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

In the Matter of	)	
	)	
Numbering Resource Optimization	)	CC Docket No. 99-200
	)	CC Docket No. 96-98
Numbering Audit Program	)	

COMMENTS OF AT&T CORP.

AT&T Corp. ("AT&T") hereby submits its comments pursuant to the *Public Notice* issued in the above-captioned proceeding.[1/]

INTRODUCTION AND SUMMARY

AT&T fully supports the Commission's efforts to optimize the use of numbering resources by all carriers. The Commission's numbering rules, including the new utilization threshold and forecast requirements, code reclamation, and the implementation of thousands-block pooling, established number conservation and efficient utilization as the benchmarks for the industry. The success of the Commission's rules, together with industry efforts and the general reduction in the number of carriers requiring numbers, alleviated an immediate numbering crisis. The Commission should take advantage of this newly realized "breathing room" to craft its audit procedures to achieve the best possible results for regulators, carriers and the public.

Although AT&T believes that audits can be constructive tools in ensuring and assessing compliance with Commission rules, it is concerned that the random Audit Program, as proposed

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[1/] *Numbering Resource Optimization*, Public Notice, DA 02-108, CC Docket Nos. 96-98 and 99-200 (rel. Jan. 15, 2002) ("*Public Notice*").

in the *Public Notice*, is overbroad and unnecessarily costly.[2/] Accordingly, AT&T requests that the Commission modify the application and clarify the scope of the Audit Program to lessen the immediate burden imposed on the carriers. In addition, given all parties' lack of experience with numbering audits, and in light of the push out of the potential exhaust crisis, AT&T urges the Commission to use what it learns from the initial audits to establish an effective and appropriately-tailored regime, rather than instantly commence enforcement proceedings against carriers. In this manner, the Commission can craft a balanced audit program that will not drain carriers' scarce resources from other imperatives, including pressing customer and competition development needs.

I. THE COMMISSION'S AUDIT PROGRAM CAN BE TAILORED TO ACHIEVE ITS GOALS IN A LESS BURDENSOME MANNER.

In response to a rapid and unprecedented exhaustion of numbering codes, the Commission adopted mandatory utilization reporting requirements and thousands-block number pooling.[3/] Since the adoption of these rules, the rate of area code exhaustion has slowed dramatically.[4/] As a result of the Commission's and industry's numbering resource efforts, as well as the decimation of the CLEC industry, NANPA's estimated point of exhaust for the ten-digit NPA numbering plan moved from 2006-2012 to 2025-2034.[5/] In light of this new breathing

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[2/] *Public Notice*, Appendix A: Numbering Audit Program ("Audit Program").

[3/] *Numbering Resource Optimization*, CC Docket No. 99-200, Report and Order and Further Notice of Proposed Rule Making, 15 FCC Rcd 7574, ¶ 6 (2000) ("*NRO Report and Order*").

[4/] In response to these new requirements, AT&T has voluntarily returned to the NANPA more than 1,800 Central Office codes. It is likely other carriers have had a similar response.

[5/] *Numbering Resource Optimization*, CC Docket No. 99-200, Third Report and Order and Second Order on Reconsideration, at n.2 (released December 28, 2001).

room, AT&T believes the Commission should implement its Audit Program in a manner that uses the initial audits as learning tools to ensure that the audit process does not unnecessarily drain competitive carrier's scarce personnel and financial resources.

Audits are an unquestionably useful tool to compel and verify compliance, but incorrectly constituted audits can impose significant unnecessary costs on carriers, resulting in diminished resources for competitive development and customer service. Developing the internal systems and processes for number management is a necessary, but not inconsequential cost carriers are appropriately bearing. Responding to an audit, however, requires carriers to expend additional and considerable resources. These costs are disproportionately increased to the extent that carriers are expected to rush to finalize and document their second generation internal procedures and immediately respond to random audits of new numbering rules without any introductory or transitional period.

