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

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

WORLDCOM REPLY COMMENTS

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April 30, 2002

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SUMMARY

The cost of providing customized routing using line class codes does not outweigh the benefits of presubscription. Almost all parties agree that 411 and directory assistance (DA) are virtually synonymous to consumers. This makes it essentially impossible to successfully market a dial around DA product. Currently, the only alternative consumers have to the incumbent local exchange carriers' (ILECs) 411 service requires them to change their local provider. Presubscription will allow customers to obtain DA, using the customary dialing code, from the provider of choice without having to subscribe to other products or services from that provider. It will also stimulate the market for enhanced services.

In attempting to refute the benefits of presubscription, parties opposing presubscription resorted to a redefinition of the DA market, made conflicting assertions related to significance of the 411 dialing code to DA service, and overestimated the cost of implementing presubscription.

The Commission should, pursuant to its statutory authority, order LECs to implement 411 presubscription.

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WORLDCOM REPLY COMMENTS

WorldCom, Inc. (WorldCom) respectfully submits these comments in response to initial comments filed pursuant to the Commission's Notice of Proposed Rulemaking (*Notice*) in the above referenced dockets.¹

I. Introduction.

The comments demonstrate that the need for presubscription of directory assistance (DA) services outweigh the costs. In attempting to prove otherwise, parties opposing presubscription resorted to a redefinition of the DA market, made conflicting assertions

¹ *In the Matter of Provision of Directory Listing Under the Communications Act of 1934, As Amended, The Use of N11 Codes and Other Abbreviated Dialing Arrangements Administrations of the North American Numbering Plan*, Notice of Proposed Rulemaking, CC Docket No. 99-273, 92-105, 92-237, FCC 01-384 (2002)(*Notice*).

related to significance of the 411 dialing code to DA service, and overestimated the cost of implementing presubscription.

Almost all commenters agree that 411 and DA services have become virtually synonymous to consumers. This makes it essentially impossible to successfully market a dial around DA product. Currently, the only alternative consumers have to the ILECs 411 service requires them to change their local provider. Presubscription will allow customers to obtain DA, using the customary dialing code, from their provider of choice without having to subscribe to other products or services from that provider. It will also stimulate the market for enhanced services. As discussed below, and the attached declaration by Mark Bryant on behalf of WorldCom, the cost of providing customized routing using line class codes does not outweigh the benefits of presubscription.

The Commission should, pursuant to its statutory authority, order LECs to implement 411 presubscription.

II. The cost of customized routing using line class codes does not outweigh the benefits of presubscription.

A number of parties dismiss a switch-based solution for presubscription as cost prohibitive, without much analysis.² It is noteworthy that Qwest did not address costs in its comments. As discussed in the attached declaration of Mr. Bryant, a cost study submitted by Qwest in an Arizona state proceeding demonstrates that the actual cost of implementing presubscription for DA, via customized routing, is much lower than the

² See Verizon, p. 22, *citing to Notice*, para. 28 [“For all the reasons noted in the Notice, distinct routing would not be a viable option for 411 presubscription.”] BellSouth estimates a cost of \$152 million to support distinct routing. BellSouth Comments, p. 25. SBC estimated a cost of \$675 million to \$685 million for a switch-based solution. SBC, p. 39.

estimates claimed by the ILECs in this proceeding.³ The Qwest cost study specifically provides an estimated cost of providing customized routing to a provider of operator and DA services by means of a line class code.⁴ Qwest charges providers \$231.38 per switch for customized routing.⁵

WorldCom contends that Qwest's estimate is high. As explained by Mr. Bryant, it is logical to assume that the LECs, at least the major ILECs, have a central management control process that allows them to monitor and manage switches from a central location. Therefore, once the switch table translations and routing instructions are established for the first switch, the ILEC should be able to automatically populate the other switches via an electronic switch administration. This should drastically reduce the cost for establishing customized routing, via line class codes, in additional switches.⁶ But even using Qwest's per switch estimate, the approximate cost for establishing the requisite customized routing for a nationwide DA provider would be approximately \$3.4 million.⁷

Qwest also has a policy that its customized routing can only be used in conjunction with dedicated DA trunks from ILEC end offices to DA platforms. As discussed by Mr. Bryant, requiring dedicated trunks is not only cost-prohibitive, it is unnecessary. Providers can use existing access trunks, and therefore such a restriction

³ Bryant Declaration, paras. 6-13.

