

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

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

**REPLY COMMENTS OF AT&T CORP.**

AT&T Corp. (“AT&T”) hereby submits its reply comments on the *Public Notice* released in the above-captioned proceeding.<sup>1/</sup> Although random audits can be constructive tools for ensuring compliance with the Commission’s numbering rules, in light of the recent easing of the numbering crisis due to the success of the Commission’s stringent numbering requirements, many commenters are concerned that the proposed random Audit Program is unnecessarily burdensome. Several commenters, including AT&T, therefore, suggest modified audit programs that would reduce the costs to carriers while ensuring the accurate reporting of numbering data. AT&T urges the Commission to implement these alternatives.

**I. THE COMMISSION SHOULD MODIFY THE AUDIT PROGRAM TO BE LESS BURDENSOME TO CARRIERS.**

As AT&T noted, the Commission’s and industry’s numbering resource efforts, as well as the dramatic reduction in the number of operating CLECs, has resulted in an estimated 19-22 year delay of the anticipated exhaust of the ten-digit North American Numbering Plan.<sup>2/</sup> Accordingly, AT&T believes that the Commission should take advantage of this new breathing

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<sup>1/</sup> *Numbering Resource Optimization*, Public Notice, DA 02-108, CC Docket Nos. 96-98 and 99-200 (rel. Jan. 15, 2002) (“*Public Notice*”).

<sup>2/</sup> See AT&T at 2. (Pursuant to the *NRO Third Report and Order* NANPA’s estimated point of exhaust for the ten-digit NPA numbering plan moved from 2006-2012 to 2025-2034, citing

room and implement its random Audit Program in a manner that does not unnecessarily drain competitive carriers' scarce resources. While audits are a useful tool to ensure compliance with the Commission's numbering rules, the proposed Audit Program imposes significant and unnecessary costs on carriers.

The commenters' concerns about the costs of the proposed Audit Program are validated by their actual experiences. Verizon Wireless, for example, estimates that it required over 265 personnel hours to respond to a California Public Utility Commission's audit of the 909 NPA.<sup>3/</sup> This far exceeds the 33 hours that the Commission estimates each carrier will need to dedicate to respond to one of its audits. Similarly, Sprint states that since it has been selected by the Commission for a random audit, it has already exceeded the 33 hour estimate -- and the audit has yet to commence.<sup>4/</sup> This level of time commitment is especially burdensome because the same individuals that already are overtaxed with numbering administration and reporting responsibilities will have to be diverted to respond to the audits.<sup>5/</sup>

The carriers filing comments plainly understand the importance of compliance with the Commission's numbering rules and that they will have to bear some costs associated with the audits. Recognizing that carrier resources are at dangerously low levels, however, several carriers correctly point out that the proposed Audit Program is overly burdensome in relation to

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

<sup>3/</sup> Verizon Wireless at 2-3.

<sup>4/</sup> Sprint at 3.

<sup>5/</sup> Sprint at 1; Verizon Wireless at 3.

the benefits to be derived.<sup>6/</sup> In particular, they note that the program is unnecessarily broad, in that it appears to require carriers to formalize and document completely the internal processes and procedures surrounding numbering administration. As CTIA notes, the Audit Program imposes new compliance requirements on carriers and requires carriers of all types and sizes to establish internal controls that are not required by the Commission's numbering rules.<sup>7/</sup>

Moreover, studying internal controls for numbering administration is not necessarily beneficial at this time because of the newness of the numbering rules, numbering administration, and the audit process itself. While the examination of such controls is an important part of a financial statement audit, direct comparisons between a financial statement audit and an audit of numbering administration may not be reasonable or appropriate. Control procedures for financial accounting are universally accepted after decades of development. Financial accounting and auditing are also subject to well-established rules and procedures. Numbering administration, in contrast, is a completely new area, and standard practices, rules and procedures have yet to be developed. Until the Commission, the auditors, and the carriers have a better understanding of numbering administration and the auditing process, a review of internal control procedures would not further the Commission's goal of obtaining accurate numbering information.

Nor is the inclusion of internal controls testing information in the Audit Program necessary to achieve the underlying purpose of the audit programs.<sup>8/</sup> As Verizon Wireless states, given the availability of numbering reports, "there is little justification to examine the

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<sup>6/</sup> See Association for Local Telecommunications Services ("ALTS") at 2; Cellular Telecommunications & Internet Association ("CTIA") at 3-6; Sprint Corporation ("Sprint") at 1-3; Verizon Wireless at 2-4.

<sup>7/</sup> CTIA at 2.

<sup>8/</sup> See CTIA at 3.

underlying methods and procedures that carriers have taken to ensure compliance.”<sup>9/</sup> Instead, the Audit Program should focus narrowly on whether the filed numbering data is accurate and correct.<sup>10/</sup> Similarly, several carriers note that because aging, administrative, intermediate and reserved numbers are not used to calculate a carrier’s utilization rates, the Audit Program should be limited to confirming that a carrier is accurately reporting “assigned” numbers.<sup>11/</sup> In short, while extensive audit procedures may be appropriate when conducting an audit “for cause,” the Commission should establish a separate and significantly less burdensome process for random audits.<sup>12/</sup>

## **II. THE COMMISSION SHOULD CLARIFY ITS AUDIT PROGRAM TO PROVIDE CARRIERS WITH ADEQUATE GUIDANCE.**

Like AT&T, a number of commenters seek clarification of one or more items in the proposed Audit Program.<sup>13/</sup> BellSouth, Sprint, Verizon, and Verizon Wireless, for example, ask the Commission to clarify several undefined terms, including, “numbers suspended for non-payment” and “permanently disconnected” numbers, as used in lines 20 through 25 of the Audit

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<sup>9/</sup> Verizon Wireless at 5.

