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

In the Matter of Numbering Resource Optimization	CC Docket No. 99-200

COMMENTS OF VERIZON COMMUNICATIONS

John M. Goodman

Attorney for Verizon

1300 I Street, NW
Suite 400 West
Washington, DC 20005
(202) 515-2563

Michael E. Glover
Edward Shakin
Of Counsel

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COMMENTS OF VERIZON COMMUNICATIONS

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Summary

The Commission should adopt a "safety valve" mechanism to allow a carrier to get additional numbering resources to serve specific customers or to permit it to install a new switch. This would solve real problems that Verizon[1] and other carriers have had under the rules adopted last year. This process should be simple and automatic — it should not require Commission or state agency action or involvement.

There are legitimate reasons for customers to want to reserve telephone numbers for more than the 180 days permitted by the rules. If the Commission is going to limit free reservations to 180 days, it should accommodate this need by allowing longer reservations for a charge.

While the Commission should continue to prohibit technology-specific overlays, it should permit states to use "phased-in overlays" if they find this approach best meets their needs.

The Commission should allow state commissions to have access information about individual carrier number resource utilization, subject to the same confidentiality restrictions that apply to the NANPA. At most, the Commission should consider allowing states to conduct "for

[1] The Verizon telephone companies are the local exchange carriers affiliated with Verizon Communications Inc., listed in Attachment A.

cause" audits, but not random audits, and any state audits must follow the Commission's procedures for such audits.

Finally, the Commission should end its inquiry into the sale of numbering resources.

1. Waiver of Growth Numbering Resource Requirements

The Commission has established clear bright-line rules for when carriers can get growth codes, and this approach is generally sound. However, bright-line rules also are inflexible, and they permit no deviation in special circumstances. Therefore, the Commission should adopt a "safety valve" mechanism[2] to allow carriers to obtain additional numbers to serve specific customers or to permit the activation of new network switches.

Carriers often need blocks of numbers to serve or to bid to serve individual large customers. Customers with their own switching systems might not be able to use just any block of telephone numbers and still maintain abbreviated internal dialing arrangements and other features of their systems. Therefore, a carrier will legitimately need additional numbers even when it does not meet the criteria contained in the rules. The Commission should instruct NANPA or the pooling administrator ("PA") to grant requests for numbers when a carrier certifies that it needs additional resources to respond to the needs of a specific customer. The certification must also contain an explanation of why the carrier cannot satisfy the customer's requirements with the resources it already has. If the carrier is seeking numbers in order to bid for a customer's business, it must further certify that it will not use the numbers for any other purpose and that it will return them to the NANPA/PA if the carrier loses the bid.

Under the existing technical standards for number portability, "Each end office switch supporting number portability shall have at least one NPA-NXX that is 'homed' to the switch

(assigned in the Local Exchange Routing Guide (LERG))." Without an assignment of this sort, telephone numbers cannot be ported to the new switch — "Violation of this network prerequisite will preclude the ability to use 6-digit routing to reach the serving switch."[3] Without an NXX code assignment, the new switch would be useless — it could not obtain new numbering resources, and the carrier could not shift its existing resources to it. Rules on number administration should not thwart a carrier's efforts to introduce new equipment and upgrade its network. Therefore, the Commission should create an exception in its rules for numbers required to permit a carrier to start using a new switch.

2. Fee for Number Reservations

In this proceeding, Verizon has generally opposed charging fees for the use or reservation of telephone numbers.[4] At the same time, we have stated our strong belief that customers have legitimate needs to reserve numbers for more significant periods of time than is permitted by the existing rules.[5] If the choice is either no fees and reservations limited to 180 days or charging fees for longer reservation periods, Verizon would support the NANC proposal to allow carriers to maintain reservations for a fee.[6] However, extending the reservation period to one year is still the best choice of all. Any order establishing a fee-for-reservation requirement must give carriers

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[2] *Second Further Notice* ¶ 188.

[3] Committee T1, Number Portability Switching Systems, Technical Requirements No. 2 § 2.1 (April 1999).

[4] *E.g.*, Comments of Bell Atlantic at 6 (July 30, 1999).

[5] *Id.*; Petition for Suspension of Enforcement Date and Reconsideration at 3-4 (July 17, 2000).

[6] A carrier should not be required to offer reserved numbers for a fee; however, it should be required to charge the fee if it chose to offer longer reserves.

time to adapt their systems to it and must extend existing reservations until those changes have been made.

If there is to be a fee, the Commission should prescribe it up front. There is no purpose to be served by having the Commission (or the States) conduct "ratemaking" proceedings to develop this fee.