⁴ WorldCom does not concede that Qwest's pricing of customized routing is cost-based. WorldCom believes the Qwest estimate is high. WorldCom is using Qwest's study to demonstrate that customized routing using line class codes is feasible and not as costly as other ILECs in this proceeding have claimed.

⁵ Bryant Declaration, paras. 10 and 13.

⁶ *Id.*, para. 11.

⁷ *Id.*, para. 12.

should not be permitted.⁸ Moreover, in general, the cost allocation for implementing presubscription should be competitively neutral.⁹

III. Presubscription offers significant benefits to consumers.

As the Commission stated in its *Directory Listing Order*, the Telecommunications Act of 1996 is intended to “accelerate rapid private sector deployment of advanced telecommunications and information technologies and services to all Americans by opening all telecommunication markets to competition.”¹⁰ Even assuming *arguendo*, that the DA market was already competitive, one of the goals of the 1996 Act is “promoting *increased* competition in telecommunications markets that are already open to competition.”¹¹ As InfoNXX points out, competition generally fosters lower prices and a higher quality of service for consumers. In the DA market in particular, competing providers are also poised to offer a broad array of enhanced information and telecommunication services to consumers.¹²

Cincinnati Bell Telephone Company (CBT) cites to regulatory constraints as the reason it does not offer enhanced DA services, such as movie listings, concierge services, and driving directions, to its customers via 411.¹³ But the applicability of the relevant regulation is within CBT’s control. In the Commission’s *N11 Order*, the Commission

⁸ *Id.*, paras. 14-15. Non-IXC providers of DA could also benefit from existing access trunks, by purchasing resold capacity to carry their DA traffic to their DA platform. *Id.*, para. 16.

⁹ *Id.*, paras. 17-20.

¹⁰ *Provision of Directory Listing Information Under the Telecommunications Act of 1934, As Amended*, First Report and Order, CC Docket No. 99-273, FCC 01-27, para. 5 (2001)(*Directory Listings Order*), citing to S. Conf. Rep. No. 104-230, 104th Cong., 2d Sess. 1 (1996).

¹¹ *Id.*, para. 10 (*emphasis added*).

¹² See InfoNXX, p. 3. See also Telegate, pp. 3-4, and 18-19 [“The relatively minor one-time costs of making these changes are far outweighed by the ongoing, long-term benefits they will produce, including: Increased innovation; Better service; Improved accuracy; and Introduction of service to unserved markets.”]

¹³ CBT, p.6.

recognized the competitive advantage LECs would unfairly obtain if they were allowed to offer enhanced services through the use of the 411 code. Accordingly, the Commission concluded “that a LEC may not itself offer enhanced services using a 411 code, or any other N11 code, *unless that LEC offers access to the code on a reasonable, nondiscriminatory basis to competing enhanced service providers in the local service area for which it is using the code to facilitate distribution of their enhanced services.*”¹⁴ Indeed, if CBT seeks to offer these enhanced services via 411 it should implement presubscription.

In an effort to refute the obvious benefits of presubscription, the comments in opposition ultimately contradict themselves. For example, some parties claim that there is no demand for presubscription. Yet some of these same parties discuss how businesses are reprogramming their PBXs to an alternative DA provider, thus “effectively” presubscribing to an alternative DA provider.¹⁵ This demonstrates a demand for presubscription, but unfortunately the option is unavailable to residential consumers. Some parties also claim that DA service does not generate sufficient revenue to sustain competitors in the market.¹⁶ Still they claim the loss in revenue stream to LECs would be so significant as to potentially discourage new LECs from entering the market.¹⁷

The fact is that DA is a vibrant market over which LECs, predominately ILECs, wish to maintain their control through the exclusive use of 411. But, as the Nebraska Public Service Commission states, “[i]f ILECs continue to be afforded the exclusive

¹⁴ *In the Matter of The Use of N11 Codes and Other Abbreviated Dialing Arrangements*, CC Docket No. 92-105, First Report and Order, FCC 97-51, 12 FCC Rcd 5572, 5601, para. 48 (1997)(*N11 Order*)(*emphasis added*).

