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

In the Matter of Telephone Number Portability	CC Docket No. 95-116

BELLSOUTH CORPORATION
PETITION FOR DECLARATORY RULING AND/OR WAIVER

Angela N. Brown

Its Attorney

BellSouth Corporation
Suite 4300
675 West Peachtree Street, N. E.
Atlanta, Georgia 30375-0001
(404) 335-0724

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EXECUTIVE SUMMARY

The commencement date for the implementation of wireless local number portability ("WLNP") is quickly approaching. In anticipation of this deadline, BellSouth has undertaken significant efforts to modify and upgrade its systems to implement WLNP. These extensive network and system changes have not occurred without cost. In fact, BellSouth estimates the costs associated with the implementation of WLNP to be approximately $38 million.

The instant petition requests the Commission to issue a declaratory ruling that wireline carriers are entitled to a reasonable opportunity to recover the costs to implement WLNP in accordance with Section 251(e)(2) of the Telecommunications Act of 1996 ("1996 Act"), the Commission's cost recovery order, and its implementing rules. Specifically, BellSouth urges the Commission to find that incumbent local exchange carriers ("incumbent LECs") are entitled to a reasonable opportunity to recover the costs to implement WLNP through charges imposed on end users. As demonstrated more fully herein, BellSouth satisfies the Commission's standard for cost recovery, and therefore is entitled to a reasonable opportunity to recover its costs.

In addition to the declaratory ruling above, BellSouth seeks a waiver of the Commission's ban on raising the end-user number portability charge during the maximum five-year recovery period. BellSouth satisfies the "good cause" standard for grant of a waiver by demonstrating that special circumstances exist to justify a waiver. First, BellSouth has shown that WLNP cost data were unknown at the time the initial wireline local number portability ("LNP") charge was approved. Second, the multiple extensions of the WLNP implementation deadline further delayed the identification of these costs. Third, allowing BellSouth to recover its eligible WLNP costs by modifying its end-user LNP charge and/or extending the recovery timeframe is not only consistent with the statute and prior Commission decisions but also will

have a minimal impact on end users, the Commission, and BellSouth. Accordingly, the Commission should grant the waiver as requested herein.

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BellSouth Corporation, by counsel and on behalf of its local exchange carrier affiliate, BellSouth Telecommunications, Inc. ("BellSouth"), respectfully submits this petition for declaratory ruling and/or waiver of the Commission's rules regarding cost recovery for the implementation of wireless local number portability ("WLNP").[1] BellSouth requests that the Commission issue a declaratory ruling, pursuant to Section 1.2[2] of the Commission's rules, that wireline carriers are entitled to a reasonable opportunity to recover the costs[3] to implement

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[1] Currently pending before the D.C. Circuit Court of Appeals is a request for a stay of the November 24, 2003 effective date for the commencement of WLNP. *See In re Cellular Telecommunications & Internet Association*, Petition for Writ of Mandamus to the Federal Communications Commission, Case No. 03-1270 (D.C. Cir. filed Sept. 5, 2003). The disposition of this legal challenge does not change the fact that BellSouth has incurred and continues to incur costs to implement WLNP in accordance with the Commission's mandate.

[2] Section 1.2 of the Commission's rules provides as follows: "The Commission may, in accordance with section 5(d) of the Administrative Procedure Act, on motion or on its own motion issue a declaratory ruling terminating a controversy or removing uncertainty." 47 C.F.R. § 1.2.

[3] The Commission defines "cost recovery" as "the collection of funds by carriers to cover some or all of their costs of providing number portability." *Telephone Number Portability*, CC Docket No. 95-116, RM 8535, *Third Report and Order*, 13 FCC Rcd 11701, 11717, n.100 (1998) ("*Third Report and Order*").

WLNP in accordance with Section 251(e)(2)[4] of the Telecommunications Act of 1996 ("1996 Act"), the Commission's cost recovery order,[5] and its implementing rules.[6] Specifically, the Commission should find that incumbent local exchange carriers ("incumbent LECs") are entitled to a reasonable opportunity to recover the costs to implement WLNP through charges imposed on end users (other than Lifeline subscribers).[7] To that end, BellSouth requests that the Commission waive Section 52.33[8] of its rules to allow BellSouth to modify its current end-user local number portability charge by extending the recovery period beyond the maximum five years and/or modifying the current rate.

In Section I below, BellSouth provides a brief history of local number portability ("LNP"). Section II demonstrates that the 1996 Act and the Commission's rules support allowing incumbent LECs to recover WLNP costs through an end-user charge. In Section III, BellSouth demonstrates why WLNP costs were not included in its original cost data upon which the current LNP end-user charge is based. Section IV describes in detail the costs incurred by BellSouth to implement WLNP and demonstrates that these costs satisfy the Commission's test for recovery. Section V sets forth four options for allowing BellSouth a reasonable opportunity to recover its WLNP costs. Finally, BellSouth demonstrates in Section VI that special

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[4] 47 U.S.C. § 251(e)(2).

[5] *See Third Report and Order*, 13 FCC Rcd 11701.

[6] *See* 47 C.F.R. §§ 52.32-52.33.

[7] The Commission's rules preclude a local exchange carrier from assessing a monthly number portability charge on subscribers to the Lifeline universal service assistance program. 47 U.S.C. § 52.33(a)(1)(i)(C).

[8] 47 C.F.R. § 52.33.

circumstances justify a waiver to allow BellSouth to recover its WLNP costs by extending the cost recovery period and/or modifying its end-user charge.

I. REVIEW OF LOCAL NUMBER PORTABILITY

Section 251(b)(2) of the Communications Act of 1934, as amended by the Telecommunications Act of 1996 ("1996 Act"), requires all local exchange carriers ("LECs") "to provide, to the extent technically feasible, number portability in accordance with requirements prescribed by the Commission."[9] The 1996 Act defines number portability as "the ability of users of telecommunications services to retain, at the same location, existing telecommunications numbers without impairment of quality, reliability, or convenience when switching from one telecommunications carrier to another."[10]

On July 2, 1996, the Commission released its *First Report and Order* in the number portability docket. That order established rules and deployment schedules for the implementation of long-term number portability by LECs and certain broadband Commercial Mobile Radio Service ("CMRS") providers. Although CMRS carriers are explicitly excluded from the statutory definition of "LEC,"[11] the Commission concluded that it had independent authority under Sections 151, 152, and 332 to require CMRS carriers to provide number

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[9] 47 U.S.C. § 251(b)(2).

[10] 47 U.S.C. § 153(30).

[11] The 1996 Act defines a local exchange carrier ("LEC") as "any person that is engaged in the provision of telephone exchange service or exchange access. Such term does not include a person insofar as such person is engaged in the provision of a commercial mobile service under section 322(c) of this title, except to the extent that the Commission finds that such service should be included in the definition of such term." 47 U.S.C. § 153(26).

portability.[12] Initially, the Commission required all wireline carriers (LECs) to provide number portability in the 100 largest Metropolitan Statistical Areas ("MSAs") according to a phased deployment schedule that commenced on October 1, 1997 and concluded December 31, 1998.[13] For WLNP, the Commission set an initial compliance date of June 30, 1999.[14]

Since the adoption of the original implementation date for WLNP, the Commission has extended the deadline on three separate occasions. First, the Wireless Telecommunications Bureau, acting pursuant to delegated authority, extended the compliance deadline from June 30, 1999 to March 31, 2000[15] in response to a request by the Cellular Telecommunications Industry Association ("CTIA").[16] The second extension, granted in response to a CTIA petition seeking temporary forbearance until completion of the five-year buildout period for broadband personal communications services carriers,[17] pushed the compliance date to November 24, 2002.[18] Last year, the Commission rejected a request for permanent forbearance from the WLNP obligations

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[12] *Telephone Number Portability*, CC Docket No. 95-116, RM 8535, *First Report and Order and Further Notice of Proposed Rulemaking*, 11 FCC Rcd 8352, 8431-32, ¶ 153 (1996) ("*First Report and Order*").

[13] *Id.* at 8393, ¶ 77 & App. F; 47 C.F.R. § 52.23(b)(1).

[14] *First Report and Order*, 11 FCC Rcd at 8440, ¶ 166.