Notwithstanding the fact that many of the Commission's number utilization rules became effective less than a year ago, the proposed Audit Program appears to assume that all methods and procedures regarding numbering have reached formal perfection. This premise is not necessarily accurate. AT&T devoted substantial resources to make sure its business practices were compliant with all new numbering rules as they became effective. Further, AT&T has planned and developed a number of second generation systems to comply with the numbering rules, but they are not yet fully integrated and finalized. Indeed, while AT&T has worked very hard to ensure compliance, it also will use the Audit Program outline to further develop and refine its formal systems and processes. Accordingly, to give carriers time to modify, refine, and finalize their systems, AT&T proposes that the Commission delay the start date for random

audits for the minimal period of 120 days following release of the final guidelines.

AT&T also believes that the proposed Audit Program may be unnecessarily at odds with competitive carriers' need for a deregulatory environment that permits them to devote resources efficiently and develop competitive offerings. It is unclear whether the Commission is proposing a detailed end-to-end review of a carrier's processes, or some much more limited review. If the former, no other area of a non-dominant carrier's operations would be subject to such detailed government oversight to ensure not only the accuracy of filed forms, but general regulatory compliance. Although AT&T recognizes the need for audits of numbering data, absent cause, it does not believe that a carrier should have to endure the cost and expense of a complete audit of all of its processes and systems to demonstrate that it is abiding by the Commission's rules.

Even if the random audits were limited to a review of the accuracy of all a carrier's filed Form 502s, the proposed Audit Program is unnecessarily broad. Pursuant to the Commission's rules, the numbering resource utilization level is calculated by dividing all assigned numbers by the total numbering resources in the applicant's inventory.[6/] In determining a carrier's utilization rates, therefore, the Commission looks only at *assigned* numbers and does not include aging, intermediate, reserved or administrative numbers. However, one third of the Audit Program is dedicated to auditing numbers in these latter categories. AT&T respectfully suggests that both the Commission's and carriers' resources could be better allocated by focusing on the numbering resources that form the basis for the Commission's utilization rules -- specifically, whether a carrier accurately reports its assigned numbers.

[6/] 47 C.F.R. § 52.15(g)(3)(iii).

AT&T also is concerned that the exceptionally broad scope of, and the amount of detail sought in, the proposed random audits will put unnecessary pressure on its circumscribed resources, which will have to be diverted from day-to-day operations. Such diversion could adversely affect the ability of CLECs, which already are attempting to cope with the economic downturn, to provide quality services to customers. In addition, to the extent that AT&T has to use personnel to respond to random audits, it will have fewer resources available to complete the development and implementation of the necessary systems and procedures.

Finally, in light of the fact that the audit process and the numbering rules are new to all parties involved -- the Commission, the auditors, as well as carriers -- during the initial implementation of the random audits, a less punitive and more cooperative approach, rather than automatic referral to the Enforcement Bureau for potential "monetary forfeitures, revocation of interstate operating authority and cease and desist orders," would be appropriate.[7/] Accordingly, AT&T proposes that the Commission clarify that enforcement actions will be limited to the most egregious violations of the Commission's rules. For all other situations, AT&T recommends that the Commission use the information it gains through the audit process to give carriers additional guidance regarding specific processes and systems that have been found to be deficient or acceptable, while protecting the confidentiality of individual carriers. Such an approach likely would do more to ensure compliance with the Commission's numbering requirements than an immediate move to sanction carriers.

II. CLARIFICATION OF CERTAIN ISSUES IS NECESSARY.

[7/] *Numbering Resource Optimization*, Second Report and Order, Order on Reconsideration in CC Docket Nos. 96-98 and 99-200, and Second Further Notice of Proposed Rulemaking in CC Docket No. 99-200, 16 FCC Rcd 306, ¶ 96 (2000) ("*NRO Second Report and Order*").