¹⁵ See CBT, p.2. See also, Verizon, p. 15.

¹⁶ The decline in DA call volume, claimed by the ILECs, may be the result of price increases and may not be effecting revenue. See Bryant Declaration, para. 25.

¹⁷ See, SBC, p. 28.

opportunity to provide directory assistance through the use of 411, consumers will be deprived of the benefits derived from competition . . . [and] such exclusive use of 411 for ILECs is anti-consumer and anti-competitive.”¹⁸

IV. Competition in directory publishing does not constitute competitive directory assistance.

Those opposed to equal access to 411 argue that the DA market is already competitive, and therefore presubscription is unnecessary. Yet, in their attempts to prove the existence of a competitive market, those parties refer to several products or services, as competitive alternatives, that cannot properly be viewed as competitive with wireline DA. For example, they include services and products such as the White Pages, Yellow Pages and Internet Listings, in their market analysis. As the Commission has found, these are directory publishing.¹⁹

Directory publishing and directory assistance have been treated as separate and distinct products or services.²⁰ Print directories, Internet DA, Internet data base downloads, or CD-ROM data bases cannot be considered competition, as they are not functionally equivalent to wireline DA service. They require a separate device and process for access that a substantial number of telephone users do not have. Moreover, as discussed in the Bryant declaration, the vast majority of households with access to the Internet use a dial-up connection via an existing phone line. This means that in order to obtain a number to make a call, one would have to dial up one’s Internet connection,

¹⁸ Nebraska PSC, p. 1.

¹⁹ See *Directory Listing Order*, para. 42. The Commission found Internet directories to be directory publishing. The Commission found that the oral provisioning of listing information does not constitute directory publishing. *Id.*, para. 46.

search for the number, terminate the Internet connection, and then make the call. The cumbersome nature of this process demonstrates that Internet directories serve a different purpose and are an unlikely substitute for wireline DA services.²¹

Thus, even if the comments demonstrate a competitive market for directory publishing, they do not demonstrate a competitive market for DA. In fact, as rationale for the differing regulatory treatment of these services, the Commission explained, “[i]n addition to the technical distinctions between the two types of services, we agree that directory publishing has been a competitive business for years, while directory assistance is just now becoming a competitive service.”²²

Those parties opposing equal access to 411 also cite to wireless DA service as a competitive alternative to wireline DA service. As discussed in the Bryant declaration, the devices and circumstance for using wireline DA are different than for wireless DA. Wireless DA is used in conjunction with wireless service, usually when one is mobile. Wireline DA is a complement to wireline telephony, for use when one is at home.²³ Moreover, since the retail wireless DA market is currently dominated by the same ILECs that provide retail wireline 411 service, even assuming for the sake of argument that the two services form a single market, the presence of a wireless ‘alternative’ does not indicate the existence of competition.²⁴

²⁰ *Id.*, para. 40. Additionally the Commission noted the differing statutory treatment for directory assistance and directory publishing, “. . . finding that the two services have not sufficiently converged to obviate Congress’s distinctions between them.” *Id.*, para. 37, n. 98, and 46-49.

²¹ Bryant Declaration, para. 24.

²² *Directory Listing Order*, para. 49.

²³ Bryant Declaration, para. 23.

²⁴ *Id.*; *See also*, MetroOne, p. 15.