[15] *Telephone Number Portability; Petition for Extension of Implementation Deadlines of the Cellular Telecommunications Industry Association*, CC Docket No. 96-116, DA 97-2579, *Memorandum Opinion and Order*, 13 FCC Rcd 16315 (1998).

[16] Petition for Extension of Implementation Deadlines of the Cellular Telecommunications Industry Association, CC Docket No. 95-116 (filed Nov. 24, 1997).

[17] Petition for Forbearance of the Cellular Telecommunications Industry Association, CC Docket No. 95-116 (filed Dec. 16, 1997).

[18] *Cellular Telecommunications Industry Association's Petition for Forbearance From Commercial Mobile Radio Services Number Portability Obligations and Telephone Number Portability*, CC Docket No. 95-116, WT Docket No. 98-229, *Memorandum Opinion and Order*, 14 FCC Rcd 3092 (1999).

and instead granted a third extension of the WLNP implementation deadline until November 24, 2003.[19] Most recently, on November 10, 2003, the Commission released a *Memorandum Opinion and Order* in which it "provide[d] guidance to the industry on local number portability (LNP) issues relating to porting between wireless and wireline carriers (intermodal porting)."[20] With the November 24, 2003 deadline for WLNP quickly approaching, wireline and CMRS carriers are preparing to implement WLNP on that date.

II. THE ACT AND THE COMMISSION'S EXISTING RULES SUPPORT ALLOWING INCUMBENT LECS TO RECOVER WLNP COSTS THROUGH AN END-USER CHARGE.

BellSouth urges the Commission to state explicitly that incumbent LECs may recover the costs to implement WLNP through a federal charge imposed on end users. Aware that the costs of number portability could adversely affect the development of competition, Congress adopted Section 251(e)(2). This provision requires that "[t]he costs of establishing telecommunications numbering administration arrangements and number portability shall be borne by all telecommunications carriers on a competitively neutral basis as determined by the Commission."[21] The Commission has interpreted this provision as requiring the agency "to ensure that all telecommunications carriers bear in a competitively neutral manner the costs of

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[19] *Verizon Wireless's Petition for Partial Forbearance from the Commercial Mobile Radio Services Number Portability Obligation And Telephone Number Portability*, WT Docket No. 01-184; CC Docket No. 95-116, *Memorandum Opinion and Order*, 17 FCC Rcd 14972 (2002).

[20] *Telephone Number Portability; CTIA Petitions for Declaratory Ruling on Wireline-Wireless Porting Issues*, CC Docket No. 95-116, *Memorandum Opinion and Order and Further Notice of Proposed Rulemaking*, FCC 03-284, ¶ 1 (rel. Nov. 10, 2003) ("*Memorandum Opinion and Order and FNPRM*").

[21] 47 U.S.C. § 251(e)(2).

providing long-term number portability."[22] The Commission established a two-part test to assess competitive neutrality. Specifically, the Commission found that a competitively neutral mechanism: "(1) must not give one service provider an appreciable, incremental cost advantage over another service provider when competing for a specific subscriber and (2) must not disparately affect the ability of competing service providers to earn a normal return."[23]

To satisfy the statute's competitive neutrality mandate, the Commission developed a comprehensive cost recovery framework for number portability. In its *Third Report and Order*, the Commission found that "'the cost[s] of . . . number portability' that carriers must bear on a competitively neutral basis include the costs that LECs incur to meet the obligations imposed by section 251(b)(2), as well as the costs other telecommunications carriers—such as interexchange carriers (IXCs) and commercial mobile radio service (CMRS) providers—incur for the industry-wide solution to providing local number portability."[24]

Beginning February 1, 1999, the Commission allowed incumbent LECs to recover their costs directly related to providing number portability through a federally tariffed, monthly number-portability charge assessed on end users for a maximum period of five years.[25] In reaching this decision, the Commission found that there are "only two sources from which it may allow carriers to recover costs in the federal jurisdiction: charges IXCs pay LECs for exchange

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[22] *Third Report and Order*, 13 FCC Rcd at 11706, ¶ 8.

[23] *Id.* at 11731-32, ¶ 53.

[24] *Id.* at 11706, ¶ 8.

[25] 47 C.F.R. §52.33(a)(1) ("The monthly number-portability charge may take effect no earlier than February 1, 1999, on a date the incumbent local exchange carrier selects, and may end no later than 5 years after the incumbent local exchange carrier's monthly number-portability charge takes effect."); *see also Third Report and Order*, 13 FCC Rcd at 11707, ¶ 9.

access, and end-user charges."[26] However, the Commission explicitly rejected access charges as an option. It found that, "[b]ecause number portability is not an access-related service and IXCs will incur their own costs for the querying of long-distance calls, [it would] not allow LECs to recover long-term number portability costs in interstate access charges."[27]

Although the Commission chose to regulate cost recovery for incumbent LECs, it allowed all other telecommunications carriers (non-ILECs) to recover their carrier-specific costs directly related to long-term number portability "in any lawful manner."[28] The Commission found this dissimilar treatment to comport with the Act. As the Commission explained:

> requiring incumbent LECs to bear their own carrier-specific costs directly related to providing number portability and allowing them to recover those costs from their own customers, while leaving other carriers unregulated, meets our competitive neutrality standard that number portability cost distribution and recovery mechanisms: (1) not give one service provider an appreciable, incremental cost advantage over another service provider when competing for a specific subscriber, and (2) not disparately affect the ability of competing service providers to earn a normal return.[29]

As the above demonstrates, the only permissible way for incumbent LECs to recover their WLNP costs is through an end-user charge. The Commission's rules do not allow any other recovery method. According to the Commission, "[c]reating an optional end-user charge for incumbent LECs ensures that such carriers have a reasonable opportunity to recover their

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[26] *Third Report and Order*, 13 FCC Rcd at 11773, ¶ 135.

[27] *Id.*

[28] *Id.* at 11707, ¶ 9; *see also* 47 C.F.R. § 52.33(b) ("All telecommunications carriers other than incumbent local exchange carriers may recover their number portability costs in any manner consistent with applicable state and federal laws and regulations.").

[29] *Third Report and Order*, 13 FCC Rcd at 11774, ¶ 136.

costs and at the same time allows carriers to forego some or all of the charges if they deem it necessary to compete in the local service market."[30]

As demonstrated more fully below, the WLNP costs incurred by BellSouth are legitimate number portability costs that satisfy the Commission's standard for recovery. Moreover, the Commission has already concluded that incumbent LECs may recover number portability costs through one means only – an end-user charge. For clarity, the Commission should issue a declaratory ruling that incumbent LECs are entitled to recover the costs to implement WLNP through charges imposed on end-users. Such a result is consistent not only with the 1996 Act but also with the Commission's existing cost recovery mechanism and prior treatment of wireline LNP costs.

III. BELLSOUTH'S CURRENT END-USER LNP CHARGE DOES NOT ACCOUNT FOR THE COSTS INCURRED TO IMPLEMENT WLNP.

In the instant petition, BellSouth requests authority to recover the carrier-specific costs incurred directly to implement WLNP by modifying the current end-user LNP charge and/or extending the recovery period. The Commission's rules limit the period during which an incumbent LEC may impose an LNP charge on its end users to a maximum of five years.[31] BellSouth began charging its end users for wireline LNP in May 1999 at a rate of 35 cents per month. The five-year recovery period for BellSouth is scheduled to expire in May of 2004.

In addition to limiting the recovery period, the Commission stated as follows: "After a carrier establishes its levelized end-user charge in the tariff review process we do not anticipate

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[30] *Id.* at 11775, ¶ 139.

[31] 47 C.F.R. §§ 52.33(a)(1).

that it may raise the charge during the five-year period *unless it can show that the end-user charge was not reasonable based on the information available at the time it was initially set.*"[32] Based on this standard, the end-user charge approved by the Commission was arguably "not reasonable" from the very beginning because it did not include WLNP costs. Although BellSouth was aware that it would incur costs to deploy WLNP, as explained more fully below, those costs were unknown at the time and therefore omitted. Moreover, had BellSouth included an estimate of WLNP costs in its original number portability cost study, it is more likely than not that the Commission would have rejected these costs as speculative. Accordingly, BellSouth's current end-user charge does not account for the costs incurred to implement WLNP, only those incurred to deploy wireline LNP. For the reasons articulated below, the costs to deploy WLNP were intentionally excluded from the original cost study upon which the current rate is based.