In addition to the concerns raised above, AT&T seeks clarification of certain items:

1) *Scope of Audit*. From the *Notice*, it is not clear whether the audits will be conducted on a rate center, NPA, company-wide, thousands-block, or some other basis. The burden of the audit would increase exponentially if carriers were required to respond on a nationwide or regional basis. AT&T, therefore, seeks clarification as to the scope of the audits.

2) *Frequency of Audits*. The proposed guidelines do not specify how often a carrier could be subject to random audits. A high frequency of audits, either simultaneous or sequential, would significantly increase the cost to carriers. To the extent that an audit indicates that a carrier is in material compliance with the FCC's rules, frequent audits would serve little purpose, especially if the carrier's procedures and systems are implemented on a company-wide basis. AT&T, accordingly, proposes that there should be a two-year period between random audits.[8/]

3) *Time Frames*. The *NRO Second Report and Order* provides that draft audit reports shall be issued no later than 30 days after the completion of an audit, and the proposed Audit Program provides additional details regarding the finalization of the audit report.[9/] Neither the *NRO Second Report and Order* nor the Audit Program, however, provides any guidance about the other time frames involved in a random audit. AT&T therefore requests clarification as set forth below regarding time frames: (a) for responding data

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[8/] Of course, the Commission could, and should, follow up -- through regular status reports or a similar mechanism -- with a carrier that is found to be deficient to ensure that the carrier is taking steps to rectify the problems expeditiously.

[9/] *NRO Second Report and Order* ¶ 96. Audit Program, Lines 70-75.

requests; (b) between the time the carrier receives notice of the random audit and when the fieldwork will commence; and (c) between the time the fieldwork commences and the fieldwork must be completed. As discussed above, AT&T will have to dedicate personnel solely to assist with and respond to a random audit. Such personnel will have to be diverted from their day-to-day responsibilities. Accordingly, AT&T proposes that carriers have at least 30 days to respond to the initial data request. Furthermore, to the extent that the auditor makes additional data requests, a carrier should have a pre-specified timeframe within which to respond. AT&T proposes a minimum of five business days within which to respond to additional data requests, provided, however, that the auditor gives the carriers a list of the records that it will need to provide as part of the audit. In addition, as demonstrated by the numbering audits that the some states have performed, an audit can be very disruptive to carriers' customer service activities. Thus, AT&T proposes that the Commission specify that fieldwork commence within 30 days of the day the carrier responds to the data request, and conclude within 60 days thereafter.

4) *Sampling Methodology*. Although several steps in the Audit Program are based on samples, the Audit Program does not provide any additional information regarding the sampling methodology. AT&T therefore requests clarification of the sampling methodology and the related information that the audited carrier will be expected to provide.

5) *Time Period Subject to Audit*. Line No. 14 of the proposed Audit Program refers to a most recent Form 502, which is filed every six months. AT&T seeks clarification that each audit will cover at most a six month period. This period is reasonable because

carriers report on a six-month basis and it is a sufficiently long to determine whether a carrier's procedures and controls are in material compliance with the Commission's rules. A longer period would unnecessarily increase the burden on the carriers.

6) *Reclamation of Numbering Resources*. Generally, when a carrier does not activate numbers within a specified period of time, a state commission can ask the NANPA to initiate reclamation procedures. Line Nos. 58-59 of the proposed Audit Program appear to assume that *carriers*, not the NANPA, reclaim numbers, and that carriers have processes and procedures in place for doing so. AT&T requests clarification on this point.

CONCLUSION

For the foregoing reasons, AT&T urges the Commission to modify its proposed numbering Audit Program to lessen the burdens it imposes on the carriers and to better match the current realties of numbering resource use and scarcity. In addition, the Commission should clarify the items discussed herein to provide carriers with better guidance as to their obligations and the Commission's requirements and expectations with respect to random audits.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I, Jeanette Jones, hereby certify that on this 15th day of February, 2002, copies of the foregoing Comments of AT&T Corp. were sent via email to the following:

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