V. Alternate dialing schemes cannot compete effectively with 411 DA services.

DA services using alternative dialing codes are unable to effectively compete with 411 services. Even those opposing equal access to 411 recognize that it is a burden for consumers to be forced to dial a large number of additional digits for DA service.²⁵ Consumers also recognize this burden which is why dial around products are not competitive.²⁶ Moreover, as InfoNXX notes, even if competing DA providers were able to offer a simple, easy-to-remember uniform number to access their service, they would still remain at a significant competitive disadvantage to the dominant LECs offering service to consumers through 411. “4-1-1” is the number consumers have habitually come to rely on for DA services.²⁷

Those opposed to presubscription claim that alternative DA providers can compete without the use of the 411 code, yet their comments, opposing the elimination of 411, prove otherwise. SBC notes that “. . . consumers have a difficult time adjusting to code changes.”²⁸ AT&T states: “Generations of Americans learned that dialing 411 will gain them access to DA. The three digits “4-1-1” have become synonymous with information . . . [Without 411] customers would not know where to call for assistance.”²⁹ Indeed, the only consensus in the comments may be that the “411 abbreviated dialing code is a well-established, recognized dialing pattern that customers have come to associate with DA service.”³⁰ It is inconceivable that, on the one hand, these parties are able to recognize the habitual nature of consumers dialing 411 for DA, yet, on the other

²⁵ SureWest, pp. 6-7 [“. . . eliminating the 411 code for the local DA would add an unnecessary burden on end users by requiring them to dial a large number of additional digits for the same local DA”].

²⁶ See InfoNXX, p. 6 [A “DA provider’s number must be easy to recall or it stands no chance of competing against traditional services that already enjoy this characteristic.”]

²⁷ *Id.*, pp. 10-11.

²⁸ SBC, p. 51.

²⁹ AT&T, p. 11.

hand, they refuse to acknowledge the impossibility of a provider successfully competing without access to this code.

This is evident by WorldCom's experience in the dial around DA market. A few years ago, WorldCom (then MCI WorldCom) began offering its dial around DA product, "10-10-9000," which the ILECs and AT&T discuss in their comments as a competitive alternative to 411 service. By dialing "10-10-9000," callers were able to obtain DA listings for 99 cents. WorldCom expended a substantial amount of resources in promoting this dialing scheme to DA consumers.

While the product offering itself and the advertising campaign both received high scores in numerous research efforts, the number never generated wide acceptance as an alternative to 411 DA service. WorldCom learned the hard way just how reliant DA consumers are on the 411 dialing code. WorldCom estimates an investment of over \$300 million is required to generate sufficient awareness of a different dialing scheme for DA. In the end, this makes attempts to migrate consumers away from the 411 dialing code, while 411 DA is still in existence, cost prohibitive.

As the NERA study submitted by the ILECs points out, consumers surveyed indicated a preference for maintaining the familiar dialing code for information over having a wider choice.³¹ This demonstrates that equal access to the 411 code is a critical competitive element for DA service. Presubscription allows consumers to have both the familiar code as well as a wider choice in providers.

³⁰ California Public Utilities Commission, p. 2. *See also*, CBT, p. 15.

VI. ILECs monopolize provisioning of 411 service.

As MetroOne states “ILECs maintain a wireline monopoly over the 411 dialing pattern, both for local and national DA, making available only inferior dial-around patterns as the sole source for consumers to access independent DA toll-service providers.”³²

Some of those in opposition to 411 presubscription cite to the *UNE Remand Order* as evidence that there is competition in the DA market. First, it is noteworthy that the *UNE Remand Order* contemplates service via 411, so it does not refute the 411 code as a necessary element of DA. Second, the Commission found in that Order “. . . that *where incumbent LECs provide customized routing, lack of access to the incumbents’ OS/DA service on an unbundled basis does not materially diminish a requesting carrier’s ability to offer telecommunications service.*”³³

WorldCom does not dispute that there are alternative providers of DA ready to serve CLECs or, if the Commission orders presubscription, end-users. Indeed, this supports our claims that there is high demand in the wireline DA market, otherwise there would not be so many willing suppliers. WorldCom also does not dispute that carriers can develop their own DA platforms. But as we stated in our initial comments, the ILECs are able to monopolize this service by their refusal to alternate their routing of 411 calls to competitive providers’ platforms.³⁴ Thus, the only competitive option to the ILECs DA platform is through facilities-based CLECs. DA providers need customized

³¹ National Economic Research Association (NERA), “Competition and Regulation for Directory Assistance Services,” April 1, 2002, p. 53. Prepared on behalf of BellSouth Corporation, Qwest Communications International Inc., SBC Communications Inc., and Verizon Telephone Companies.