As an initial matter, the costs for the implementation of WLNP were not reasonably ascertainable at the time that the charge for wireline LNP was reviewed and authorized by the Commission. When the Commission initially considered cost recovery for number portability, WLNP was still in its embryonic stage. The clear and obvious focus was on getting number portability between wireline carriers off the ground. As a result, the Commission, as well as its advisory committee, the North American Numbering Council ("NANC"), repeatedly deferred addressing the specific details of implementing WLNP.[33] In 1997, the Commission expressly concluded that it was reasonable for the NANC to defer making recommendations regarding

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[32] *Third Report and Order*, 13 FCC Rcd at 11777, ¶ 144 (emphasis added).

[33] *See Telephone Number Portability*, CC Docket No. 95-116; RM 8535, *Second Report and Order*, 12 FCC Rcd 12281, 12331, ¶ 87 (1997) (citing Working Group Report at § 3.1) ("*Second Report and Order*").

WLNP given the later implementation date.[34] Further, the Commission found that "it [would] probably be necessary to modify and update the current local number portability standards and procedures in order to support wireless number portability."[35] Over the next three years, the NANC issued three separate reports on wireless local number portability.[36] Notwithstanding the efforts of the NANC and the industry, outstanding issues remained regarding WLNP (*e.g.*, porting intervals; rate center disparity). The inability to reach consensus on these issues and the absence of guidance from the Commission only further delayed the adoption of technical standards and requirements for WLNP.

Because of the deferral in the development of WLNP standards and requirements, the costs for WLNP were unknown when BellSouth submitted its original cost data to the Commission to support its end-user LNP charge. The delay in developing standards (and, in turn, the delay in identifying costs) was only furthered by the multiple extensions of the WLNP compliance date. As explained above in Section I, a total of three extensions have resulted in delays totaling more than four years.[37] The necessary standards and requirements for WLNP were not identified until well after the submission of BellSouth's wireline LNP cost study. For example, both the 2nd and 3rd NANC Reports on Wireless Wireline Integration (whose purpose it

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[34] *Id.* at 12333, ¶ 90.

[35] *Id.*, ¶ 91.

[36] *See* North American Numbering Council Local Number Portability Administration Working Group Report on Wireless Wireline Integration (May 8, 1998) ("1st Wireless Wireline Integration Report"); North American Numbering Council Local Number Portability Administration Working Group 2nd Report on Wireless Wireline Integration (June 30, 1999) ("2nd Wireless Wireline Integration Report"); North American Numbering Council Local Number Portability Administration Working Group 3rd Report on Wireless Wireline Integration (Sept. 30, 2000) ("3rd Wireless Wireline Integration Report").

[37] *See supra* text at 4-5.

was to address outstanding issues regarding intermodal porting) were released after BellSouth began recovering wireline LNP costs from its end users.[38] Consequently, only recently has BellSouth been able to identify and quantify the costs associated with implementing WLNP. Therefore, the omission of WLNP costs from the original data submitted to the Commission to support the current end-user LNP charge was justified, although the exclusion of these costs rendered the approved charge itself "not reasonable" under the Commission's standard for adjusting the charge.

IV. WLNP COSTS ARE LEGITIMATE LOCAL NUMBER PORTABILITY COSTS THAT CARRIERS ARE ENTITLED TO RECOVER.

The implementation of WLNP is a significant undertaking that generates substantial costs. BellSouth has conducted a preliminary cost study to estimate the costs incurred to implement WLNP.[39] BellSouth estimates the costs eligible for recovery to be approximately $38 million.[40]

The costs for which BellSouth would seek recovery are directly attributable to the provision of WLNP and satisfy the "but for" test established by the Commission.[41]

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[38] *See supra* note 36.

[39] Included as Attachment A is brief summary of BellSouth's WLNP cost study and the underlying assumptions. The cost study includes the same types of costs the Commission approved for the wireline LNP end-user charge. Categories of costs previously disallowed by the Commission were not included in the WLNP cost study. It also should be noted that BellSouth's cost study does not include costs associated with potential modifications to BellSouth's systems to accommodate a shortened porting interval or to facilitate the porting-in of a number outside of a BellSouth rate center. *See Memorandum Opinion and Order and FNPRM*, ¶¶ 2, 42-44, 49-51.

[40] This cost figure is only an estimate and is subject to change.

[41] For a more detailed discussion of the "but for" test, see *infra* text page 13 and accompanying notes.

Consequently, in its cost study, BellSouth treats such costs as fully recoverable pursuant to the *Third Report and Order*. Described in detail below are the various WLNP costs incurred by BellSouth.

A. Shared Industry Costs

Shared costs (or Type 1 costs) are the costs incurred by the industry to build, operate, and maintain the databases needed to provide number portability.[42] The *Third Report and Order* requires the allocation of shared costs among telecommunications carriers.[43] Once a carrier's share of the Type 1 costs is defined and allocated, that share will become a carrier-specific cost directly related to the provision of WLNP, *i.e.*, a Type 2 cost.[44] The third party administrator, NeuStar, charges a fee for every number ported by carriers in the Southeast region. BellSouth pays its allocated share of the total costs for porting these numbers. BellSouth has included all shared costs allocated to it in its cost study.

B. Carrier-Specific Costs Directly Related To Providing WLNP

Carrier-specific costs directly related to providing WLNP (or Type 2 costs) are those costs incurred specifically in the provision of WLNP. In the context of wireline LNP, the Commission found that the costs of purchasing the switch software necessary to implement LNP, the costs of querying calls, and the costs of porting telephone numbers from one carrier to

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[42] The Commission subcategorized these shared costs into (a) non-recurring costs, including the development and implementation of the hardware and software for the database; (b) recurring (monthly or annually) costs, such as maintenance, operation, security, administration, and physical property associated with the database; and (c) costs for uploading and downloading. *Third Report and Order*, 13 FCC Rcd at 11734-35, ¶ 70.

[43] *Id.* at 11738-39, ¶ 69.

[44] *Id.*

another qualified as carrier-specific costs.[45] Carrier-specific costs also include costs associated with updates to carriers' networks and Operational Support Systems ("OSS"), as well as each carrier's allocated portion of shared industry costs, as discussed above.

In its *Third Report and Order*, the Commission concluded that allowing carriers to recover their own carrier-specific costs is consistent with the competitive neutrality requirement in Section 251(e)(2).[46] The Commission also adopted a "but for" test used to identify carrier-specific costs directly related to LNP. Under this "but for" test, costs are eligible for recovery only if they satisfy the following two requirements: (1) the costs would not have been incurred by the carrier "but for" the implementation of WLNP; and (2) the costs were incurred "for the provision of" WLNP.[47] In addition, the Commission stated that it "[would] consider as carrier-specific costs directly related to the provision of number portability that portion of a carrier's joint costs that is demonstrably an incremental cost carriers incur in the provision of long-term number portability."[48]

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[45] *Id.* at 11735, 11740, ¶¶ 62, 72. BellSouth will not incur any switch software or hardware costs for the deployment of WLNP. The bulk of BellSouth's expenses for WLNP are due to the modifications to BellSouth's Operational Support Systems.

[46] *Id.* at 11774, ¶ 136.

[47] *Telephone Number Portability Cost Classification Proceeding*, CC Docket No. 95-116, RM 8535, *Memorandum Opinion and Order*, 13 FCC Rcd 24495, 24500, ¶ 10 (1998).

[48] *Third Report and Order*, 13 FCC Rcd at 11740, ¶ 73. Except for the costs associated with upgrades to the LNP Architecture and Infrastructure gateway system (as discussed in subsection 1.b. below), all of the costs incurred by BellSouth are directly and fully attributable to the implementation of WLNP. (For a detailed discussion of the modifications to the LNP Architecture and Infrastructure necessary to accommodate WLNP, see *infra* text at 19-20.) Since the LNP Infrastructure and Architecture gateway supports both wireline and wireless LNP, the costs to upgrade this gateway were allocated between wireline LNP and wireless LNP. Only those costs allocated to WLNP are included in BellSouth's cost study.

The subsection below describes BellSouth's carrier-specific costs. Each of the identified costs satisfies the "but for" test and therefore is eligible for full cost recovery. BellSouth categorizes these costs as: (a) OSS costs and (b) employee-related and other costs.