It is hard to estimate how many customers would pay to reserve numbers for more than 180 days (especially without knowing what that charge will be), but Verizon would not expect huge volumes of such reservations. The revenues from number reservation fees, therefore, should not be great, and carriers will incur real, new costs administering the Commission reservation scheme, tracking and billing. Carriers should simply be permitted to retain the proceeds. The burden of any system to track revenues and costs (with the disputes, audits and enforcement that would inevitably follow) — with the goal of turning the excess over to NANPA — is far greater than its limited benefit could possibly be.

Under the Commission's current rules, telephone number reservations will begin to expire at the end of June. If the Commission is going to give customers the opportunity to pay fees to avoid losing these numbers at that time, the Commission must give carriers enough time to modify their billing and other systems and to inform customers of their new options. Neither task can be performed overnight. In order for this new option to be meaningful to customers, the Commission must extend existing reservations until customers can be informed of it and given the chance to advise their carriers that they want to elect it. Such extensions must also be sufficient to allow carriers to modify their internal systems to accommodate the new rule, a job that will take the better part of a year.

The Commission asks "whether charging a fee to carriers would provide more appropriate incentives for number use."[7] The answer is that it plainly would not. It is not the *carrier* that is using telephone numbers when a customer reserves them for later use — it is the *customer*. If the Commission thinks that fees are needed to "provide more appropriate incentives for number use," those fees must be imposed on the real user.

3. Recovery of Pooling Costs

Last year, Bell Atlantic gave the Commission detailed estimates of its carrier-specific costs of providing number pooling and indicated that its direct costs of number pooling would be between $80 and 100 million, plus an additional $20 to 30 million as its share of common industry costs.[8] Experience in the intervening nine months suggests that the total costs are likely to be in the $100 to 110 million range. At the same time, Bell Atlantic showed that pooling would not bring it any real savings — at this point, pooling will not make any area code relief unnecessary or significantly delay the need for relief.

Costs for the old GTE part of Verizon are expected to be somewhat lower, from $41 to 52 million, in part because there is greater standardization of operation support systems across that service territory. Again, there is no expectation that these costs would be offset by any savings from not having to add new area codes.

The fact that a number of states are implementing pooling trials does not significantly reduce these costs. State cost-recovery mechanisms are limited to those costs that are not part of the national plan[9] (such as the cost of NPAC release 1.4) and the cost of advancing that national

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[7] *Second Further Notice* ¶ 152.

[8] Further Comments of Bell Atlantic at 3-5 & Attachment A (May 19, 2000).

[9] *Report and Order* ¶¶ 171, 196.

system to accommodate the state's schedule. If a state requires Verizon to take part in a pooling trial two years before Verizon would have implemented pooling under the Commission's national roll-out schedule, then costs of that two-year advancement are the state's responsibility. The rest of the cost — in the $140 to 160 million range for Verizon — is within the Commission's jurisdiction.

Last year, Bell Atlantic proposed that these costs be recovered either through an addition to or an extension of the number portability surcharge.[10] At this point, with the start of the national roll-out still more than a year away, there will not be enough time to recover these costs during the current term of the surcharge without significantly increasing that charge, and the only option is to extend the surcharge beyond its expiration in 2004. At existing surcharge levels, pooling costs would be recovered in 12 months under the old Bell Atlantic tariffs and eight months under the old GTE tariffs.

4. Service-Specific and Technology-Specific Overlays

Verizon continues to support the Commission's policy against technology- and service-specific area code overlays. We completely agree with the Commission that "All-services overlays promote efficiency by ensuring that all users of numbering resources may obtain numbers from the overlay code."[11] Nothing in the record suggests that there is any reason for a change now or that technology- and service-specific overlays would further any number optimization goals.

The Commission asks for comment on a proposal made by a number of CMRS providers, including Verizon Wireless, for phased-in area code overlays, which could provide them

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[10] Further Comments of Bell Atlantic at 4.

[11] *Second Further Notice* ¶ 131.

additional numbering resources before they are capable of number portability.[12] This proposal plainly has merit and should be considered by the industry and regulators as they develop individual area code relief plans. The Commission should indicate that a state is not precluded from adopting this approach, if the state concludes that it is in the public interest, on the grounds that it is a prohibited "technology-specific overlay." The Commission should not adopt any guidelines for when this mechanism may be used of the sort discussed in paragraph 140 of the *Second Further Notice*.

At the same time, the Commission should make it clear that any phased-in overlay plan must build in sufficient advance notice of the implementation of mandatory ten-digit dialing and must include a firm date for that transition. We believe that 12 months has been the minimum notice period found sufficient by the states. This is necessary so that both customers and carriers can make the necessary equipment modifications and carriers can educate consumers generally.

Phased-in overlays are not going to be the best solution in every instance. For instance, if the phased-in approach delays full area code relief — relief that will benefit all carriers and all customers — then it should not be used. It should not be used in areas, such as certain areas outside the top 100 MSAs, where the landline carriers are not capable of number portability. And, of course, it should not be allowed after November 2002, when CMRS providers must be number-portability-capable.

