

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

In the Matter of  
Numbering Resource Optimization

CC Docket No. 99-200

**FURTHER REPLY OF BELL ATLANTIC**

All the comments that provided detailed analyses agree with Bell Atlantic<sup>1</sup> that the cost of thousand-block pooling will be significant. The Commission should ignore the unsupported conclusory claims of those commentators that argue to the contrary. Similarly, there is no evidence in the record that carriers like Bell Atlantic will receive benefits from number pooling that are anywhere close to its costs. While all agree that number pooling is plainly a good thing for telephone users generally, this suggests that telephone users generally should pay for it — not that a handful of carriers should be made to spend hundreds of millions of dollars for the general welfare with no way to recover those costs from the people who get the benefits.

**1. Recovery of Carrier-Specific Costs**

There is general agreement that the Commission should follow the approach it adopted for number portability cost recovery. However, some commentators urge the Commission to deviate from this precedent and not allow incumbent LECs to recover

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<sup>1</sup> Bell Atlantic-Delaware, Inc.; Bell Atlantic-Maryland, Inc.; Bell Atlantic-New Jersey, Inc.; Bell Atlantic-Pennsylvania, Inc.; Bell Atlantic-Virginia, Inc.; Bell Atlantic-Washington, D.C., Inc.; Bell Atlantic-West Virginia, Inc.; New York Telephone Company and New England Telephone and Telegraph Company.

their pooling costs. The Commission should reject these arguments and continue to use the number portability model.

A. The Cost of Number Pooling Is Significant.

Bell Atlantic and other incumbent exchange carriers<sup>2</sup> have provided detailed information that shows that their costs of implementing pooling are significant. Conclusory comments, like those of the NY commission staff, that these costs are “minimal”<sup>3</sup> are unsupported and should be given no weight.

Some commentators would like the Commission to believe that once number portability is in place, there is little that has to be done to provide pooling. This is not the case, as Bell Atlantic and other LECs have explained. The existence of the number portability infrastructure certainly makes it easier to pool, but it does not make it costless, and for carriers like Bell Atlantic with dozens of interconnected operations support systems, it is a major undertaking.

In order to participate in pooling, Bell Atlantic systems must be able to uniquely identify pooled telephone numbers because such numbers are treated differently than other telephone numbers. The systems cannot simply treat a block of pooled numbers like 1000 numbers ported-in from an NXX assigned to another carrier — if they did, then the systems would try to snap the numbers back to another carrier after service is disconnected. Nor can these numbers be treated the same as numbers that are part of an NXX that is assigned to Bell Atlantic — pooled numbers need to be uniquely identified to accommodate the block pre-porting function. In order to make

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<sup>2</sup> U S WEST Workpapers at 1-4; BellSouth at 21-30.

<sup>3</sup> New York at 2.

this distinction and to get the information into the various systems that require it, Bell Atlantic will have to modify 26 different OSSs.

Likewise, the transactions with the pooling administrator and regional NPAC to request and receive a thousands block of numbers is different from the transaction to port in an individual customer's numbers. The NPACs treat these requests differently. All the systems in the chain from LiveWire through SOAC to the ASMS to the NPAC and back from the NPAC to the LSMS to the call-routing SCP must be adapted to make this distinction.

One of the costs of pooling is upgrading systems to provide Efficient Data Representation (EDR), which the Commission found "will reduce the strain on the network from the large volume of number porting that is likely to occur once thousands-block number pooling is implemented nationally."<sup>4</sup> AT&T claims that EDR is not a cost of pooling because it "generally support[s] efficient network operations."<sup>5</sup> Bell Atlantic would not buy EDR capabilities if it did not have to participate in thousands-block pooling. In order to pool, Bell Atlantic would either need to install additional SCPs to store and process number pooling information or use EDR. EDR, therefore, meets the Commission's test as a direct cost of pooling.

AT&T also argues that the federal pooling costs will be low because a significant portion of the money will be spent to comply with state-ordered pooling trials and recovered through state cost recovery mechanisms.<sup>6</sup> Of course, AT&T has it exactly backwards. The Commission has adopted a national framework for pooling and will devise the national rollout schedule. All costs that would be incurred to meet the Commission's mandate and schedule are, therefore,

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<sup>4</sup> Order ¶ 168.

<sup>5</sup> AT&T at 16-17.

<sup>6</sup> AT&T at 17.

federal pooling costs. To the extent that a state orders pooling consistent with the national standards sooner than it would be required under the Commission's schedule, then the cost of that advancement, and only that advancement cost, is the responsibility of the state to provide for recovery. Thus, for example, the cost of advancing pooling to May 1, 2000, in the 603 NPA in New Hampshire and to June 1 in 207 in Maine from the dates that the Commission would have required are the intrastate costs that are the responsibility of those states to provide for recovery.<sup>7</sup> The basic implementation costs are the responsibility of this Commission.

Finally, one commentator says that pooling will not be expensive because Bell Atlantic told a state commission that it would cost only \$5.2 million, less than the cost of opening one new area code.<sup>8</sup> The cost referred to in that filing was the additional cost Bell Atlantic would incur if the state required it to participate in pooling before it had systems to donate and use number blocks and had to perform those functions manually. It was not an estimate of the total cost of pooling.

**B. Cost Savings from Number Pooling**

None of the commentators offers any specific facts that would undercut Bell Atlantic's showing that the future economic benefits of pooling are nowhere close to its substantial immediate costs. While Bell Atlantic will spend in the neighborhood of \$100 million on pooling in the next couple of years, the present value of the savings produced by delayed area code relief is in the range of only ten percent of that amount.