1. OSS Costs

A significant portion of the costs that BellSouth has incurred and continues to incur to implement WLNP is associated with modifications to its OSS. These OSS must be adapted to support the provision of WLNP. Attachment B is a table describing all of the BellSouth OSS impacted by WLNP as well as the system changes necessary to accommodate WLNP.[49] Because all of the costs associated with these OSS are directly related to WLNP, BellSouth has classified them as Type 2 costs.

a. Electronic Data Interface; Local Exchange Negotiation System; and Extensible Markup Language System

The following three electronic interfaces enable a carrier to access BellSouth's ordering systems to submit Local Service Requests ("LSRs"): (1) Electronic Data Interface ("EDI"); (2) the Local Exchange Negotiation System ("LENS"); and (3) the Extensible Markup Language ("XML") System. A software application known as the Service Gate Gateway takes output from these three interfaces and performs various data validations. BellSouth has modified each of the platforms described above to accommodate those LSRs submitted to facilitate the porting of wireless numbers. For example, BellSouth changed its systems to recognize a new field on the LSR. This new field, the Network Portability Directional Indicator ("NPDI"), was defined by the Ordering and Billing Forum (an industry forum within the Alliance for Telecommunications

[49] *See* Attachment B (OSS Descriptions and Modifications Needed for WLNP).

Industry Solutions) at the request of wireless carriers. The purpose of the NPDI is to identify the port type (*e.g.*, wireless-to-wireline; wireline-to-wireless). It is necessary to identify the type of port because wireless ports require different data validations than wireline ports.

b. LNP Architecture/Infrastructure and LNP Gateway

LNP Architecture and Infrastructure is a gateway system that has undergone extensive modifications to prepare for the increased message volumes associated with the provisioning of WLNP. BellSouth will receive messages (activates) for each porting transaction that occurs in the Southeast region, even if BellSouth is not involved in the ordering or provisioning process. Receipt of these port messages is necessary to update a number of internal databases, including the Local Service Management System ("LSMS"). Costs also were incurred to purchase new servers and modify existing servers. These upgrades were necessary to provide sufficient capacity and stability, maintain compatibility with other systems, and incorporate new required features in order to accommodate the larger volume of port messages received from the Number Portability Administration Center ("NPAC").

The LNP Gateway application was designed originally to allow BellSouth to interface with the NPAC. BellSouth has modified this application to allow for proper validation of WLNP porting requests. The enhancements enable BellSouth to crosscheck its records with information received from the NPAC to ensure that the NPDI field in the LSR is populated correctly. In addition, enhancements were necessary to enable the validation process to edit correctly the WLNP service requests. Finally, costs also were incurred to allow BellSouth to mechanize the

flow-through process for complex service orders for wireless numbers associated with Type 1 interconnection.[50]

c. Wireless Integrated Processing System

The Wireless Integrated Processing System ("WIPS") is a system designed to mechanize the tracking of service requests and the issuance of service orders submitted by wireless carriers. Currently, the records for customers (wireless carriers) that have numbers for Type 1 interconnection identify the Type 1 numbers in ranges (*e.g.*, 205-321-1000 through 1099). When a request to port a single Type 1 number is received, the existing range information on the customer record is no longer valid. Thus, when a request to port a Type 1 number is received, the customer record is updated to identify the Type 1 numbers at the individual telephone number level rather than at the range level. This modification allows the service representative to update the customer record and remove the ported Type 1 number from the existing record. This update is necessary to begin the porting process for the Type 1 number that will be ported. Changes to WIPS were necessary to allow the updating of the customer record when a Type 1 number is ported.

2. Employee-Related and Other Costs

As described more fully below, BellSouth has employees dedicated to working on projects for the implementation of WLNP. Accordingly, the labor costs associated with these WLNP projects are fully recoverable as Type 2 costs.

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[50] Type 1 interconnection is a trunk connection between a wireless carrier's switch and a BellSouth end office switch. Type 1 wireless numbers reside in the BellSouth end office and are assigned to a Type 1 wireless interconnection trunk group that supports traffic between the wireless carrier's switch and the Public Switched Telephone Network.

a. Project Management

BellSouth has employees dedicated to performing specific job functions associated with WLNP, including project management, which encompasses business planning and field support. BellSouth also employs independent contractors to support the implementation of WLNP.

b. Training Development

Training is available to all of BellSouth's wireless service provider customers impacted by WLNP. This training will be developed and delivered by BellSouth employees or outside contractors.

c. Headcount Additions

The implementation of WLNP requires the addition of personnel to the following centers:

(1) Local Carrier Service Center

The Local Carrier Service Center ("LCSC") processes local service requests that require manual intervention. In addition to processing service requests, the LCSC provides status information on service requests (*e.g.,* order confirmation, service troubles, missed appointments). The LCSC also delivers authorized customer record information and performs billing inquiries and payment arrangements.

(2) Block Administration Center

The Block Administration Center ("BAC") is a consolidated, regional center with responsibility for numbering administrative and assignment functions. Included among these functions are provisioning activities required by the NPAC.

(3) Trapper Center

The Trapper Center is a regional center that acts as the interface between the BellSouth retail customer operating units and the competitive carriers in the migration of customers to and from BellSouth through local number portability. The Trapper Center creates and transmits LSRs to carriers; determines if existing unbundled network element circuits associated with ported numbers can be reused and, if so, issues the circuit disconnect; performs all provisioning activity in the NPAC to migrate numbers; and ensures that the due date for the porting of a number is met.

* * *

As the foregoing demonstrates, the implementation of WLNP is no small undertaking. The number of BellSouth OSS impacted and the modifications necessary to deploy this functionality are significant. BellSouth has incurred – and continues to incur – substantial costs to design, install, test, and deploy new features necessary to accommodate WLNP. In addition to the various OSS expenses, BellSouth's costs also include employee-related expenses. All of the costs identified above are directly related to the implementation of WLNP, would not have been undertaken "but for" WLNP, and therefore are fully recoverable.

V. BELLSOUTH PROPOSES TO RECOVER ITS WLNP COSTS BY MODIFYING THE EXISTING END-USER CHARGE AND/OR EXTENDING THE RECOVERY PERIOD.

BellSouth has developed four scenarios for the recovery of its WLNP costs. These scenarios involve either adjusting the existing end-user LNP charge, extending the recovery timeframe, or a combination of both. The timing of Commission action on the instant petition may limit the feasibility of some of these options.

A. Increase Existing Rate For the Remainder of the Five-Year Period Due To Expire in May 2004

The first proposal is to allow BellSouth to raise the existing monthly rate of 35 cents for the remainder of the five-year recovery period. For BellSouth, that period is scheduled to expire in May 2004. If the Commission were to allow BellSouth to modify its tariffs to implement a new LNP rate effective January 2003, the rate increase would be approximately 31 cents for a total monthly end-user LNP charge of approximately 66 cents. Under this scenario, BellSouth would increase the rate for four billing cycles. The LNP charge would expire in May 2004 as currently scheduled.

B. Impose a New Charge for Three Months Specifically To Recover WLNP Costs After the Expiration of the Current LNP Charge

The second alternative is to allow the expiration of the current LNP charge of 35 cents in May 2004 and impose a new rate of approximately 43 cents for three months thereafter. This alternative would allow BellSouth to recover its WLNP costs for a limited three-month timeframe following the expiration of the five-year period.

C. Impose A New Charge for Six Months Specifically To Recover WLNP Costs After the Expiration of the Current LNP Charge

The third alternative is to allow the expiration of the current LNP charge of 35 cents in May 2004 and impose a new rate of approximately 22 cents for six months thereafter. This scenario would allow BellSouth to recover its WLNP costs through a reduced rate for a limited six-month timeframe following the expiration of the five-year period.

D. Impose A One-Time Charge

The final option is to impose a one-time charge of approximately $1.21 on BellSouth's subscribers. The timing of this charge could occur prior to or after the expiration of the five-year recovery period (May 2004) as permitted by the Commission.

