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

| | | |
|---|---|---|
| In the Matter of | ) | |
| | ) | |
| Provision of Directory Listing Information Under the Communications Act of 1934, As Amended | ) | CC Docket No. 99-273 |
| | ) | |
| The Use of N11 Codes and Other Abbreviated Dialing Arrangements | ) | CC Docket No. 92-105 |
| | ) | |
| Administration of the North American Numbering Plan | ) | CC Docket No. 92-237 |

## COMMENTS OF SPRINT CORPORATION

Sprint Corporation hereby files its comments on the Commission's Notice of Proposed Rulemaking (NPRM) in the above-captioned proceeding.[1] In the NPRM, the Commission seeks comments on proposed methods of promoting competition in the retail directory assistance (DA) market, in accordance with the policy framework set forth in the Telecommunications Act of 1996 and in keeping with the Local Competition Second Report and Order.[2] The NPRM asks whether the directory assistance market has

[1] In the Matter of Provision of Directory Listing Information Under the Communications Act of 1934 as amended, CC Docket No. 99-273; The Use of N11 Codes and Other Abbreviated Dialing Arrangements, CC Docket No. 92-105; Administration of the North American Numbering Plan, CC Docket No. 92-237, *Notice of Proposed Rulemaking*, (rel. Jan. 9, 2002).
[2] Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, CC Docket No. 96-98, Second Report and Order and Memorandum Opinion and Order, 11 FCC Rcd 19392, 19416 (1996) (*Local Competition Second Report and Order*), vacated in part, *People of the State of California v.*

developed to the point that it is sufficiently open to competition to obviate further regulatory action. Specifically, the Commission seeks comment on Telegate Inc.'s (Telegate's) proposal to require local exchange carriers (LECs) to implement presubscription to 411. As Sprint has stated in the past, the directory assistance market is thriving and DA services are available, not only through ILECs, but also through interexchange carriers (IXCs), competitive local exchange carriers (CLECs), wholesale DA providers, wireless carriers and Internet service providers. Furthermore, the cost of implementing DA presubscription (which Sprint estimates would cost Sprint's local division alone more than $88 million, or $11 per subscriber) would far outweigh any projected (but unsubstantiated) enhancement to competition in the DA market. Sprint urges the Commission to reject Telegate's proposal and to not undertake further regulatory action in the DA market.

**Background**

On September 9, 1999, the Commission released the SLI/DA Order and Notice[3], tentatively concluding that competition in the DA market is in the public interest and that access to the local exchange carriers' (LECs) local directory assistance databases would enable competitive DA providers to compete fully. The Commission invited comment on whether competitive DA providers are entitled to nondiscriminatory access pursuant to section 251 (b) (3) of the Act. Telegate responded by filing comments proposing that competition in the DA market would be facilitated by enabling customers to presubscribe their provider of DA service.

---

*FCC*, 124 F.3d 934 (8th Cir. 1997*), rev. AT&T Corp v. Iowa Util. Bd*., 119 S.Ct. 721 (Jan. 25, 1999).
[3] *SLI/DA Order and Notice*, 14 FCC Rcd at 15646.

On April 27, 2000, the Common Carrier Bureau issued a Public Notice seeking comment on Telegate's proposal, particularly with respect to the technical feasibility and economic viability of requiring LECs to implement presubscription to N11 abbreviated dialing codes in general. Comments and Reply Comments were filed by interested parties.

On January 23, 2001, the Commission released the SLI/DA First Report and Order[4], concluding that directory assistance is a necessary element of a local telecommunications market and that LECs must provide competing DA providers that qualify under section 251 (b) (3) of the Act with nondiscriminatory access to the LECs' local directory assistance databases but that they are not required to provide competing DA providers with nondiscriminatory access to non-local directory assistance databases. In the interests of issuing the Order as promptly as possible, the Commission deferred addressing the Telegate's proposal.[5]

On January 9, 2002, the Commission released this NPRM to seek comment on whether specific measures designed to increase consumer access to DA services would promote full competition. Specifically, the Commission requested further comment on Telegate's proposal that local exchange carriers be required to implement presubscription to 411.

---

[4] Provision of Directory Listing Information under the Telecommunications Act of 1934, as Amended, *First Report and Order*, CC Docket No. 99-273, 16 FCC Rcd 2736 (2001) *(SLI/DA First Report and Order).*
[5] *Id.* at FN 28.