Some commentators urge that any calculation of this sort should include the benefits of delaying NANP expansion. The \$100 billion NANP expansion cost that some commentators refer

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<sup>7</sup> If the state requires a carrier to incur expenses that it would not have to incur to meet the Commission's schedule (such as to use NPAC 1.4), then those expenses are also subject to state jurisdiction.

<sup>8</sup> Consumer Agencies at 42.

to,<sup>9</sup> of course, is the estimated cost *for the economy as a whole* of expanding the numbering plan, not the cost to Bell Atlantic or even to all telecommunications carriers. While it was certainly relevant to the Commission's determination that thousands-block pooling was in the public interest and should be adopted, it cannot be used in any calculation of whether pooling is a net cost or net benefit to an individual carrier or to all carriers.

If relevant at all, the large expense of expanding the NANP supports Bell Atlantic's approach. NANP expansion would be costly for telephone users generally, costs far greater than merely those to implement the expansion in telecommunications networks and systems. Postponing NANP expansion is, therefore, a benefit for telephone users generally, more so than it is a benefit for the telecommunications industry. It is entirely reasonable and proper for society to pay for it, through the surcharge advocated by Bell Atlantic and others.

C. LECs Should Be Allowed To Recover Their Number Pooling Costs.

The Commission should not depart from the sound policy developed in its number portability proceeding and should allow incumbent LECs to recover their number pooling costs through an end user surcharge. No commentator has offered any good reason why that is not the right thing to do.

Two commentators claim that a "regulatory cost recover mechanism" like the surcharge Bell Atlantic advocates is inherently not competitively neutral because only incumbent LECs can take advantage of it.<sup>10</sup> The fact is, of course, that only incumbents *need* a regulatory recovery mechanism because every other carrier can recover its costs any way it chooses, without any blessing at all from any regulator. Competitive LECs,

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<sup>9</sup> AT&T at 19; California at 13 n.21.

<sup>10</sup> Ad Hoc at 20; Consumer Agencies at 38.

interexchange carriers and CMRS providers are all free to assess surcharges to recover their costs, or they may simply recover them through any rate for any service, and they may begin to recover them any time they choose. These other carriers clearly have the advantage over the incumbent LECs. Bell Atlantic, for one, would happily accept the same supposed disadvantaged status of these providers.

The long distance carriers, quite predictably, argue that exchange carriers should not recover these costs from them through exogenous access charge adjustments.<sup>11</sup> This is certainly not Bell Atlantic's first choice. However, this approach would be better than not allowing for any recovery. Nor would this approach be fundamentally unfair.

Interexchange carriers benefit from number pooling, by delaying the expansion of the NANP. As AT&T notes, this is a major benefit.<sup>12</sup> However, number pooling will cost interexchange carriers relatively little — they do not assign numbers to subscribers and, therefore, do not have to modify their OSSs to reflect the new assignment system. If the Commission allowed exchange carriers to pass their number pooling costs on to the interexchange carriers, these carriers, whose rates are largely unregulated, could recover them from the public in an economically efficient manner.

## **2. Utilization Thresholds**

Bell Atlantic generally supported the Commission's proposed utilization threshold levels, assuming that the numerator includes aging, reserved and administrative numbers in addition to

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<sup>11</sup> AT&T at 13; WorldCom at 20; CompTel at 8-10.

<sup>12</sup> AT&T at 20.

assigned numbers.<sup>13</sup> These telephone numbers are no more available for assignment to customers than assigned numbers are, and they should be counted as “utilized” for this purpose. If these numbers are not included in the numerator, then the proposed utilization thresholds are too high, because a carrier could find itself with no numbers available for assignment but still not qualify for additional resources.

Some state commentors have noted that some states have adopted 75% thresholds with no ill effect on carriers’ ability to meet customer numbering needs.<sup>14</sup> It is important to remember that these states used the calculation recommended by Bell Atlantic above and not the one proposed by the Commission. The Commission proposes that the threshold starts at 50% and increases by 10% per year until it reaches 80%. Bell Atlantic is concerned that the 80% level might be too high to assure carriers a six-month supply of numbers, the inventory size the Commission found appropriate.<sup>15</sup> We suggest that the Commission review the situation after the threshold is at 70% before deciding to raise it again to 80%.

Some states also ask the Commission to allow them to modify the threshold adopted by the Commission and even to vary the threshold within a single state.<sup>16</sup> The Commission should

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<sup>13</sup> Intermediate numbers should either be included in both the numerator and the denominator or be excluded from both, preferably the latter.

<sup>14</sup> California at 4; Maine at 4; New Hampshire at 7.

<sup>15</sup> Order ¶ 189.

<sup>16</sup> California at 3; Missouri at 2; New Hampshire at 6.

reject this request. These commentators do not indicate why a different threshold might be appropriate in Maine than in New Hampshire or in Philadelphia than in Pittsburgh — there is no reason for a carrier in one locale to get a new NXX code with a 65% utilization while a carrier in another area had to wait until the 75% mark was reached. This is precisely the sort of patchwork numbering administration that Congress sought to avoid when it clearly gave the Commission exclusive jurisdiction.

**Conclusion**

The Commission should promptly adopt rules that permit local exchange carriers to recover their pooling costs by adding to or extending the duration of the number portability surcharge.

Respectfully submitted,

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