³² MetroOne, p. 3.

³³ *UNE Remand Order*, para. 441.

³⁴ Apparently the ILECs are also refusing to properly route traffic based on other dialing codes such as 555, further entrenching their monopoly. *See InfoNXX*, pp. 7-10; *See also*, *Premiere Network Services*, p. i.

routing (with no restrictions regarding the trunk group to which the traffic is routed) and use of the 411 code in order to offer a competitive product.³⁵

VII. The Commission should order presubscription pursuant to its statutory authority.

The Commission has numerous statutory grounds to order presubscription of 411 for DA services. Some ILECs claim the Commission's authority over numbering only extends to number assignments, not call routing. As we discussed in our initial comments, Commission and appellate court decisions have determined that the Commission's plenary authority over all aspects of the North American Numbering Plan, under section 251(e)(1) of the Act, includes call routing, as well as the assignment of numbers.³⁶

Some ILECs argue that their dialing parity obligations do not extend to DA services because, they claim, providers such as Telegate are not telephone exchange or telephone toll providers. First, the Commission has already concluded that DA providers that actually complete the call for the customer are local exchange providers.³⁷ Second, regardless of whether all DA providers are local exchange providers, providers such as WorldCom are both local exchange and telephone toll providers, and therefore are clearly entitled to dialing parity.

ILECs also claim dialing parity does not apply to DA services because stand-alone DA service is not a telecommunications service. Commission precedent regulates

³⁵ As discussed in other proceeding, DA providers also need access to DA listings and facilities at cost-based rates.

³⁶ WorldCom, pp. 7-9.

³⁷ *Directory Listing Order*, para. 15.

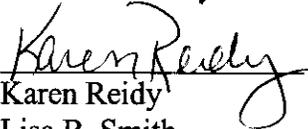
DA service as a telecommunications service in general. Moreover, with call completion DA clearly constitutes a telecommunications service. Yet even under the ILEC argument, WorldCom should be able to offer its toll customers DA service via the 411 code. Furthermore, contrary to SBC's claim, even assuming *arguendo* that section 251(b)(3) does not obligate LECs to provide dialing parity for DA services, which it clearly does, it does not limit Commission authority under other provisions of the Act. It is ironic that SBC claims that dialing parity does not apply to DA services, only to then say the regulation of DA services is limited by the dialing parity provision of Act.

Moreover, contrary to the claims of ILECs in this proceeding, the nondiscriminatory access to DA provision of the Act is not limited to nondiscriminatory access to the ILECs' DA services. As the Commission found it also means nondiscriminatory access to the elements necessary to provide DA services. As discussed above, the 411 dialing code and customized routing are necessary elements to the provision of competitive DA service.

Consequently, the Commission should, pursuant to the its statutory authority, order LECs to implement 411 presubscription.

Respectfully submitted,

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April 30, 2002

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Certificate of Service

I, Lonzena Rogers, hereby certify, that on this thirty day of April, 2002, that I have filed an electronic copy of WorldCom, Inc.'s Reply Comments in the matter of CC Docket No. 99-273 with Federal Communications Commission Office of the Secretary and have caused a true and correct copy to be served on other parties listed via hand delivery:

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**DECLARATION OF MARK T. BRYANT
ON BEHALF OF WORLD COM, INC.**

1. My name is Mark T. Bryant. I am employed by WorldCom, Inc. as Executive Staff Member in the Policy Analysis Group within the Legal and Public Policy Organization. My business address is 4209 Park Hollow Court, Austin, Texas 78746.
2. I received the Ph.D. degree from the College of Communications of the University of Texas at Austin, in December, 1982. My doctoral program concentrated on the economics and regulation of the telecommunications and broadcast industries.
3. Following completion of my doctoral program, I was appointed Assistant Professor in the Department of Telecommunications at the University of Kentucky. In that position, I taught both graduate and undergraduate courses in telecommunications and broadcast regulation, in statistics, and

in television programming, including graduate seminars in the regulation of telecommunications utilities and the history and implications of the MFJ. I also was responsible for the development of a new curriculum for the College of Communications in the regulation of telecommunications utilities.

