significant economic burden on small entities.[13] In addition, we are not persuaded based on this record that the costs of implementing LNP are as large as the commenters suggest, given the scant support they provide for their estimates and their failure to demonstrate that all the estimated costs are of the sort that the Commission would allow to be attributed to the LNP end-user charge. For example, some commenters cite their estimated costs associated with transporting calls to ported numbers.[14] However, as discussed above, the Commission previously declined to consider these as LNP-related costs, rather than costs of interconnection more generally, and the commenters here do not demonstrate that the Commission should reverse that conclusion.[15]

6. Further, in response to small carrier concerns about LNP implementation costs, we note that wireline carriers generally only are required to provide LNP upon receipt of a specific request for the provision of LNP by another carrier.[16] Thus, many of the small carriers may not be required to implement LNP immediately because there is no request to do so. Indeed, as the Commission found in the *First Number Portability Order on Reconsideration*, these rights effectively constitute steps that minimize the economic impact of LNP on small entities.[17] Further, carriers have the ability to petition the Commission for a waiver of their obligation to port numbers to wireless carriers if they can provide substantial, credible evidence that there are special circumstances that warrant a departure from existing rules.[18] In addition, under section 251(f)(2), a LEC with fewer than two percent of the nation's subscriber lines installed in the aggregate nationwide may petition the appropriate state commission for suspension or

[13] *See, e.g.*, CTIA Comments, CC Docket No. 95-116, at 7 (filed Aug. 19, 2005); Verizon Wireless Comments, CC Docket No. 95-116, at 2 (filed Aug. 19, 2005). CTIA, for example, citing the Missouri Small Telephone Company Group's implementation cost estimate of $1,000,000 for all of its twenty-five member companies, notes that, when divided by the 88,500 lines the group's members serve and divided by the five years during which carriers are permitted to recover these non-recurring charges, the charge amounts to $0.19 per line, per month. *See* CTIA Reply, CC Docket No. 95-116, at 13 (filed Sept. 6, 2005). Verizon Wireless notes that, in Iowa, a rural carrier can implement LNP for a monthly per customer cost of $0.18, in Nebraska, a carrier can do so for $0.67, and in Missouri, a carrier can complete the implementation for $0.11 per month. *See* Verizon Wireless Reply, CC Docket No. 95-116, at 2 (filed Sept. 6, 2005). Further, such costs may be even less for those carriers who have already implemented wireline-to-wireline porting and thus have the infrastructure for porting already in place.

[14] The South Dakota Telecommunications Association, for example, indicated that its member companies estimated transport costs to range from $0.20 to $30 per line, per month. *See* South Dakota Telecommunications Association Comments, CC Docket No. 95-116, at 3-4 (filed Aug. 29, 2005). One member company of the Missouri Small Telephone Company Group, located in a remote area, estimated its monthly transport cost to be $1500, or 85% of its monthly recurring LNP costs. *See* Missouri Small Telephone Company Group Comments, CC Docket No. 95-116, at 3 (filed Aug. 19, 2005).

[15] While the Commission sought comment on this category of costs in the associated IRFA, it did so because the issue was raised by the SBA. *See Number Portability IRFA Notice*, 20 FCC Rcd at 8622, para. 10 & n.20. The Public Notice did not reverse Commission precedent, nor does the record here persuade us to do so.

[16] *See Numbering Resource Optimization; Implementation of the Local Competition Provisions of the Telecommunications Act of 1996; Telephone Number Portability*, CC Docket Nos. 99-200, 96-98, 95-116, Fourth Report and Order and Fourth Further Notice of Proposed Rulemaking, 18 FCC Rcd 12472, 12475, para. 8 (2003) (*NRO and LNP Fourth Report and Order*). In addition, carriers operating outside of the 100 largest MSAs have six months after receiving a request from another carrier in which to provide LNP. *Id.* at 12475, n.17; *see* 47 C.F.R. § 52.23(c). The Commission also delegated authority to the state to require carriers within the 100 largest MSAs to implement LNP even in the absence of a request, if doing so "would serve the public interest, because there is actual, meaningful consumer demand, as evidenced by consumer requests" for LNP in such areas. *NRO and LNP Fourth Report and Order*, 18 FCC Rcd at 12476-77, paras. 11-12.

[17] *See First Number Portability Order on Reconsideration*, 12 FCC Rcd at 7343-44, App. D, paras. 29-30.

[18] *See* 47 C.F.R. § 1.3.

modification of the requirements of section 251(b).[19] We find these existing safeguards further address commenters' concerns regarding the costs on small entities to implement LNP.

C. Description and Estimate of the Number of Small Entities to Which the Rules Will Apply

7. The RFA directs agencies to provide a description of and, where feasible, an estimate of the number of small entities that may be affected by the rules adopted.[20] The RFA generally defines the term "small entity" as having the same meaning as the terms "small business," "small organization," and "small governmental jurisdiction."[21] In addition, the term "small business" has the same meaning as the term "small business concern" under Section 3 of the Small Business Act.[22] Under the Small Business Act, a "small business concern" is one that: (1) is independently owned and operated; (2) is not dominant in its field of operation; and (3) satisfies any additional criteria established by the Small Business Administration (SBA).[23]

8. *Wired Telecommunications Carriers.* The SBA has developed a small business size standard for wireline firms within the broad economic census category, "Wired Telecommunications Carriers."[24] Under this category, the SBA deems a wireline business to be small if it has 1,500 or fewer employees. Census Bureau data for 2002 show that there were 2,432 firms in this category that operated for the entire year.[25] Of this total, 2,395 firms had employment of 999 or fewer employees, and 37 firms had employment of 1,000 employees or more.[26] Thus, under this category and associated small business size standard, the majority of firms can be considered small.

