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January 30, 2002

VIA ELECTRONIC FILING

David Furth, Esq.
Senior Legal Advisor
Wireless Telecommunications Bureau
Federal Communications Commission
Room 3C217 - 445 12th Street, SW
Washington, D.C. 20554

RE: **WT Docket No. 01-184**

Dear David,

Thank you for meeting with us on behalf of ACS Wireless (“ACSW”) regarding ACSW’s local number portability (“LNP”) concerns. To summarize the background we presented, ACSW is a smaller regional carrier that serves only Alaska. As an Alaskan carrier, ACSW has made a particular commitment to extend its coverage to the smaller, more rural and native communities that characterize the State. At present, wireless competition is vigorous in Alaska. In the more urban/suburban markets within the State, a number of competitors operate, including two national carriers -- AT&T Wireless and Dobson (Cellular One). As a result, ACSW faces distinct challenges in its efforts to expand and enhance service within the State and comply with the various regulatory mandates now pending (*e.g.*, CALEA, E911 Phase II, pooling, and LNP) in a market including broader-base nationwide carriers.

During our meeting, you and other FCC staff members asked us to provide further detailed cost breakdowns on LNP implementation costs and offered several alternatives to full local number portability that might mitigate our implementation costs or competitive concerns. ACSW offers the following in response to the questions and points raised.

ACSW’s cost of implementing LNP is significant in light of its capital resources. As a smaller carrier, ACSW has an annual capital budget of less than \$10 million. Implementing LNP alone would constitute a substantial portion of this budget – as much as one-sixth. When the expense of LNP is viewed in connection with other existing and important regulatory mandates, like CALEA, thousand number block pooling, and E911 Phase II, nearly all of ACSW’s capital budget would be consumed.

Overall, LNP implementation costs impact smaller and rural carriers disproportionately hard. If LNP compliance proceeds, ACSW will be seriously hampered in its ability to compete with the national carriers in Alaska with greater resources.¹ Its efforts to continue to extend service to some of the more rural communities in Alaska will be compromised.

For example, ACSW has taken a hard look at planned new cell sites, service enhancements, maintenance, and capacity additions. ACSW is considering cutting planned construction of cell sites in several rural areas that are either not served now or underserved. It will likely not be able to add capacity throughout its 98 cell sites for 800 services. It may have to delay roll out of wireless data services or more aggressive build out of its PCS network. All these cuts are real and will impact the level of service, coverage of service, and quality of service for Alaskans, particularly in rural parts of the State. For ACSW, these are unacceptable but unavoidable results.

The options discussed to mitigate implementation costs would not have a significant impact. A mandate that carriers need only export numbers would not significantly reduce the cost of LNP. ACSW's costs associated with exporting numbers only, as opposed to full portability in and out, would not change. Carriers, regardless of size, need to train their personnel, install the necessary software, and alter internal administrative systems in order to effectuate an export of a number. These efforts would not differ substantially from that required by an import/export mandate. Further, an export only mandate would not really offer a smaller or rural carrier any relief from the LNP mandate. Practically, if the larger carriers in their markets decided to import and export numbers, the smaller carriers will have to follow suit to remain competitive.

Imposing a fee on customers to port is also an unsatisfactory option because it will not allow smaller and rural carriers true cost recovery. Because the subscriber base of regional and rural carriers is small, the fee would need to be set unsustainably high to enable adequate cost recovery. If consumers were required to pay a high fee to port a number, there is a built in disincentive in this design to switch back to the original carrier, and incur another porting charge, if the new carrier's service is inferior. Customers are likely to view this change as a penalty for which they hold the carrier responsible. The negative effect of this charge cannot be understated, particularly when ACSW's charge would necessarily be substantially higher than its competitors'. For ACSW, LNP implementation costs represent more than \$32 per customer, a far greater cost to absorb or spread over its smaller customer base than, for example, the 24¢ cited by Sprint. Additionally, it would take a very long time to recover up-front costs in this

¹ Even the larger carriers have maintained that it will be difficult, both economically and technically, to implement LNP. For smaller carriers, these difficulties are the same, but multiplied many fold. Smaller carriers have far fewer engineers, programmers, and other personnel to accomplish LNP implementation. ACSW concurs with the larger carriers' concerns that LNP cannot be accomplished along the FCC's timeframe without significant reliability risks.

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manner. Therefore, a fee to port would place smaller and rural carriers at a distinct competitive disadvantage.

Based on the foregoing, ACSW does not believe that the options offered constitute a reasonable compromise or relief from the LNP requirements for smaller and rural carriers. ACSW would rather compete on price, coverage, or service quality terms to win Alaskan customers. On these points, LNP makes the market less competitive, rather than more competitive. Having to invest its funds on LNP training, billing and information systems modifications, and other internal systems changes will mean that ACSW cannot build new cell sites in rural areas, add equipment to offer more service, or increase service coverage. Thus, LNP limits, rather than enhances, ACSW's competitive position in the Alaskan market.

ACSW is facing a number of regulatory mandates now which all benefit the public in different ways. However, it simply is not practical or economically feasible for ACSW to accomplish all these mandates at the same time. If the costs and benefits are compared, LNP appears the least necessary at this time.

When asked the question in isolation, customers may say that they want wireless number portability. But, the Commission's analysis of whether it should forbear from its wireless portability mandate is more complex. Wireless markets are already very competitive, and portability is not needed to encourage competition. LNP will make carriers like ACSW less competitive rather than more competitive with nationwide carriers on qualities customers care about most: service, price, and coverage. Also, customers, particularly in rural areas, will necessarily trade off planned service and coverage improvements if carriers must divert capital funds to LNP. This result is certainly not in the public interest.

Sincerely,
/s/
Elisabeth H. Ross
Allison M. Ellis

cc: Monica Desai (via facsimile)
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