The above scenarios are summarized below:

Scenario	Amount
Scenario 1 (Increase Current $0.35 LNP Rate January 2004 through May 2004)	$0.66
Scenario 2 (WLNP Rate – Three-Month Recovery)	$0.43
Scenario 3 (WLNP Rate – Six-Month Recovery)	$0.22
Scenario 4 (One Time Charge)	$1.21

VI. BELLSOUTH MEETS THE STANDARD FOR GRANT OF A WAIVER.

BellSouth satisfies the "good cause" standard for grant of a waiver.[51] Courts have held that "a waiver is appropriate only if special circumstances warrant a deviation from the general rule and such deviation will serve the public interest."[52] The Commission "may exercise its discretion to waive a rule where particular facts would make strict compliance inconsistent with the public interest."[53]

A waiver is justified under the standard articulated above. Unique circumstances justify allowing BellSouth to modify the current LNP end-user charge and/or extend the five-year

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[51] *See* 47 C.F.R. § 1.3; *Northeast Cellular Telephone Co. v. FCC*, 897 F.2d 1164, 1166 (D.C. Cir. 1990) ("The FCC has authority to waive its rules if there is 'good cause' to do so.").

[52] *Northeast Cellular Telephone Co.*, 897 F.2d at 1166; *see also WAIT Radio v. FCC*, 418 F.2d 1153 (D.C. Cir. 1969).

[53] *Northeast Cellular Telephone Co.*, 897 F.2d at 1166 (citing *WAIT Radio*, 418 F.2d at 1159).

recovery period as described in the preceding scenarios. As the Commission has concluded, wireline carriers are entitled to a reasonable opportunity to recover the costs incurred to implement number portability.[54] The Commission's *Third Report and Order* prohibits an incumbent LEC from raising the end-user "charge during the five-year period unless it can show that the end-user charge was not reasonable based on the information available at the time it was initially set."[55] As demonstrated above in Section III, WLNP costs were not reasonably ascertainable when the current LNP charge was reviewed and approved by the Commission. Moreover, multiple extensions of the commencement date for WLNP delayed both the ability of carriers to identify WLNP costs and deferred the actual expenditure of such costs. As a result of the omission of WLNP costs from the original cost data and the various extensions granted to date, BellSouth's end users have not been charged for WLNP.

Granting BellSouth permission to recover its WLNP costs at this time will link recovery from end users with the implementation of WLNP. As the Commission has determined, "recovery from end users should be designed so that end users generally receive the charges only when and where they are reasonably able to begin receiving the direct benefits of long-term number portability."[56] When the Commission authorized the end-user charge for wireline LNP, it was cognizant of the timing for imposing this fee on consumers. Consequently, it delayed the date on which incumbent LECs could commence the charge. Specifically, the Commission found that the later "start date [would] better tailor recovery to areas where customers can

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[54] *See supra* text at 7-8 and accompanying notes.

[55] *See Third Report and Order*, 13 FCC Rcd at 11777, ¶ 144.

[56] *Id.* at 11776, ¶ 142.

receive number portability than would an earlier start date for recovery."[57] Clearly, the Commission's goal was to ensure that end users were not paying for a functionality they would not be able to enjoy for years to come. The Commission need not be concerned about timing in the instant case. The cost recovery options described above avoid the scenario of end users paying now for a distant future capability.

In addition to the foregoing, grant of the instant waiver request would serve the public interest. As has been stated, the Commission is obligated by statute to ensure that carriers bear the costs to implement number portability in a competitively neutral manner. Moreover, the Commission has already concluded that "allowing [incumbent LECs] to recover number portability costs [through a federal charge assessed on end-users] will best serve the goals of the statute."[58] Therefore, authorizing BellSouth to recover its eligible WLNP costs by modifying its end-user LNP charge and/or extending the recovery timeframe is fully consistent with the Act and the Commission's prior treatment of wireline LNP costs.

Moreover, the proposed recovery solutions would have a minimal impact on subscribers. End users have seen the number portability charge on their bills for over four years now; therefore, they are already familiar with this fee. In addition, the total charge imposed on each individual BellSouth end user will be low (approximately $1.21). Thus, the impact on BellSouth's subscribers will be minimal.

Allowing BellSouth to modify the LNP rate and/or the recovery period would further serve the public interest by minimizing the administrative burdens on the Commission and

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[57] *Id.*

[58] *Id.* at 11773, ¶ 135.

BellSouth. Both parties are already familiar with the process of identifying valid number portability costs. BellSouth has already gone through the exercise of submitting wireline LNP cost data to the Commission, and the Commission has already extensively analyzed such information. The same process would apply here. Indeed, BellSouth has modeled its WLNP cost study after the wireline LNP cost study used to support the current end-user charge reviewed and approved by the Commission. The WLNP cost study includes only those categories of costs the Commission previously found subject to valid cost recovery.

Perhaps most importantly, in the absence of a waiver, BellSouth would be deprived of a reasonable opportunity to recover its WLNP costs. Such an outcome would be a clear violation of Section 251(e)(2) and the *Third Report and Order*. The Commission has already found that "the statute requires [it] to ensure that the costs of number portability do not affect the ability of carriers to compete."[59] Moreover, as noted earlier, the Commission has concluded that there are "only two sources from which it may allow carriers to recover costs in the federal jurisdiction: charges IXCs pay LECs for exchange access, and end-user charges."[60] The Commission explicitly rejected access charges as an option, reasoning as follows: "Because number portability is not an access-related service and IXCs will incur their own costs for the querying of long-distance calls, we will not allow LECs to recover long-term number portability costs in interstate access charges."[61] Thus, according to the Commission, the only permissible method for incumbent LECs to recovery their WLNP costs is through an end-user charge. A denial of the instant waiver request would leave BellSouth without the ability to recover its costs.

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[59] *Id.* at 11732, ¶ 56.

[60] *Id.* at 11773, ¶ 135.

[61] *Id.*

Meanwhile, its non-ILEC competitors are free to seek recovery in any manner they see fit. In fact, a number of wireless carriers either have begun charging their subscribers to recover WLNP costs or have announced future plans to do so.[62] A denial of the relief requested herein would place BellSouth at a significant competitive disadvantage – in clear violation of the statute's competitive neutrality mandate and Commission precedent.

VII. CONCLUSION

In the instant petition, BellSouth requests authority to recover the costs incurred to implement WLNP. First, BellSouth asks the Commission to issue a declaratory ruling that incumbent LECs may recover the costs to implement WLNP through charges imposed on end-users. The implementation of WLNP has been mandated by the Commission, and the Commission's existing recovery mechanism allows incumbent LECs a reasonable opportunity to recover the carrier-specific costs of implementing number portability. Because BellSouth has incurred significant costs directly related to the implementation of WLNP and has satisfied the Commission's standard for cost recovery, it is entitled to a reasonable opportunity to recover its costs.

In addition to the declaratory ruling above, BellSouth seeks a waiver of the Commission's ban on raising the end-user LNP charge during the five-year recovery period. As demonstrated herein, BellSouth has satisfied the "good cause" standard for grant of a waiver.

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[62] *See* Dan Meyer, "Who will pay for and who will profit from WLNP?" *RCR Wireless News* (July 14, 2003) ("Last week, Sprint PCS became the latest carrier to announce its plans to recoup costs associated with WLNP implementation, saying it would begin charging customers $1.10 per month for WLNP . . . Many of Sprint PCS' competitors have announced similar plans to recoup WLNP costs, including AT&T Wireless Services Inc., which began charging customers $1.75 per month in March for WLNP . . . .").

First, BellSouth has shown that WLNP cost data were unknown at the time the initial LNP charge was approved. Second, the repeated extensions of the WLNP implementation deadline further delayed the identification of these costs. Third, allowing BellSouth to recover its eligible WLNP costs by modifying its end-user LNP charge and/or extending the recovery timeframe is not only consistent with the statute and prior Commission decisions but also will have a minimal impact on end users, the Commission, and BellSouth. Accordingly, the Commission should grant the waiver as requested herein.

Respectfully submitted,

BELLSOUTH CORPORATION

Its Attorney

By: /s/ Angela N. Brown
Angela N. Brown

BellSouth Corporation
675 West Peachtree Street
Suite 4300
Atlanta, GA 30375-0001
(404) 335-0724

November 14, 2003

ATTACHMENT A

SUMMARY OF WLNP COST STUDY
BELLSOUTH TELECOMMUNICATIONS, INC.

