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Fostering Competition and Maximizing Consumer Choice:

Specific Steps the Commission Should Take To Improve Portability

Ex Parte Presentation
in
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The FCC Ordered the Implementation of Wireless Portability In Order to Foster Intermodal Competition and Maximize Consumer Choice

- The 1996 Telecommunications Act requires local exchange carriers – not wireless carriers -- to offer number portability.
  - The Act's portability mandate reflects the recognition by Congress that competition will thrive only if consumers can switch carriers easily.

- The FCC extended the portability mandate to include wireless carriers based on its finding that portability serves the public interest by fostering competition and maximizing consumer choice.

- Intermodal competition was a key consideration in the FCC's decision to order the implementation of wireless portability.
  - Wireless services were already highly competitive.
  - The FCC found that intermodal portability "will encourage CMRS-wireline competition, creating incentives for carriers to reduce prices for telecommunications services and to invest in innovative technologies, and enhancing flexibility for users of telecommunications services." 11 FCC Rcd at 8437.
  - The FCC has reiterated that "the ability to carry a telephone number from one service provider, whether they be wireline or wireless, to another provider is an important element in the transition of CMRS services from a complementary service to a competitive equivalent to wireline services." 12 FCC Rcd at 11326.

- In light of the FCC's increasing reliance on intermodal competition, it is more important than ever for the FCC to facilitate consumer choice and to foster increased competition among wireless and wireline service providers.

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Number Portability Will Foster Competition and Maximize Consumer Choice Only if it is Easy and Convenient for Consumers to Change Carriers

- Number portability increases competition by, among other things, "allowing customers to respond to price and service changes without changing their telephone numbers." 11 FCC Rcd at 8368.

- Number portability will not foster competition or maximize consumer choice if it is too inconvenient or burdensome for customers to change carriers without changing their telephone numbers.
  - When portability is too inconvenient or burdensome, many consumers either stay with their current carrier despite their desire to change carriers or simply give up their number in order to change carriers.
  - If many consumers stay with their current carrier despite their desire to change carriers or simply give up their number in order to change carriers, the millions of dollars that wireline and wireless carriers have invested to implement number portability will have been wasted.

- There is no legal or factual basis for the FCC to depart from its conclusion that implementation of wireless portability was necessary to foster intermodal competition, and that intermodal competition serves the public interest.

- Making intermodal porting as convenient and rapid as possible for consumers is fundamental to realizing the FCC's goals of fostering intermodal competition and maximizing consumer choice.

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Today, Consumers Who Try to Retain Their Number While Switching Between Wireline and Wireless Carriers Experience Frustrating and Unnecessary Delays

- Consumers can switch wireless carriers while retaining their number within hours.

- By contrast, consumers who try to switch between wireline and wireless carriers while retaining their number experience an average delay of 8 to 10 calendar days.

- Delays are particularly frustrating to consumers trying to switch between wireline and wireless carriers while retaining their number.
  - When consumers switch between wireline carriers, they continue to receive the same basic functionality over the same wireline telephone, and thus the transition between carriers is typically transparent regardless of how long the porting process lasts.
  - When consumers switch between wireline and wireless carriers, they change from one type of service and telephone (*e.g.*, wireline service over a wireline telephone) to a completely different type of service and telephone (*e.g.*, wireless service over a wireless phone), and thus the transition is difficult unless the porting process is quick and predictable.

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The Delays Associated With Porting Numbers Between Wireline and Wireless Carriers Are Inhibiting Intermodal Competition

- The record demonstrates that delays associated with porting numbers between wireline and wireless carriers are inhibiting intermodal competition.

- Consumers who submit an intermodal port request have unambiguously expressed their wish both (1) to receive service from the wireless (or wireline) carrier of their choice and (2) to retain their number while switching from a wireline (or wireless) carrier.

- The cancellation rates for intramodal (*e.g.*, wireless to wireless) and intermodal (*e.g.*, wireline to wireless) port requests should be approximately equal absent significant differences in the difficulties associated with the respective porting processes.

- The cancellation rate of 22.5% for intermodal ports (*i.e.*, wireline to wireless) is dramatically higher than the cancellation rate of 4.0% for intramodal ports (*i.e.*, wireless to wireless).

- The difference in cancellation rates strongly suggests that approximately 1 of every 5 consumers who wish to retain their number while switching between wireline and wireless carriers simply give up due to the frustrating and unnecessary delays that currently plague intermodal porting.

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The Causes of the Delays Associated With Porting Numbers Between Wireline and Wireless Carriers Are Well Documented

- The procedure for porting a number from one carrier to another involves two basic processes: the "confirmation process" and the "activation process."