4. I assumed the position of Staff Administrator with MCI Telecommunications in September of 1984. From April of 1985 until January of 1991, I was Manager, Texas Regulatory Affairs for MCI. From January of 1991 until September of 1993, I was Executive Staff Member, Regulatory and Economic Analysis in MCI's corporate regulatory organization. I assumed my present position in September, 1993. In my current position, I am responsible for the analysis of regulatory proceedings at the FCC and in various states across the nation, and for assisting in the development of WorldCom policy in regulatory matters.
5. The purpose of this declaration is to address the costs associated with presubscription, in particular the requisite customized routing, and cost allocation. Additionally, I comment on the NERA study submitted by the Bell Companies.

Economic Feasibility of a Switched-Based Solution for Presubscription

6. As stated by Mr. Caputo in his Declaration submitted with WorldCom's Comments in this proceeding filed on April 1, 2002, presubscription for directory assistance services may be accomplished by ILECs either by

means of the Advanced Intelligent Network ("AIN") capabilities that currently exist in most ILEC networks, or by use of line class codes and customized routing (switched-based solution).

7. Basically there are two main cost issues associated with the use of line class codes and customized routing to achieve presubscription. One is the cost for the switch features and translations necessary for customized routing. The other, which is an unnecessary and anticompetitive barrier created by certain ILECs, involves the designation of trunk groups to which the calls will be routed.
8. A number of commenters claim the costs of switched-based solution would be cost prohibitive. Information submitted by Qwest Communications in a proceeding in Arizona indicates that the cost of implementing presubscription for directory assistance services is much lower than that claimed by the incumbent LECs that have filed comments in this proceeding.
9. The cost study prepared by Qwest, dated August, 2001, specifically is designed to estimate the cost of establishing customized routing for operator or directory assistance service by means of a line class code.¹ According to the information submitted by Qwest, the study purports to be

¹ Qwest 2001 Nonrecurring Cost Study, Customized Routing, Study ID # 5611 (Market Services and Economic Analysis Organization, Aug. 2001)("Cost Study"); In the Matter of Investigation into US West Communications, Inc.'s Compliance with Certain Wholesale Pricing Requirements for Unbundled Network Elements and Resale Discounts. Phase IIA. (Arizona Corporation Commission Docket #T-00000A-00-0194).

a TELRIC study of the non-recurring cost of establishing this service, and includes an assignment of joint and common costs.

10. Qwest's estimate of the cost of implementing customized routing using line class codes, is \$231.38 per switch, per line class code.²
11. WorldCom contends that this estimate is high. Major ILECs should have a central management control process that allows them to monitor and manage switches from a central location. This would allow the ILEC to automatically populate the switch table translations and routing instructions in additional switches via an electronic switch administration. Therefore the cost to populate additional switches should be significantly less than the initial switch.
12. At year-end 2001, the companies reporting infrastructure statistics through the Commission's ARMIS system reported a total of 14,837 local switches were deployed in their networks. If Qwest's cost study figures are accepted as accurate, this would imply a cost for a nationwide provider (covering companies reporting through ARMIS) of \$3,432,985 for the customized routing using line class codes.
13. Qwest currently provides customized routing for directory assistance to CLECs in its region.³ The price charged by Qwest in Arizona is in accord

² Cost Study, p. 8. Qwest estimates the cost of the line class code to be \$315.87. Id.

³ See, <http://www.qwest.com/wholesale/pcat/customrouting.html>

with the cost estimated in the Arizona cost study cited above.⁴ There are no recurring monthly or per-usage charges associated with customized routing. This is reasonable, because once the routing of calls is established, no additional costs are incurred by the ILEC.