## Discussion

**A. Competition already exists in both the wholesale and retail DA markets.**

In earlier comments, Sprint and others argued that the UNE Remand Order[6] had already concluded that DA services were competitive.[7] In this NPRM, the Commission distinguishes its conclusion in the UNE Remand Order on the basis that the UNE remand order evaluated competition in the wholesale DA market and this inquiry concerns the retail DA market. Sprint does not believe that such a distinction is justified competition in the wholesale DA market has translated into competition in the retail market

Competition in the retail DA market is evinced by the fact that interexchange carriers have captured 36% of the DA market through 1-NPA-555-1212 dialing while incumbent carriers have experienced significant declines in DA call volumes.[8] Indeed, the local DA market is projected to "decline from 4.7 billion calls (including paid calls and call allowances) in 1999 to 3.36 billion calls in 2006."[9] Meanwhile, the Internet DA market growth rate is 32.9% and the wireless DA market growth rate is 13.3%.[10]

Presubscription to 411 is clearly not a prerequisite to robust competition in the retail DA market. On the contrary, 411 presubscription would likely result in increased confusion among consumers and higher DA costs, ultimately further propelling the decline in wireline DA use. As stated in earlier comments, Telegate has provided no evidence that consumers are interested in presubscribing to DA service and has certainly

---

6 In the Matter of Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, 15 FCC Rcd 3696, 3894 ¶ 447 (1999).
7 Sprint Reply Comments at 1-2.
8 *See* Bellsouth Comments 7, FN 7, 8; GTE Reply Comments at 8.
9 Frost & Sullivan report at 47.

not established that they are willing to pay for it. The survey conducted by Mr. Richard Sayers on this matter and submitted as comments in the earlier phase of this docket showed that only 6% of the respondents were willing to pay a one-time charge of $1.24 to introduce presubscribed 411, while 92% voted against it and 2% didn't care.[11] Such lackluster consumer support for a presubscribed 411 service strongly augurs against imposing such a requirement on carriers.

### B. Presubscription to 411 would require wholesale revamping of Sprint's network, costing many millions of dollars.

Even if there were some evidence that 411 presubscription would stimulate competition in the retail DA market, the technical hurdles and considerable cost associated with implementing 411 presubscription would far outweigh any benefit to consumers. Telegate asserts that there are two options for implementing DA presubscription via 411: 1) through the use of the Advanced Intelligent Network (AIN); or 2) by reprogramming each central office switch to establish a connection to a preselected DA provider when 411 is dialed on any given line. Both of these options are, at the very least, technically challenging and expensive, and more likely, completely unworkable.

Alternative 1: AIN

In promoting the use of AIN, Telegate contends that AIN is already widely deployed; however, the record does not support this. As the Commission notes in the NPRM, BellSouth, GTE, USTA and US West all commented that AIN technology is not

---

[10] SBC *Ex Parte* October 31,2001, citing Frost and Sullivan.
[11] *See* Richard Sayers Comments at 2.

as widely deployed as Telegate suggests.[12] A significant number of USTA members apparently do not have AIN functionality in their networks and, as stated in Sprint's reply comments, Sprint has not deployed AIN 0.1 in ANY of its 323 second generation host switches.[13] Furthermore, Sprint's local division companies have not established the necessary service control points ("SCPs") to support AIN[14]. Sprint's situation has not changed since its last filing in this proceeding.

In the NPRM, the Commission seeks comments on whether adoption of Telegate's AIN-based 411 presubscription plan would place a significant economic burden on existing carriers given their currently deployed software or hardware systems. As Sprint demonstrates below, the answer is YES! Sprint's local telephone companies have revisited the cost of implementing presubscription to 411 through AIN and have found that Sprint's earlier estimate of $50 million was far too low. Upon closer examination, Sprint now estimates that implementation of DA presubscription using AIN would cost its local telephone companies approximately $88 million, including network-related costs and administrative costs associated with processing presubscription ballots for its 8.3 million local customers. This $88 million is merely the initial deployment cost and does not consider on-going maintenance expenses associated with AIN software and

---

[11]Even BellSouth and Bell Atlantic (now Verizon), which have the basic AIN infrastructure in place, project that modifying their networks to support 411 presubscription would cost a minimum of $2.5 to 25 million, respectively, to implement and BellSouth estimates it would cost an additional $ 1million to per carrier annually (Bell Atlantic comments at 4; BellSouth comments at 16). SBC notes that the cost of implementing intraLATA presubscription in SBC's Southwestern Bell Telephone Company territory was $25-$30 million, not including non-network costs and the costs incurred by SBC's other LECs (SBC Reply Comments at FN 1).

[13] *See* Sprint reply comments at 2 ; USTA comments at 8.