- During the confirmation process, the "new" carrier forwards the consumer's port request to the "old" carrier, which verifies whether the port request is valid.
  - If the port request is valid, the "old carrier" sends a "Firm Order Confirmation" (FOC) to the new carrier and the "activation process" begins.
  - If the port request is erroneous, the old carrier rejects the port request.

- During the activation process, the new routing information is submitted to the NPAC and activated so that the consumer can receive service from the new carrier while retaining his or her number.

- Absent intermodal porting guidelines, the wireline confirmation and activation processes have become the default procedures for processing intermodal port requests.

- The record in this proceeding demonstrates that, as applied to intermodal port requests, there are significant flaws in both the confirmation and activation default wireline procedures, both of which must be addressed in order to reduce the interval between the time a consumer requests an intermodal port and completion of the requested port.

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The Default Confirmation Process is Seriously Flawed

- Unlike wireless carriers, wireline carriers have not adopted a single, uniform and streamlined port request format. Instead, ILECs require carriers to submit error-free "Local Service Requests" (LSRs) that typically contain over 100 data fields, many of which are irrelevant in the intermodal context.
  - By contrast, wireless carriers use a uniform and streamlined port request format and validate only two to three data fields.
  - The greater the number of data fields, the greater the opportunities for errors that will cause the port to be rejected, which leads to unnecessary delays and costs to correct the errors and resubmit the port request.
- The problems caused by this complexity are compounded by the fact that each carrier uses a different LSR, which the ILECs change up to four times each year without providing any notice to other carriers.
- Further delays result from the ILECs' practice of (1) rejecting LSRs that do not contain an exact match for each and every field in the LSR, even where the port can be validated and processed without additional information (*e.g.*, Ave. vs. Avenue), (2) rejecting LSRs that do not include information in every field, and (3) identifying only one error at a time when rejecting port requests, even when the port requests contain multiple errors.
- As a result of these practices, multiple days frequently pass before an ILEC even accepts the port request as valid.
- In short, the lack of a uniform and simple port request format, as well as the ILEC practice of identifying only one error at a time when rejecting port requests, frequently and unnecessarily delays the processing of port requests for days.
- The NANC C2/A3 recommendation does not address these flaws in the confirmation process.

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The Record in this Proceeding Confirms that there are Serious Flaws in the Default Confirmation Process

- The following statistics from T-Mobile for November 2004 illustrate the amount of supplemental port requests necessary to process an intermodal port request:

Amount of Supplemental Requests Necessary Before Port Request Was Accepted	INTRAMODAL Wireless -- Wireless %	INTERMODAL Wireline -- Wireless %
0 (Initial Port Request Accepted as Valid)	87.0%	34.3%
1 Supplemental Port Request	8.5%	49.8%
2 Supplemental Port Requests	1.8%	6.9%
3 Supplemental Port Requests	0.6%	1.3%
4 Supplemental Port Requests or More	0.4%	0.8%
CANCELED PORT REQUESTS	4.0%	22.5%

- Each supplemental port request represents an unnecessary delay that is frustrating for consumers and burdensome for carriers.

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The FCC Should Improve the Confirmation Process By Adopting a Single, Streamlined Port Request Format and Requiring Carriers to Identify All Errors in Port Requests

- The FCC has recognized that only "a minimal amount of identifying information is needed to validate a simple intermodal port request." 18 FCC Rcd at 23706 n.62.

- The FCC should require all carriers (1) to use a single, streamlined format based upon minimum validation fields to process the consumer's port request (*i.e.*, telephone number, social security number or account number, and pass code if applicable), and (2) to identify all errors on a port request when rejecting that request.

- The success of the wireless port confirmation procedures demonstrates that the proposed modifications would serve the public interest.
  - The wireless port request process is based upon a single, uniform port request format with the minimum amount of information necessary to validate the port request (*i.e.*, telephone number, social security or account number, and pass code if applicable).

- Simplifying the porting process for consumers and carriers would not lead to more inadvertent ports. In T-Mobile's experience, the streamlined and expedited wireless porting process leads to fewer inadvertent ports than the current default intermodal porting process (*e.g.*, 0.051% vs. 1.57%).

- Implementation of a single, mandatory port request format based upon minimum validation fields is as important as the implementation of the NANC C2/A3 recommendations due to the gravity of the problems caused by use of disparate LSRs in the porting process.

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The FCC Should Reject Arguments That It Would Be Too Costly To Implement a Single, Streamlined Port Request Format

- Wireless carriers have already implemented a streamlined port request format, and there is no immediately apparent reason why all carriers could not do so on a cost effective basis.