Cost Summary by Category

OSS	$ 17,133,698
Centers	$ 14,623,434
NeuStar	$ 5,936,786
Project Management	$ 188,114
Total Costs:	$ 37,882,032

Impact on Existing LNP Rate

Scenario	Amount
Scenario 1 (Increase Current $0.35 LNP Rate By $.31 January 2004 through May 2004)	$0.66
Scenario 2 (WLNP Rate) 3 Months	$0.43
Scenario 3 (WLNP Rate) 6 Months	$0.22
Scenario 4 (One Time Charge)	$1.21

ATTACHMENT A
SUMMARY OF WLNP COST STUDY

Cost Development

Introduction and Overview

The purpose of this analysis is to estimate the costs associated with the work required by BellSouth Telecommunications, Inc. to support Wireless Local Number Portability (WLNP) in the BellSouth Region. The headcount figures reflect Subject Matter Experts' estimates of the support required for Wireless porting beginning on November 24, 2003. Until BellSouth's work centers (Centers) actually begin porting wireless numbers, the headcount figures are preliminary.

The major assumptions associated with this estimate are:

1. OSS modifications include those systems required to support Wireless Local Number Portability;
2. Cost to modify OSS for WLNP that were disallowed in LNP filing are not included in the amount BellSouth is seeking cost recovery;
3. NeuStar costs include five years of porting expenses and Centers include three years of porting expenses before porting becomes "Business as Usual;"
4. Cost Categories include: OSS (expenses, software and hardware), Employee Related (Project Management, Contract employees, Block Administration Center, Trapper Center, Local Carrier Service Center, and Wireless Service Center) and NeuStar;
5. All cost are assumed to occur mid-year
6. LNP cost methodology (e.g. no investment loading factors - supporting Equipment and Power, Spare Stock, land and building) used to develop WLNP cost.

The cost methodology used in this analysis is the total direct long run incremental cost plus a reasonable allocation of common costs. Present Value (PV) and Future Value (FV) calculations are based on an 11.25% interest rate, which has been used in other FCC filings such as BellSouth's Telephone Number Portability revised tariff dated June 11, 1999 and Thousands-block Number Pooling revised tariff dated June 7, 2002. Excel spreadsheets were used to calculate the cost. WLNP tracking reports, Vendor agreements, and Subject Matter Experts were used to estimate the costs. Labor costs were estimated by multiplying work time in hours by the appropriate BellSouth regional directly assigned labor rate or contract labor rate for the year the work was performed.

This analysis contains the direct costs of implementing WLNP. Thus, these costs would not have been incurred but for the implementation of WLNP. Forward-looking incremental common overhead costs are also considered. Common overhead costs include costs, which span the activities of the business, such as general and administrative, executive and planning, accounting and financial and legal. BellSouth developed factors that represent a distribution of common overhead costs. The methodology employed to develop the WLNP common overhead costs factor is the same

process employed in developing common overhead cost factors for unbundled network elements (UNEs) as well as LNP and Thousands-Block Number Pooling. The UNE common overhead factor is 0.633. BellSouth adjusted the UNE common overhead cost factor to exclude costs such as product management and general-purpose computer hardware and software costs that are identified as direct costs in this analysis. The resulting WLNP common overhead cost factor is 0.0442.

Description of Cost Categories

Below are summaries of the various WLNP cost categories. In the FCC's Third Report and Order (FCC 98-82) and reiterated in their Memorandum Opinion and Order (DA 98-2534), carriers were instructed to assign costs according to three categories: 1) shared costs, 2) carrier-specific costs directly related to providing number portability, and 3) carrier-specific costs not directly related to providing number portability. The shared costs are reflected in the NeuStar charges for each wireless number ported. The carrier-specific costs reflected in this study are BellSouth's operational support systems capital and expenses, and employee related expenses. There are no costs in this estimate that would be classified as a category three costs: carrier-specific costs not directly related to providing number portability. BellSouth utilized the same "but for" criteria specified in the above-referenced FCC decisions in order to identify the carrier-specific costs directly related to Wireless Number Portability. Under this "but for" test, costs are eligible for recovery only if they satisfy the following two requirements: 1) the costs would not have been incurred by the carrier "but for" the implementation of number portability; and 2) the costs were incurred "for the provision of" number portability service.

OSS Capital and Expense

This category of carrier specific costs includes the expenses and capital required to modify OSS functionality to allow, "porting" of wireless telephone numbers. Also included in this category is the expenses and capital (hardware and software) to increase the capacity of the LNP infrastructure to handle the porting of wireless numbers.

All of the processes and procedures BellSouth developed to support Wireline LNP were based on porting numbers between two service providers who have different networks. In the Wireline LNP process, and in all the "port out" or "port in" WLNP processes, the ported number is disconnected on the BellSouth switch and ported to a CLEC switch (or vice versa). BellSouth's Operational Support Systems do not support the process of disconnecting and reconnecting a ported number in the same network. The functionality for Port Across (Same Provider Porting) will be implemented manually on 11/24/2003.

Employee Related

Bellsouth employees and contractors are dedicated to projects required both for the implementation and on-going administration of wireless number portability. The labor costs associated with these projects and work centers are directly related to wireless

number portability. Provided below is a brief description of the various employee-related categories.

Project Management – BellSouth employees and independent contractors perform wireless number portability functions including project management, which encompasses business planning, field support, and implementation.

Centers – Additional headcount was required in the various work centers (e.g., Trapper, Block Administration Center (BAC), Local Competition Service Center (LCSC), Wireless Service Center (WSC)) that will be administering the porting of wireless numbers. Also included in this category is the development of a training package for wireless carriers and the expenses associated with the distribution of information to the wireless carriers.

NeuStar

BellSouth pays the third-party database administrator, NeuStar, a fee for each number ported. The forecast of Type 1 and Type 2 numbers was used to estimate the expenses for this category.

Description of Cost Study Attachments and Work Papers

The cost study develops the costs to implement WLNP, develops the four cost recovery scenarios requested by the FCC, and includes the following work papers:

- Summary – This work paper summarizes the cost of implementing WLNP and uses the count of access lines, adjusted as was done for wireline LNP and develops the four scenarios: increase the current LNP rate; a separate WLNP rate for three months; a separate WLNP rate for six months; and one time charge;
- INPUT_Factors - This work paper contains labor rates, factors, cost of money; and Account Depreciation lives used in this analysis;
- INPUT_Labor – This work paper contains the BellSouth employee labor hours;
- INPUT_Misc – This work paper contains the NeuStar Port Rate, Forecast of Type 1 and Type 2 annual ports and the Contract labor hours;
- Proj Mgmt – This work paper calculates the costs associated with project management of implementing WLNP;
- Misc Centers – This work paper calculates the costs associated with the Trapper Center, the BAC, the LCSC, and the WSC;
- NeuStar – This work paper calculates the costs associated with NeuStar based on the forecasted number of Type 1 and Type 2 ports;
- OSS_Cost – This work paper calculates the costs associated with modifications to the various Operations Support Systems required to implement WLNP;
- Vendor_OSS - This work paper provides the inputs from the various vendors involved in the implementation of WLNP.

- BS Access Lines WLNP – This work paper projects the December 2002 actual access lines in the BellSouth region with LNP adjustments to the various points in the future needed for this analysis.

Cost Calculations

As previously stated, this analysis estimates BellSouth's portion of the shared industry costs and the carrier-specific costs of implementing WLNP. The following sections explain the cost development process for the Cost Elements: Employee Related (Project Management and Centers), NeuStar, and OSS.

Employee Related

Project Management - Project management includes both BellSouth employees and contractors. The project management hours were summed and multiplied by the BellSouth labor rate for the year the work was performed. The contract project management costs were developed by multiplying the contractor specific rate per hour by the number of hours assigned to WLNP. The costs associated with the BellSouth employees and contractors were summarized, moved to November 30, 2003 and multiplied by the common cost factor.

Centers – The basic calculation of the costs associated with the various Centers consist of multiplying the hours by Job Grade or Wage Scale by year times the appropriate BellSouth Labor Rate (Job Grade or Wage Scale, Year). The input for the Trapper Center and the Block Administration Center was incremental annual headcount. Since the assumption used in this analysis was to include the cost of WLNP for a period of three years from the date of implementation, the costs for Trapper and the BAC was calculated for one month of year 2003 (December), 12 months of years 2004 and 2005 and eleven months of year 2006. The headcount figures were converted to annual hours by using 1928 hours per year per headcount for management (JG57) and 1868 hours per year for non-management (WS20). The Electronic Communications (EC) Support and Interconnection Services (ISC) Operations (part of LCSC), LCSC and WSC headcount was provided by year (2004, 2005 and 2006). This required the headcount by year being multiplied by the 1928 hours for management (JG57 and JG58) and 1868 hours for non-management (WS10, 230X, and 4AXX). The year 2006 hours were adjusted as described above. The costs by year by center were then valued at November 30, 2003 and multiplied by the common cost factor.