<sup>10/</sup> See AT&T at 4; CTIA at 6; Verizon Wireless at 5.

<sup>11/</sup> AT&T at 5; Verizon at 3-4; Verizon Wireless at 4-5; Dobson Communications Corporation (“Dobson”) at 4-5.

<sup>12/</sup> See Verizon Wireless at 5 (“At a minimum, process-oriented requirements should be deployed only as corrective measures after the Commission has found a carrier to be in non-compliance with its objective compliance standards.”); CTIA at 6 (“Unless and until the audits establish a record to the contrary, the Commission should assume that carriers are behaving responsibly with respect to the reporting of numbering resources.”).

<sup>13/</sup> See CTIA at 6-7; BellSouth at 1-4; Dobson at 2-7; SBC Communications, Inc. (“SBC”) at 2-4; Sprint at 6-7; Verizon at 1-5; Verizon Wireless at 5-7; WorldCom, Inc. (“WorldCom”) at 1-3.

Program. Neither of these categories of numbers is defined in the Commission's rules, nor are carriers required to monitor or report on these categories.<sup>14/</sup>

CTIA and Sprint, as well as AT&T, also seek clarification as to the scope of the audit and the identity of the company being audited. As they note, a company could have multiple operating companies and confusion would result if it is unclear which carrier is subject to the audit.<sup>15/</sup> WorldCom and AT&T similarly ask what time period will be subject to audit. WorldCom proposes twelve months.<sup>16/</sup> AT&T, however, believes that six months is a more appropriate period because carriers report numbering data on a six-month basis and it is sufficiently long to determine whether a carrier is in material compliance with the Commission's rules.<sup>17/</sup>

In addition, BellSouth, Dobson, SBC, Verizon, and Verizon Wireless ask what the Commission means in line 38 of the Audit Program when it says that the auditor must "obtain a sample of reserved numbers and document whether there is a contract indicating a specific end-user(s) and if the reserved numbers had been held for less than 180 days." As the carriers correctly state, the Commission's rules do not require there to be a contract for reserved numbers. Reserved numbers can be held legitimately merely at the request of a specific end user or customer.<sup>18/</sup>

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<sup>14/</sup> BellSouth at 1-2; Sprint at 6-7; Verizon at 1-2; Verizon Wireless at 5.

<sup>15/</sup> AT&T at 6; CTIA at 7; Sprint at 6.

<sup>16/</sup> WorldCom at 2.

<sup>17/</sup> AT&T at 7-8.

<sup>18/</sup> BellSouth at 2; Dobson at 3-4; SBC at 3-4; Verizon Wireless at 6 (citing 47 CFR § 52.15(f)(1)(vi); Verizon at 2.

AT&T, Dobson, Sprint, Verizon, Verizon Wireless, and WorldCom also request clarification of lines 57 through 59 of the Audit Program, which seek information regarding the carrier's procedures for reclaiming numbers. Because the NANPA, at the request of state commissions, reclaim numbers -- not carriers -- it is unclear what procedures the carriers are expected to have in place.<sup>19/</sup>

Some commenters also ask the Commission to specify the timeframe for carriers to respond to the audit notice and data requests. Verizon Wireless's proposal of at least 30 days is consistent with AT&T's proposal.<sup>20/</sup>

Finally, AT&T and WorldCom seek clarification of the sampling methodology to be used in the audit. Additional information is needed to determine the information the carrier will be expected to provide and to minimize *ex post facto* disputes as to the fairness of the audit process.<sup>21/</sup>

Not only does the large number of clarifications sought by the commenters underscore the need for more guidance, it demonstrates that in such an unsettled environment, the implementation of a strict enforcement regime would not serve the public interest. Accordingly, AT&T reiterates that during the initial implementation of the random audit regime, the Commission should adopt a supportive and educational approach to assist the carriers with developing "best-of-class" processes and procedures for ensuring accurate reporting of numbering data.<sup>22/</sup> Furthermore, the Commission should clarify that enforcement actions will be

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<sup>19/</sup> AT&T at 8; Dobson at 6; Sprint at 7; Verizon at 2; Verizon Wireless at 6; WorldCom at 2-3.

<sup>20/</sup> AT&T at 6-7; Verizon Wireless at 6.

<sup>21/</sup> AT&T at 7; WorldCom at 2.

<sup>22/</sup> See WorldCom at 1 ("WorldCom recommends that the Bureau treat the audit program as a work-in-progress, and subject it to periodic reappraisal in light of the knowledge that will be gained by actual experience.").

initiated only for blatant and egregious violations of the Commission's rules. In no event should carriers face forfeitures or other penalties merely because their internal processes and procedures do not meet with the auditor's expectations. A less punitive and more cooperative approach would do far more to ensure the filing of the accurate numbering data necessary for the efficient management of scarce numbering resources.

### **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 realities of numbering resource use and scarcity. In addition, in order to provide carriers with better guidance as to their obligations and the Commission's requirements and expectations with respect to random audits, the Commission should clarify certain aspects of the Audit Program.

Respectfully submitted,

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March 1, 2002

## CERTIFICATE OF SERVICE

I, Robert E. Stup, Jr., hereby certify that on this 1<sup>st</sup> day of March 2002, I caused copies of the foregoing "Reply Comments of AT&T Corp." to be sent to the following via first class mail:

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