554

International Transcription Services*
1231 20th Street, N.W.
Washington, DC 20036

James H. Bolin, Jr.
Mark C. Rosenblum
Roy E. Hoffinger
AT&T
295 North Maple Avenue, Room 3245H1
Basking Ridge, NJ 07920

The Honorable Richard A. Bilas
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

The Honorable Henry M. Duque
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

The Honorable Joel Z. Hyatt
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

The Honorable Josiah Neeper
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

The Honorable Carl W. Wood
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Helen M. Mickiewicz
Peter Arth Jr.
Lionel B. Wilson
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

The Honorable Glen Arthur
State of Connecticut
Department of Public Utility Control
10 Franklin Square
New Britain, CT 06051

The Honorable John W. Betkoski
State of Connecticut
Department of Public Utility Control
10 Franklin Square
New Britain, CT 06051

The Honorable Linda Kelly Arnold
State of Connecticut
Department of Public Utility Control
10 Franklin Square
New Britain, CT 06051

The Honorable Jack R. Goldberg
State of Connecticut
Department of Public Utility Control
10 Franklin Square
New Britain, CT 06051

The Honorable Donald W. Downers
State of Connecticut
Department of Public Utility Control
10 Franklin Square
New Britain, CT 06051

The Honorable Joe A. Garcia
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

The Honorable J. Terry Deason
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

The Honorable Susan F. Clark
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahasse, FL 32399

The Honorable Julia L. Johnson
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahasse, FL 32399

The Honorable E. Leon Jacobs
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

The Honorable Thomas L. Welch
Maine Public Utilities Commission
242 State Street
18 House Station
Augusta, ME 04333

The Honorable William Nugent
Maine Public Utilities Commission
242 State Street
18 House Station
Augusta, ME 04333

The Honorable Stephen L.Diamond
Maine Public Utilities Commission
242 State Street
18 House Station
Augusta, ME 04333

The Honorable James Connelly
Dept. Of Telecommunications & Energy
100 Cambridge Street
Boston, MA 02202

The Honorable Janet Gail Besser
Dept. Of Telecommunications & Energy
100 Cambridge Street
Boston, MA 02202

The Honorable Paul Vasington
Dept. Of Telecommunications & Energy
100 Cambridge Street
Boston, MA 02202

The Honorable Eugene Sullivan
Dept. Of Telecommunications & Energy
100 Cambridge Street
Boston, MA 02202

The Honorable W. Robert Keating
Dept. Of Telecommunications & Energy
100 Cambridge Street
Boston, MA 02202

The Honorable Maureen O'Donnel Helmer
NY State Public Service Commission
3 Empire State Plaza
Albany, NY 12223

The Honorable J. Dunleavy
NY State Public Service Commission
3 Empire State Plaza
Albany, NY 12223

The Honorable James D. Bennett
NY State Public Service Commission
3 Empire State Plaza
Albany, NY 12223

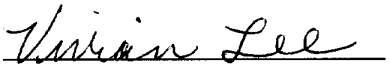
The Honorable Leonard A. Weiss
NY State Public Service Commission
3 Empire State Plaza
Albany, NY 12223

The Honorable Neal N. Galvin
NY State Public Service Commission
3 Empire State Plaza
Albany, NY 12223

Thomas S. Hunter
Todd Kimbrough
Public Utility Commission of Texas
1701 N. Congress
Austin, TX 78711

Mary A. Kenney
Assistant Attorney General
Natural Resources Division
P.O. Box 12548, Capitol Station
Austin, TX 78711

*HAND DELIVERED



Vivian Lee