NeuStar

Bellsouth incurs a charge from NeuStar, the third-party administrator, for each Type 1 and Type 2 number ported. The Type 1 ports include wireless-to-wireless, wireline-to-wireless, and wireless-to-wireline. The type 2 ports include port-out-to-Type 1, port-in and port-across. BellSouth internally developed the forecasted annual Type 1 and Type 2

numbers. The assumption used for this category was that porting expenses would be incurred for five years before becoming "business as usual." The annual Type 1 and Type 2 ports were multiplied by the costs per port. NeuStar porting expenses were valued at November 30, 2003 and multiplied by the common cost factor.

OSS

The same methodology used in the BellSouth wireline LNP cost recovery filing was applied to the OSS capital, hardware and software to convert the third-party vendor prices to annual costs. The annual cost factors consisted of Depreciation, Cost of Money, Income Tax and Ad Valorem Tax. The annual costs were present valued to November 30, 2003, added to the expenses and then multiplied by the common cost factor. The costs of system modifications required for WLNP that did not qualify for cost recovery were determined in order to allocate costs applicable to all systems. The IT Management and the BellSouth Technology Group (BTG) – Prime Integrator (PI) were apportioned to each system based on its WLNP modification costs to the total cost of modifying all systems in the WLNP project. The costs of modifying the systems (plus their proportionate share of the IT Management and BTG-PI costs) that meet the "but for" test were summed to determine the Total OSS Costs. The final calculation in this work paper determines the cost by system as information.

Demand

The demand data used for this study is regional access line demand for all BellSouth states, which represents the recovery base for WLNP cost recovery via the LNP End User Line Charge rate elements. The demand data (base year of December 31, 2002) represents the forecasted access lines for the following recovery periods: Scenario 1 (1/1/2003 to 5/14/2004), Scenario 2 (5/15/2004 to 8/14/2004), Scenario 3 (5/15/2004 to 11/14/2004), and Scenario 4 (5/1/2004).

Total access lines include lines or trunks for 1) Primary Residential and Business local exchange service, 2) Feature Group A, 3) Unbundled Network element (UNE) switch ports, 4) Payphone Service Provider lines, 5) Foreign Exchange service lines, 6) Foreign Central Office service lines, 7) Basic Rate ISDM Digital Subscriber lines, 8) PBX trunks, 9) PRI ISDN, 10) Centrex Type Services, and 11) Lifelines. Summaries are provided by category of demand, that is, by service type (i.e., Residence & Business access lines, PBX Trunks, MegaLink/LightGate NARs, PRI ISDN, and Lifeline lines) for the recovery periods. Official lines and switched data lines are not included in the forecast.

The same adjustments agreed to by the FCC and internal guidelines for the billing of the LNP End User Line Charge rate elements were used to determine the access line base for recovery. Adjustments include elimination of Lifeline lines. PBX trunks and MegaLink/ LightGate NARs are factored by 9 to account for billing the PBX, MegaLink and LightGate customer 9 times the single line rate. PRI ISDN lines are factored by 5 to account for billing the PRI ISDN customer 5 times the single line rate. The access lines with the preceding adjustments were used to determine the cost per line.

ATTACHMENT B

ATTACHMENT B

OSS DESCRIPTIONS AND MODIFICATIONS NEEDED FOR WLNP		
APPLICATION ACRONYM	DESCRIPTION	DESCRIPTION OF CHANGE FOR WLNP
EDI	**Electronic Data Interface –** An Accenture Mercator system interface that enables service providers to access BellSouth ordering systems. This interface is used for electronic LSR submittal and pre order query. Service providers must deploy their own application platform to interface via EDI.	The EDI application must accept WLNP LSRs submitted by Wireless Service Providers and recognize/support the new Ordering and Billing Forum (OBF) defined Network Portability Directional Indicator (NPDI) field.
LENS	**Local Exchange Negotiation System** – An Accenture Web Based interface that enables service providers to access BellSouth ordering systems. This interface is used for electronic LSR submittal and pre order query. LENS provides a web based Graphical User Interface (GUI) for use by service providers.	The LENS application must accept WLNP LSRs submitted by Wireless Service Providers and recognize/support the new OBF defined Network Portability Directional Indicator (NPDI) field. This includes basic validation of the NPDI field such as verifying allowed values.
XML (replacement for TAG)	**Extensible Markup Language** – A Telcordia system interface that enables service providers to access BellSouth ordering systems. This interface is used for electronic LSR submittal and pre order query. Service providers must deploy their own application platform to interface via XML.	The XML application must accept WLNP LSRs submitted by Wireless Service Providers and recognize/support the new OBF defined NPDI field. This includes basic validation of the NPDI field such as verifying allowed values.

ATTACHMENT B

OSS DESCRIPTIONS AND MODIFICATIONS NEEDED FOR WLNP		
APPLICATION ACRONYM	**DESCRIPTION**	**DESCRIPTION OF CHANGE FOR WLNP**
LNP Architecture & Infrastructure (Encore Release 13.1)	**LNP Architecture & Infrastructure** is a gateway system architecture and infrastructure. Encore Release 13.1 was a planned release to support required upgrades to LNP in anticipation of increased WLNP message volumes from the NPAC driven by WLNP implementation on 11/24/03.	LNP Architecture & Infrastructure upgrades include hardware and system software modifications for LNP: • LNP application suite infrastructure upgrade was necessary to handle increased volume of porting LSRs due to addition of wireless porting • Upgrades were made as follows: ➢ Re-platform application and database servers to larger capacity servers ➢ This re-platform effort includes Production, Development and Test environments (for required volume testing ➢ Load balance application servers to prevent application failure ➢ Operating System upgrades required with new servers ➢ Upgrade software on all upgraded servers ➢ Heavy regression testing to verify that re-platform does not negatively impact current production flow

ATTACHMENT B

OSS DESCRIPTIONS AND MODIFICATIONS NEEDED FOR WLNP		
APPLICATION ACRONYM	**DESCRIPTION**	**DESCRIPTION OF CHANGE FOR WLNP**
LNP GATEWAY	**LNP Gateway** – A Telcordia system designed to interface with the Number Portability Administration Center (NPAC). The LNP Gateway interacts with the NPAC to process WLNP messages, as well as coordinates/tracks WLNP messages with service order and LSR/FOC activity.	LNP Gateway functionality must be enhanced to identify service provider type, validate wireless carrier LSRs, and issue type 1 wireless service orders. Specifically, the following enhancements were made: • Create Service Provider Identifier (SPID) database for service provider type identification (wireline versus wireless) • Validate LSR type for wireline versus wireless • Validate NPDI value against SPID database • Validate Company Code (CC) or New Network Service Provider (NNSP) fields against SPID database • Validate LSR format (ELMS6) • Mechanize service order issuance for complex type 1 service orders • Recognize and support the new OBF defined NPDI. • Process new service order FIDs associated with directory listings and E911