- ILECs routinely implement changes to their LSRs, which suggests that the costs associated with limiting the fields they use to validate port requests (*e.g.*, the ILECs could ignore incorrect or incomplete data fields not used for validation of port requests rather than create a new LSR) would not be unreasonable.
  - The FCC should clarify that the port validation procedure is totally separate from the local service ordering procedure.
  - Provided that carriers implement a single, streamlined port request format, there is no reason why they could not continue to use the LSR of their choice ?.

- It would be far more cost effective over time for all carriers to process port requests if every carrier is required to use one simple, streamlined port request format, rather than periodically changing their LSOGs, which should help to offset the one-time implementation costs of a uniform and streamlined port request format.

- A single, streamlined port request format would help all carriers, regardless of whether the carrier processes port requests on a manual or automatic basis.

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The FCC Should Improve the Activation Process By Adopting the NANC C2/A3 Recommendation

- Today, once a valid port request is accepted as "error-free," up to four more business days can pass before the port request is completed under the current default wireline activation intervals.

- The NANC C2/A3 recommendation is designed to shorten these intervals so that the maximum time permissible to process an error-free port request will be up to 25% shorter, which is a significant reduction.
  - The NANC C2/A3 also represents a substantial improvement because it would require all carriers to abide by specific deadlines for implementing port requests.
  - One of the most important aspects of the NANC C2/A3 recommendation is the requirement that carriers use a mechanized interface to exchange port requests (*i.e.*, an automated way to exchange port requests – not fax).

- The record reflects nearly universal agreement that the NANC C2/A3 recommendation is the best means for reducing the maximum intervals in which carriers must process error-free port requests.
  - This agreement is not surprising since the interests of carriers serving the majority of consumers in the United States are either directly or indirectly represented in the NANC, which developed the report and recommendation on a consensus basis.

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ILECs Should Be Permitted To Recover Legitimate Costs Incurred To Shorten and Improve the Intermodal Porting Process

- Claims that implementation of a single, uniform port request format or the NANC C2/A3 recommendation would impose exorbitant costs do not appear to be credible.
  - NANC fully addressed the issue of costs and estimated that the C2/A3 recommendation can be implemented for a one-time total coast of less than $50 million, which is very low considering the total customer base over which the cost will be spread.
  - The use of a single, streamlined port request format would significantly reduce the one-time costs that carriers would incur to implement the NANC C2/A3 recommendation (as well as the ongoing costs to process port requests), and these costs would not be nearly as significant as some carriers claim.

- In any event, all carriers should be able to recover the legitimate costs of implementing a single, streamlined port request format and the NANC C2/A3 recommendation.

- The FCC should enter a blanket waiver of its five-year LNP cost recovery rule so that ILECs have the opportunity to recover legitimate LNP costs associated with implementing a single, streamlined port request format and the NANC C2/A3 recommendation.

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The FCC Should Grant Individual Waivers on a Case-By-Case Basis

- T-Mobile supports granting individual waivers – rather than a blanket exemption – of the FCC's rules requiring carriers to shorten the porting interval to carriers that meet the waiver standard on a case-by-case basis.

- Implementation of a single, streamlined port request format and the NANC C2/A3 recommendation is technically feasible for all carriers that have implemented LNP.

- T-Mobile supports full cost recovery for all carriers that incur legitimate costs to shorten the porting interval.

- Consequently, the only situation in which a waiver could be appropriate is where the costs that the carrier would incur spread across its entire customer base would result in an unreasonably high line item LNP surcharge.
  - The amount of the LNP surcharge is determined both by the costs an individual carrier incurs and the size of the customer base over which the carrier can spread those costs.
  - Since both variables are carrier-specific, individual waivers – rather than a blanket exemption – are more appropriate.

- The FCC only should entertain waivers of the requirement that carriers institute a reduced porting interval: the FCC should not grant a waiver of the requirement that carriers implement a uniform port request format.
  - Individual waivers of the uniform port request format, which should not be cost prohibitive, would destroy the benefit of having the uniform port request in the first instance.

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Conclusions

- The FCC should require all carriers to use a single, streamlined port request format based upon a minimum set of validation fields necessary to process the consumer's port request (*i.e.*, telephone number, social security number or account number, and pass code if applicable).
- The FCC should require all carriers to identify every error on a port request when rejecting that request.
- The FCC should adopt the NANC C2/A3 recommendation.
- The FCC should enter a blanket waiver of its five-year LNP cost recovery rule so that all carriers, including the ILECs, have the opportunity to recover legitimate LNP costs associated with implementing a single, streamlined port request format and the NANC C2/A3 recommendation.
- The FCC should grant individual waivers – rather than a blanket exemption – of any requirement to shorten the porting interval to carriers that meet the waiver standard on a case-by-case basis.
- The FCC should not grant waivers of the requirement that carriers implement a uniform port request format.