14. The second issue concerns the insistence by some ILECs, such as Qwest, that customized routing can only be used in conjunction with dedicated directory assistance trunks from ILEC end offices to directory assistance platforms.⁵ As Mr. Caputo stated, the routing of customers' directory assistance calls over existing access trunks (such as WorldCom's Feature Group D trunks), rather than dedicated trunks, to a competitive carrier's point of presence is technically feasible.
15. Not only is this technically feasible, the shared use of these trunks by directory assistance traffic and long distance traffic is the only way in which competitive providers can hope to achieve economies of scale similar to those enjoyed by the incumbent LECs. There is no technical or cost difference in routing the traffic to an already existing access trunk group determined by the DA provider, versus a dedicated trunk, to justify this dedicated trunk policy. The cost to establish dedicated trunks to each end office, however, is prohibitive. This policy has precluded WorldCom from purchasing customized routing from Qwest. A prohibition on LEC

⁴See, <http://www.qwest.com/about/policy/sgats/SGATSdocs/arizona/Arizona+9th+Revised+SGAT+11-30-01+Exhibit+A.pdf>

⁵ See, <http://www.qwest.com/wholesale/pcat/customrouting.html>

requirements that dedicate trunks be used is necessary for the efficient use of customized routing to achieve DA presubscription.

16. A DA provider that is not currently an interexchange carrier, and therefore does not have a network of access trunks, would have the option to buy resold capacity from current interexchange carriers in order to have their traffic carried over these trunks to their own platform.

Cost Allocation

17. A number of ILECs argue that any costs of implementing directory assistance presubscription should be borne by the carriers that are requesting implementation of this capability in the ILECs' networks.⁶ This approach is in direct conflict with well-established principles that have been adopted by the Commission in implementing the provisions of the Telecommunications Act of 1996.

18. In many ways, the implementation of presubscription for directory assistance services is analogous to the implementation of number portability for local exchange services. In both cases, the need for a customer to change an existing phone number or to use an alternative dialing pattern constitute a barrier to the development of competition. With regard to number portability, the Commission found that, while it ordinarily adhered to the principle that recovery of costs should be borne by those who cause the costs to be incurred, competitive neutrality required that the

cost of implementing number portability be recovered from all carriers on a competitively neutral basis.⁷ The recovery of any costs related to implementation of DA presubscription should not be treated any differently.

19. In any event, CLECs and competitive DA providers did not “cause” the creation of a network structure that favors one carrier over all others, and therefore cannot be said to have “caused” any costs related to rectifying this situation. Further, it is not only the competitive service providers and their customers that will benefit from the introduction of DA presubscription. The development of meaningful competition in the provision of directory assistance services will benefit all DA customers - including those who remain with the ILECs – through the lower prices and increased innovation that the market will create.
20. Additionally, ILECs should not be permitted to needlessly increase the costs of entry for competitors. As I explained earlier in this declaration, competitive providers should be allowed to designate the trunks to which the traffic will be routed. The failure of ILECs to route DA calls from their end offices to CLEC DA platforms over existing Feature Group D access trunks constitute a considerable barrier to entry. The requirement to establish dedicated DA trunks at each ILEC wire center renders the

⁶ NERA Report at 57.

⁷ CC Docket 95-116, Third Report and Order, at para. 41. May 5, 1998.

competitive provision of 411 services cost-prohibitive, and therefore should not be allowed.

