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February 12, 2001

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

VIA COURIER

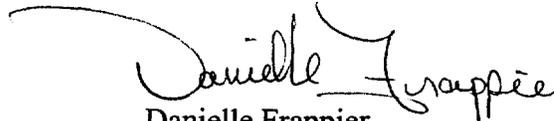
Magalie Roman Salas, Secretary
Office of the Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Room TW A325
Washington, DC 20554

**Re: Global NAPs, Inc.'s Comments On Second Report and Order,
Order on Reconsideration In CC Docket No. 96-98 and
CC Docket No. 99-200, and Second Further Notice of Proposed
Rulemaking In CC Docket No. 99-200**

Dear Secretary Salas:

Enclosed please find one (1) original and four (4) copies of Global NAPs, Inc.'s *Comments On Second Report and Order, Order on Reconsideration In CC Docket No. 96-98 and CC Docket No. 99-200, and Second Further Notice of Proposed Rulemaking In CC Docket No. 99-200.*

Sincerely,


Danielle Frappier

Enclosure

cc: Carmel Weathers, Common Carrier Bureau (encl. Diskette)
International Transcription Services, Inc.

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FEB 12 2001

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of)	
)	
Numbering Resource Optimization)	CC Docket No. 99-200
)	
Petition for Declaratory Ruling and Request for Expedited Action on the July 15, 1997 Order of the Pennsylvania Public Utility Commission Regarding Area Codes 412, 610, 215, and 717)	CC Docket No. 96-98
)	
)	

**COMMENTS ON SECOND REPORT AND ORDER,
ORDER ON RECONSIDERATION IN CC DOCKET NO. 96-98 AND
CC DOCKET NO. 99-200, AND SECOND FURTHER NOTICE
OF PROPOSED RULEMAKING IN CC DOCKET NO. 99-200**

Global NAPS, Inc. ("Global NAPS") respectfully submits these comments in response to the December 7, 2000 *Numbering Resource Optimization Second Report and Order and Second Further Notice of Proposed Rulemaking ("2d R&O")*, pursuant to ordering paragraph 202 of the *2d R&O*. Global NAPS, including its affiliates, is a competitive local exchange carrier ("CLEC") certified to provide services in approximately twenty states and actively providing service in Florida, Massachusetts, Maryland, New Hampshire, New York, Rhode Island, and Virginia.

I. INTRODUCTION

A. There is No Shortage of Numbers Only Mismanagement of Numbering Resources.

Any threatened "exhaustion" of NXX codes is almost entirely due to the outdated number distribution system, which prevents CLECs from efficiently using the relatively few NXXs that

most of them need in order to serve their (presently) relatively small number of customers. Under the current system, and without considering thousands-block pooling, a carrier must obtain a block of ten-thousand (10,000) numbers for each rate center it wishes to serve—and rate centers quite often cover areas that are geographically small.¹ Any carrier wishing to serve different rate centers must obtain tens of thousands of numbers. This remains true even if the carrier only has *one* customer per rate center. A CLEC in such a situation can not even hope to use its numbering resources in an efficient manner—thousands of numbers will go unused in each rate center.

A study published by Economics and Technology, Inc. (“ETI”) provides two very useful examples of the inefficiencies of the current numbering system. The first example involves the 515 NPA in central Iowa.

The 515 NPA in central Iowa...has 329 rate centers. A new entrant seeking to address all possible customers in this area would require a block of numbers in each of these rating areas. Absent a plan for number pooling, that equates to 329 NXX codes, or 3.29-million telephone numbers (more than one-third of an entire NPA) regardless of the quantity of customers served by the carrier.²

As this example shows, a new entrant may seem to be “hoarding” or wasting numbers, simply as a result of seeking to be able to have customers send and receive calls within the geographic area served by the incumbent. However, the carrier would not need to obtain so many numbers in the first place if rate centers were larger. Smaller carriers are particularly likely in such a situation to be accused of “hoarding” when any inefficiency in number utilization is, effectively, imposed by the numbering allocation system.

¹ The rate center structure was first introduced *when distance was a major factor in the cost of routing calls* due to the state of the switching and routing technologies available. Although we have inherited this structure, it no longer makes sense with today’s distance-insensitive telecommunications infrastructure. ILEC tariffs and cost studies have shown that the distance-sensitive portion of interoffice transport of calls is truly insignificant, sometimes being measured in *ten-thousandths* of a penny per mile per minute of traffic.

Manhattan, on the other hand, is a perfect example of how larger rate centers can stretch numbering resources for a long time, while meeting very high demands of new entrants. It only had one rate center and only one area code from 1991 to 1999.³ Yet “Manhattan is probably the most telecommunications-intensive area in the world, and likely has more intensive local telephone competition than anywhere else in the nation.”⁴ Manhattan only recently overlaid the 646 area code, and enjoys an extraordinarily stable numbering system. The rest of the country would greatly benefit by following Manhattan’s lead.

II. GLOBAL NAPS SUPPORTS A MANDATORY FEDERAL PROGRAM OF RATE CENTER CONSOLIDATION AS THE ONLY TRUE SOLUTION TO THE NUMBERING CRISIS

A. Rate Center Consolidation is the Only Viable Long-Term Solution to Better Management of the Nation’s Numbering Resources

Smaller rate centers might have had some relationship to the technology and economics of local telephone service in the days of switchboards and electro-mechanical switches, but have no sound basis in engineering reality in an era of advanced digital switches and efficient SONET-based fiber optic transmission. There is no technical reason for any rate center to be smaller than the coverage area of a fully-featured class 5 switch, and probably no reason for it to be smaller than the coverage area of a tandem.