[14] The Commission seeks comment on how long the AIN implementation process would take and what obstacles providers would face. Sprint projects that implementation of AIN 0.1 would take its local telephone companies approximately three years after all industry requirements have been identified and all vendor modifications have been completed.

additional SCPs. Sprint's initial estimated costs for this proposal breaks down as follows:

| AIN 0.1 Proposal | Estimated Costs | Remarks |
|---|---|---|
| Network Switching | $ 40,504,200 | AIN 0.1 Software for 323 Switches |
| Network Trunking | $ 4,845,000 | Assume 5 DA providers with 5 Trunks per provider |
| SS7 & AIN SCPs | $ 10,500,000 | Add Mated Pair of AIN SCPs |
| OSS | $ 20,000,000 | OSS Modifications to support 1+411 |
| Customer Prescription | $ 8,300,000 | Ballot to select DA provider |
| Implementation | $ 3,500,000 | Testing, Training, Implementation with multiple DA Providers |
| TOTAL | $ 87,649,200 | |

Divided among Sprint's 8.3 million access lines, this amounts to over $11 per line for implementation alone. Who will pay for this? End users who have reported that they have no interest –even at $1.24 per line, or DA providers?

Alternative 2: Reprogramming

Telegate's alternative proposal that switch manufacturers develop new software for their central office switching systems to allow for distinct routing to a preselected DA provider is also unworkable. As the Commission itself recognized in the NPRM, the cost of developing software capable of such routing would be extremely high and LECs would then need to update all of their existing switches using the new software.

**C. The Illuminet proposal would also prove a costly technical quagmire.**

Illuminet submits that if the Commission chooses to implement 411 presubscription, the existing LIDB platform, with "minor modifications," should be relied upon. Again, the purported "minor modifications" would in fact prove technically challenging and very costly. LIDB would need to be modified to include a field for a customer's presubscribed DA provider; the field would need to be populated with the customer's chosen provider; and end office switches would need to be modified to enable them to query the LIDB. Furthermore, once internal systems were modified to accommodate 411 presubscription, industry interface standards would need to be developed and a means of accessing LIDB information devised to communicate the presubscription information.[15] Sprint's initial estimated costs (again, only for Sprint's local telephone companies) for the Illuminet proposal are as follows:

| Illuminet Proposal | Estimated Costs | Remarks |
|---|---|---|
| Network Switching | $ 32,300,000 | Add 1+411 Software for 323 Switches |
| Network Trunking | $ 4,845,000 | Assume 5 DA providers with 5 Trunks per provider |
| SS7 & AIN SCPs | $ 8,500,000 | Modify LIDB SCPs or Replace if required |
| OSS | $ 20,000,000 | OSS Modifications to support 1+411 |
| Customer Prescription | $ 8,300,000 | Ballot to select DA provider |
| Implementation | $ 3,500,000 | Testing, Training, Implementation with multiple DA Providers |
| TOTAL | $ 77,445,000 | |

Again, this proposed "solution" to 411 presubscription is far more complicated than represented and would prove extremely costly.

**D. Presubscription to 411 should not apply to wireless carriers**.

In the NPRM, the Commission seeks comment on InfoNXX's suggestion that 411 presubscription should not apply to wireless carriers. Sprint agrees. CMRS carriers, in particular, should not be required to presubscribe 411 service. As is well documented, the wireless market is extremely competitive and wireless carriers use a multitude of

---

[15] As with implementation of AIN, Sprint projects that implementation of the Illuminet proposal would take approximately three years after all industry requirements have been identified and all vendor modifications

services, including 411 service, to differentiate themselves from their competitors. A customer may choose among a number of wireless carriers that may use different directory assistance information providers with unique packaging and presentation of information. If a customer is dissatisfied with his or her 411 service, that customer is free to select another provider. This high degree of wireless competition leads to 411 service innovation and value-added services. The imposition of 411 presubscription may curtail a CMRS carrier's ability to flexibly design its network, package services and provide cost-effective services based on market demand. Furthermore, wireless carriers would be forced to upgrade their networks to provide 411 presubscription –a cost that would ultimately be borne by consumers and one that Sprint believes would far outweigh any benefit.

DA is only part of a bundle of services that wireless customers purchase from competing carriers. As InfoNXX asserts in its Comments and as the Commission notes in the NPRM, it was on the basis of this robust competition in the wireless market that Congress declared in Section 332(c)(8) of the Act that wireless carriers are not required to provide equal access to long distance customers.[16] Wireless carriers should be similarly exempted from any 411 presubscription requirement.

**Conclusion**

Sprint urges the Commission to refrain from implementing further regulation of the DA market. As discussed, the DA market is already competitive and presubscription to 411 would cost many millions of dollars for the Sprint local telephone companies

---

have been completed.
[16] 47 U.S.C. § 332 (c)(8).

alone to implement, with little or no real benefit to DA competition. This cost would need to be borne by someone, and end users have shown no interest in presubscribing to 411, much less in paying for it.

Respectfully submitted,

Sprint Corporation

By: /s/

Jay C. Keithley
Rikke K. Davis
401 9th Street, NW
Washington, DC 20004
(202) 585-1920

April 1, 2002

Its Attorneys