
**RM-11299, BELLSOUTH PETITION TO
CHANGE THE DISTRIBUTION
METHODOLOGY FOR SHARED LNP
AND NUMBER POOLING COSTS**

XO Communications

March 21, 2007



REVIEW OF XO POSITION: THE EXISTING COST RECOVERY METHODOLOGY MEETS THE STATUTORY OBJECTIVES

- The existing methodology of allocating costs based on revenues:
 - Achieves the statutory requirement of “competitive neutrality”
 - Provides the correct incentives for providers to upload changes, maintaining the accuracy of the NPAC – a benefit to all providers in routing calls that accrues in proportion to the size of a provider’s customer base
 - Reflects the fact that new entrants must comply with number utilization requirements
 - Provides the correct incentives for efficient networks and the deployment of new technologies
 - Addresses the reality that all competitors must access the NPAC while incumbents often maintain their own numbering databases
 - Is relatively easy to administer and audit
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THE BELLSOUTH AND VERIZON USAGE-BASED PROPOSALS ARE BADLY FLAWED

- The Usage-Based Proposals:
 - ❑ Were soundly rejected by the FCC in the 3rd Report & Order as not being “competitively neutral”
 - ❑ Would levy enormous increased costs on competitive providers
 - ❑ Do not provide the proper incentives to maintain the NPAC
 - ❑ Do not adhere to “cost-causative” principles
 - ❑ Do not reflect continuing incumbent advantages
 - ❑ Would increase administrative costs
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CONCLUSION

- The proponents of the usage based methodology have not produced sufficient evidence that it is “competitively neutral” and would achieve other public interest objectives. In addition, the Commission should recognize the very complex and interrelated questions that would need to be answered prior to altering the current methodology. As such, there is no immediate need to alter or otherwise reform the current cost recovery methodology.
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