The retention of smaller rate centers is entirely due to historical inertia and is no longer a significant factor in the actual cost of routing calls. Ironically, the industry and

² *Where Have All the Numbers Gone? Rescuing the North American Numbering Plan from Mismanagement and Premature Exhaust*, Economics and Technology Inc. at 30 (June 2000) (citation omitted).

³ Manhattan only had the 212 area code from 1991 to 1999 (with a 917 overlay for wireless). See *ETI Report* at 32.

⁴ *Id.*

telecommunications policy⁵ is moving toward cost-based pricing in all other areas *except* in local calling—where distance-based pricing remains for what are being treated as short-distance toll calls between a multitude of geographically-small rate centers. Not only is the retention of the current structure not necessary, it is harmful to competition if it prevents new entrants from penetrating new geographic areas.

In this regard, consumers would benefit from reducing the number of rate centers for at least three reasons. First, rate center consolidation would reduce the need for additional area codes and the consumer confusion and costs associated therewith. It would also have pro-competition benefits outside number optimization. Consumers' calling patterns would better reflect economic realities because new rate center configurations would reduce the amount of non-cost-based, inflated charges to consumers when a call happens to pass over a local calling area boundary. Finally, consolidating rate centers would facilitate competition by giving CLECs a broader local calling areas in which interconnection is already done at cost-based rates.⁶

B. Global NAPs Supports Implementing a Mandatory Federal Consolidation Program

Global NAPs believes that implementing a mandatory federal program of rate center consolidation is the only true solution to the numbering resource crisis. Other measures such as number pooling are a step in the right direction, but they only treat the symptoms rather than attacking the source of the problem---the need to obtain great surpluses of numbers in order for

⁵ See *In the Matter of Federal-State Joint Board on Universal Service*, 13 FCC Rcd 11501 (1998), *Report to Congress*, at para. 8 (citing 47 U.S.C. 254(d), (e)).

⁶ The Commission suggested in the *2d R&O* the possibility of extending local calling areas. While having a broader local calling area makes sense, any such extension should be done concurrently with rate center consolidation for the following reason: ILECs thus far have insisted on continuing to bill based on distance. As such, even with larger local calling areas, ILECs may still insist that CLECs obtain as many NXXs as there are rate centers in each local calling area. Thus, unless the ILECs are willing to make inter-carrier compensation reflect the fact that distance adds only a trivial amount to the cost of switching and transport, consolidation is still a necessary component to any serious number conservation effort.

carriers to lay a reasonably-sized footprint. The Commission has recognized “the importance of rate center consolidation and [has] encouraged states to consolidate rate centers wherever possible.”⁷ Rate center consolidation would allow carriers to use a block of numbers over a larger geographic area than what is allowed under the current system. As such, CLECs would not have to obtain a new prefix simply because they wish to serve additional geographic areas. The benefits of this for number optimization efforts are two-fold. First, carriers will require fewer number blocks in order to serve the same geographic footprint. Second, of the fewer numbering resources that are allocated, carriers can more easily achieve a higher utilization rate because the numbers they are assigned will cover traffic from within a larger area.

The basic technology of providing local exchange service, while not already uniform on a nation-wide basis, is nonetheless provided using essentially similar technologies. This fact, in addition to technical advances in fiber-optic carriage, means that the costs of providing telephone service are no longer distance sensitive to any significant degree. Unfortunately, the current number allocation system allows carriers, principally ILECs, to continue to do business on a non-cost basis and systematically deprives new entrants of a key element to providing service, *i.e.*, numbers. This runs directly counter to the pro-competition mandate of the 1996 Act.

While Global NAPs recognizes that it is not competition *per se*, but rather numbering issues that are driving these federal proceedings, Section 251(e) specifically requires federal involvement in the allocation of numbering resources. With due deference to the states’ role in optimizing the nation’s numbering resources, the 1996 Act obligates the Commission to step in when the states for whatever reason have not in fact taken adequate actions in both “competitive” and “numbering” spheres. So far, unfortunately, and despite the Commission’s urging, rate center consolidation is much more discussed than implemented.

⁷ 2d R&O at para. 147.

In light of the above discussion, the only logical solution to the anti-competitive effects and (mainly passive) mismanagement of the nation's numbering system is for this Commission to enact uniform federal standards for state-run rate center consolidation programs. Global NAPs does not have a precise national program in mind. Even so, it suggests that the Commission adopt specific national criteria that would include both a geographic component and a minimum number of lines per rate center. For example, the Commission could require that no ILEC rate center contain fewer than 100,000 lines and that each ILEC rate center have a "radius" (assuming a hypothetical circular rate center) of at least 25 miles.⁸

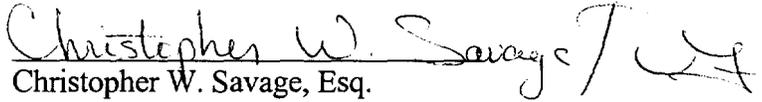
IV. CONCLUSION

Global NAPs urges the Commission to act swiftly to adopt a mandatory, national rate center consolidation program. Consolidation of the nation's multitude of rate centers is the only viable, long-term solution to achieve effective management of numbering resources. Global NAPs firmly believes that the Commission is bound by the 1996 Act to make this much-needed, fundamental change to the nation's number allocation system.

⁸ For purposes of these comments, Global NAPs is assuming that CLEC rate center structure will continue to mirror the ILEC rate center organization. Although numbering resources could be optimized even further by allowing CLECs to create rate center structures independent of the historical ILEC structure, Global NAPs declines to make such a proposal at this time.

Respectfully submitted,

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