The NERA STUDY

21. As an attachment to its comments in this proceeding, BellSouth, Qwest, Verizon, and SBC, jointly, submitted a study prepared by NERA to support its contention that the cost of implementing directory assistance would exceed any benefit to society.
22. In support of their opinion that the market for directory assistance service currently is competitive, the authors of the NERA study include as competitive alternatives several products/services that properly cannot be included in the same market as wireline directory assistance.
23. First, the authors include wireless directory assistance as a part of this market.⁸ It stretches the imagination to concoct a circumstance in which wireless directory assistance properly can be considered a substitute for the wireline DA service. Apparently the authors consider it likely that a customer placing a wireline call would find her cell phone and dial 411 using that phone, writing down the number obtained from wireless directory assistance, before returning to the wired phone to place the call. It is plain that wireless DA is used in conjunction with wireless services, while wireline 411 service is a complement to wireline telephony. Even accepting for the sake of argument that the two services form a single

market, the wireless directory assistance market currently is dominated by the same ILECs that provide wireline 411 service, so that the presence of a wireless “alternative” does not indicate the existence of competition

24. Similarly, the authors include directory assistance as provided by various Internet-based services as a component of the directory assistance market. While use of the Internet as an alternative to wireline 411 services may be suitable for some customers, it is by no means clear that Internet services are a substitute for the vast majority of customers. First, as noted by the authors of the NERA report, Internet access is available to only 54% of households. While this may appear to be a substantial percentage of households, particularly in light of the growth in availability of Internet access, the authors ignore the fact that many of the households that currently have Internet access obtain this access through use of their existing telephone line. The same NTIA report cited by the authors of the NERA study for their statistics on the growth of Internet access shows that, of households with Internet access, eighty percent still access the Internet using a dial-up connection. For the vast majority of customers, then, use of Internet directory assistance would require the customer to establish a modem connection to the Internet, obtain the desired number, terminate the Internet connection – the phone line cannot be used for Internet access and to make a voice call simultaneously – then proceed to

⁸ NERA report at 17.

dial the call. The situation is similar to using wireless DA to obtain a number to use with a wired phone, and equally cumbersome.

25. The NERA authors cite declining volumes of ILEC directory assistance calls as further evidence of competition in directory assistance services. Notably, the authors' argument lacks any rigorous examination of the causes for this decline. While competition plausibly may be one factor in declining volumes, a decline also might be related to other factors. The authors themselves note that prices for directory assistance services have been increasing in recent years to "more competitive levels."⁹ While the FCC does not require that revenues for directory assistance services be reported separately, the Commission's ARMIS database show a steady increase in the revenue account (5060) in which directory assistance revenues are recorded over the 1996-2001 period cited by the NERA authors, indicating at least the possibility that an increase in the price for directory assistance calls has suppressed demand for DA service.

26. The NERA authors go on to argue that there are no substantial barriers to entry in the directory assistance services market. Among other things, NERA argues that the ILECs' control of the 411 number does not constitute a barrier to entry. This argument is belied by the evidence the authors cite regarding consumer attitudes toward use of the existing DA access code.¹⁰ According to the survey cited in the NERA report, a

⁹ NERA Report at 9.

¹⁰ NERA Report at 53.

majority of customers would prefer to retain the existing DA access number than to experience wider choice. This finding underscores the importance of the 411 access number to customers, and suggests that portability of this access code is essential to the development of competition in the provision of local wireline DA services. It should be noted that, under WorldCom's proposal in this proceeding, customers are not required to choose between the existing access code and competitive choice. WorldCom's proposal permits customers to use the 411 dialing code to reach their preferred DA provider.

27. In summary, the development of a fully competitive market for directory assistance services requires that some form of presubscription for local exchange customers be implemented. This may be achieved either through the use of existing AIN technology or through the use of customized routing using line class codes. Implementing presubscription is not, according to the cost and prices for customized routing, cost prohibitive. The Commission should order implementation of presubscription for 411 services using either of these methods, at the ILECs' option, and should require that routing of DA calls to competitive DA platforms can be accomplished by combining DA traffic with other telecommunications traffic over existing trunks. Any costs of implementation should be borne by all carriers in a competitively neutral fashion.

I, Mark T. Bryant, declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief.

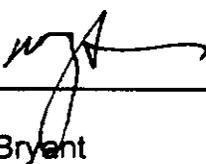
Executed on April 30, 2002

_____/s/_____

Mark T. Bryant

I, Mark T. Bryant, declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief.

Executed on April 30, 2002



Mark T. Bryant