ATTACHMENT B

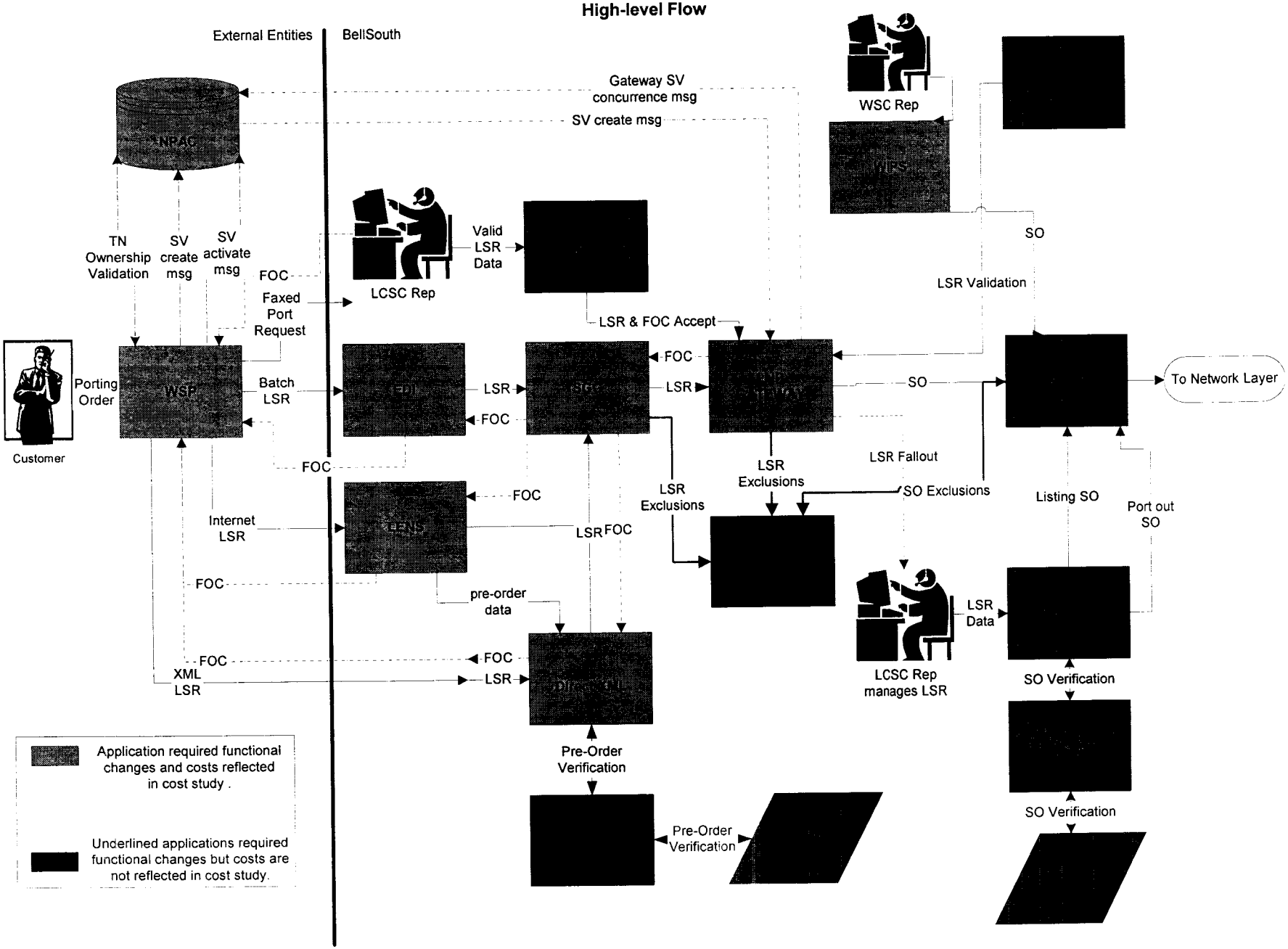
OSS DESCRIPTIONS AND MODIFICATIONS NEEDED FOR WLNP		
APPLICATION ACRONYM	**DESCRIPTION**	**DESCRIPTION OF CHANGE FOR WLNP**
SGG	**Service Gate Gateway** – This Telcordia application interfaces with LENS, EDI and XML, and performs validations for LSRs submitted electronically via LENS, EDI and XML. SGG also houses the following applications: • *Programmable Rules Engine (PRE)* - This application validates messages, orders, and requests according to industry-defined guidelines as well as user-defined business rules that the service providers require to do business. There is flexibility to add or change validations to accommodate new business rules. • *Due Date Calculator (DDC)* – This system determines service dates for any service that can be ordered electronically. DDC is a module in SGG and is used by the Pre-Order and Firm-Order processes to determine when a service can be delivered.	SGG must process LSRs electronically submitted by Wireless Service Providers. Specific enhancements are as follows: • Create Service Provider Identifier SPID database for service provider type identification (wireline versus wireless) • Validate LSR type for wireline versus wireless • Validate NPDI value against SPID database • Validate CC or NNSP fields against SPID database • Validate LSR format (ELMS6) • Ensure Customer Proprietary Network Information Compliance (CPNI) data is not displayed for type 1 wireless accounts (preorder queries) • Reject stand alone directory listing requests (PRE) • Determine due date for type 1 porting requests (DDC)

ATTACHMENT B

OSS DESCRIPTIONS AND MODIFICATIONS NEEDED FOR WLNP		
APPLICATION ACRONYM	**DESCRIPTION**	**DESCRIPTION OF CHANGE FOR WLNP**
WIPS	**Wireless Integrated Processing System** – This is a service order negotiation system that mechanizes the tracking of wireless carrier service requests and issuance of service orders in the Wireless Service Center (WSC).	WIPS must be enhanced to manage service order issuance for type 1 wireless numbers in a porting environment. Porting from type 1 numbers blocks forces block level data in BellSouth systems to expand to telephone number level. This enhancement allows service representatives to efficiently issue orders at TN level for type 1 numbers.

ATTACHMENT B

Wireline to Wireless Ordering & Provisioning High-level Flow



CERTIFICATE OF SERVICE

I do hereby certify that I have this 14th day of November 2003 served the following parties to this action with a copy of the foregoing **BELLSOUTH CORPORATION PETITION FOR DECLARATORY RULING AND/OR WAIVER** by electronic filing and/or by electronic mail addressed to the parties listed on the attached service list.

/s/ Juanita H. Lee
Juanita H. Lee

Service List CC Docket No. 95-116

+Marlene H. Dorch
Office Of the Secretary
Federal Communications Commission
The Portals, 445 12th Street, S.W.
Room TW-A325
Washington, D. C. 20554

+Qualex International
The Portals, 445 12th Street, S. W.
Room CY-B402
Washington, D. C. 20554

*Deena Shetler
Federal Communications Commission
Deputy Division Chief
Wireline Competition Bureau
The Portals, 445 12th Street, S. W.
Room 5A221
Washington, D. C. 20554
deena.shetler@fcc.gov

*Judy Nitsche
Federal Communications Commission
Assistant Division Chief
Wireless Competition Bureau
The Portals, 445 12th Street, S. W.
Room 5-A121
Washington, D. C. 20554
judith.nitsche@fcc.gov

*Chris Barnekov
Federal Communications Commission
Wireline Competition Bureau
The Portals, 445 12th Street, S. E.
Room 5A135
Washington, D. C. 20554
christopher.barnekov@fcc.gov

*Margaret Dailey
Federal Communications Commission
Wireline Competition Bureau
The Portals, 445 12th Street, S. E.
Room 5C450
Washington, D. C. 20554
margaret.dailey@fcc.gov

*Carol Mattey
Federal Communications Commission
Deputy Bureau Chief
Wireline Competition Bureau
The Portals, 445 12th Street, S. E.
Room 5C451
Washington, D. C. 20554
Carol.mattey@fcc.gov

*Bill Maher
Federal Communications Commission
Bureau Chief, Wireline Competition Bureau
The Portals, 445 12th Street, S. E.
Room 5C450
Washington, D C. 20554
william.maher@fcc.gov

*Christopher Libertelli
Senior Legal Advisor
Chairman Powell's Office
Federal Communications Commission
The Portals, 445 12th Street, S. E.
Room 8B201
Washington, D. C. 20554
Christopher.libertelli@fcc.gov

*Matthew Brill
Senior Legal Advisor
Commissioner Abernathy's Office
Federal Communications Commission
The Portals, 445 12th Street, S. E.
Room 8B115
Washington, D. C. 20554
Matthew.brill@fcc.gov

*Lisa Zaina
Senior Legal Advisor
Commissioner Adelstein's Office
Federal Communications Commission
The Portals, 445 12th Street, S. W.
Room 8C302
Washington, D. C. 20554
lisa.zaina@fcc.gov

*Jessica Rosenworcel
Legal Advisor
Commissioner Copps's Office
Federal Communications Commission
The Portals, 445 12th Street, S. W.
Room 8A302
Washington, D. C. 20554
Jessica.rosenworcel@fcc.gov

*Daniel Gonzalez
Senior Legal Advisor
Commissioner Martin's Office
Federal Communications Commission
The Portals, 445 12th Street, S. W.
Room 8A204
Washington, D. C. 20554
Daniel.gonzalez@fcc.gov

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