Phased-in overlays raise issues that are not present with regular overlays. With a regular overlay, there is extensive publicity and customer education about the new code and the need to dial all calls with ten digits. Numbers in the new overlay are not assigned until after ten-digit dialing becomes mandatory. The phased-in approach complicates this relatively simple process

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[12] *Second Further Notice* ¶ 130.

and message. There will not be one well-publicized date for when callers will have to start dialing with ten digits. Rather, there will first be ten-digit dialing for some local numbers, with uniform ten-digit dialing starting at some point in the future. This will inevitably cause some confusion, mis-dialed calls and calls completed to the wrong parties.

Some mis-dialing is to be expected with any area code change, and there can be initial uncertainty when ten-digit dialing is introduced. However, in a normal overlay, LECs can deal with the problem by sending all calls that are dialed with seven digits to a message instructing the caller to dial with ten.[13] That cannot be done in a phased-in overlay. Some callers trying to reach a number in the new code will dial with seven digits and reach the "wrong" party with the same seven-digit number in the old code. If the seven digits dialed are not working in the old code, then the caller will hear only the standard "number-not-working" announcement and conclude that it has the wrong number.

Phased-in overlays might not be the best choice in all areas, but the Commission should make it clear that the states may use this approach if they choose.

6. Liability of Related Carriers

Verizon sees no need to make related carriers accountable for the compliance of all members of the corporate family with the Commission's numbering rules. This sort of extended family liability is not generally imposed under the Commission's regulations, and there are no special circumstances that would make it appropriate here. Such liability is not required to ensure that carriers follow the rules. The threat of not being able to obtain additional numbers and of

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[13] The evidence suggests that it is reaching this announcement (more than general education) that causes callers to switch to dialing with ten digits. On the day before Maryland converted to mandatory ten-digit dialing, only one percent of local calls were dialed with ten digits.

losing numbers already assigned should be more than adequate to ensure that legitimate carriers comply. And if a carrier is not legitimate, holding its affiliate liable is not going to improve compliance.

7. State Commissions' Access to Mandatory Reporting Data

Verizon does not object to the Commission's proposal that states have password-protected access to mandatorily reported data received by the NANPA,[14] as long as that information is kept confidential to the same extent that NANPA maintains its confidentiality. If a state commission cannot guarantee that protection or if state laws (such as sunshine or freedom of information laws) would impose additional burdens on the carrier to ensure confidential treatment of information in the hands of the state regulator, then the Commission should not give such access.

8. State Commission Audit Authority

Verizon would expect that the Commission would establish a thorough audit program and that any audits by states would be unnecessary. These are federal regulations, and this Commission has the responsibility to see to compliance. Any state that believes that it has found cause for an audit should bring that information to the Commission for action. If the Commission does gives states the authority to conduct for cause audits, it should be notified in advance to ensure that there is no duplication of effort or conflict. In no event should the states be allowed to conduct random audits. Any state audits must be conducted using the Commission's audit plans and procedures.

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[14] *Second Further Notice* ¶ 151.

9. Sale of Telephone Numbers

Comment on this issue has been virtually unanimous — requiring payment for telephone numbers is a bad idea and the Commission likely lacks authority to require it in any event.

Conclusion

The Commission should act quickly to establish a safety valve system for assigning numbers, to finish its work on number reservations, to authorize phased-in overlays and to extend the number portability surcharge to permit recovery of pooling costs.

Respectfully submitted,

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John M. Goodman

Attorney for Verizon

1300 I Street, N.W.
Washington, D.C. 20005
(202) 515-2563

Michael E. Glover
Edward Shakin
Of Counsel

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THE VERIZON TELEPHONE COMPANIES

The Verizon telephone companies are the local exchange carriers affiliated with Verizon Communications Inc.. These are:

Contel of Minnesota, Inc. d/b/a Verizon Minnesota
Contel of the South, Inc. d/b/a Verizon Mid-States
GTE Alaska Incorporated d/b/a Verizon Alaska
GTE Arkansas Incorporated d/b/a Verizon Arkansas
GTE Midwest Incorporated d/b/a Verizon Midwest
GTE Southwest Incorporated d/b/a Verizon Southwest
The Micronesian Telecommunications Corporation
Verizon California Inc.
Verizon Delaware Inc.
Verizon Florida Inc.
Verizon Hawaii Inc.
Verizon Maryland Inc.
Verizon New England Inc.
Verizon New Jersey Inc.
Verizon New York Inc.
Verizon North Inc.
Verizon Northwest Inc.
Verizon Pennsylvania Inc.
Verizon South Inc.
Verizon Virginia Inc.
Verizon Washington, DC Inc.
Verizon West Coast Inc.
Verizon West Virginia Inc.