9. *Incumbent Local Exchange Carriers.* We have included small incumbent local exchange carriers (LECs) in this RFA analysis. Neither the Commission nor the SBA has developed a small business size standard specifically for incumbent local exchange services. The appropriate size standard under SBA rules is for the category of Wired Telecommunications Carriers. As noted above, a "small business" under the RFA is one that, *inter alia*, meets the pertinent small business size standard (*e.g.*, a telephone communications business having 1,500 or fewer employees), and "is not dominant in its field of operation."[27] The SBA's Office of Advocacy contends that, for RFA purposes, small incumbent LECs are not dominant in their field of operation because any such dominance is not "national" in scope.[28] We

[19] 47 U.S.C. § 251(f)(2).

[20] *See* 5 U.S.C. § 603(b)(3).

[21] 5 U.S.C. § 601(6).

[22] 5 U.S.C. § 601(3) (incorporating by reference the definition of "small business concern" in the Small Business Act, 15 U.S.C. § 632). Pursuant to 5 U.S.C. § 601(3), the statutory definition of a small business applies "unless an agency, after consultation with the Office of Advocacy of the Small Business Administration and after opportunity for public comment, establishes one or more definitions of such term which are appropriate to the activities of the agency and publishes such definitions(s) in the Federal Register."

[23] 15 U.S.C. § 632.

[24] 13 C.F.R. § 121.201, NAICS code 517110.

[25] U.S. Census Bureau, 2002 Economic Census, Subject Series: Information, "Establishment and Firm Size (Including Legal Form of Organization," Table 5, NAICS code 517110 (issued Nov. 2005).

[26] *Id.* The census data do not provide a more precise estimate of the number of firms that have employment of 1,500 or fewer employees; the largest category provided is for firms with "1000 employees or more."

[27] 5 U.S.C. § 601(3).

[28] *See* Letter from Jere W. Glover, Chief Counsel for Advocacy, SBA, to Chairman William E. Kennard, FCC (May 27, 1999). The Small Business Act contains a definition of "small business concern," which the RFA incorporates (continued....)

have therefore included small incumbent LECs in this RFA analysis, although we emphasize that this RFA action has no effect on the Commission's analyses and determinations in other, non-RFA contexts. According to Commission data,[29] 1,307 carriers have reported that they are engaged in the provision of incumbent local exchange services. Of these 1,307 carriers, an estimated 1,019 have 1,500 or fewer employees and 288 have more than 1,500 employees. Consequently, the Commission estimates that most providers of incumbent local exchange service are small entities.

10. *Competitive Local Exchange Carriers, Competitive Access Providers (CAPs), "Shared-Tenant Service Providers," and "Other Local Service Providers."* Neither the Commission nor the SBA has developed a small business size standard specifically for these service providers. The appropriate size standard under SBA rules is for the category Wired Telecommunications Carriers. Under that size standard, such a business is small if it has 1,500 or fewer employees.[30] According to Commission data,[31] 859 carriers have reported that they are engaged in the provision of either competitive access provider services or competitive LEC services. Of these 859 carriers, an estimated 741 have 1,500 or fewer employees and 118 have more than 1,500 employees. In addition, 16 carriers have reported that they are "Shared-Tenant Service Providers," and all 16 are estimated to have 1,500 or fewer employees. In addition, 44 carriers have reported that they are "Other Local Service Providers." Of the 44, an estimated 43 have 1,500 or fewer employees and one has more than 1,500 employees. Consequently, the Commission estimates that most providers of competitive local exchange service, competitive access providers, "Shared-Tenant Service Providers," and "Other Local Service Providers" are small entities.

D. Description of Projected Reporting, Recordkeeping, and Other Compliance Requirements for Small Entities.

11. There are no significant reporting, recordkeeping or other compliance requirements imposed on small entities by the *Intermodal Number Portability Order.*

E. Steps Taken to Minimize Significant Economic Impact on Small Entities, and Significant Alternatives Considered

12. The RFA requires an agency to describe any significant alternatives that it has considered in reaching its approach, which may include the following four alternatives (among others): (1) the establishment of differing compliance or reporting requirements or timetables that take into account the resources available to small entities; (2) the clarification, consolidation, or simplification of compliance or reporting requirements under the rule for small entities; (3) the use of performance, rather than design, standards; and (4) an exemption from coverage of the rule, or any part thereof, for small entities.[32]

13. The Commission invited comment on the intermodal porting rules with respect to their application to small entities in light of the RFA requirements. In accordance with the requirements of the

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into its own definition of "small business." *See* 5 U.S.C. § 632(a) (Small Business Act); 5 U.S.C. § 601(3) (RFA). SBA regulations interpret "small business concern" to include the concept of dominance on a national basis. 13 C.F.R. § 121.102(b).

[29] FCC, Wireline Competition Bureau, Industry Analysis and Technology Division, *Trends in Telephone Service* at Table 5.3, Page 5-5 (Feb. 2007) (*Trends in Telephone Service*). This source uses data that are current as of October 20, 2005.

[30] 13 C.F.R. § 121.201, NAICS code 517110.

[31] *Trends in Telephone Service* at Table 5.3.

[32] *See* 5 U.S.C. § 603.

RFA, we have considered the potential economic impact of the intermodal porting rules on small entities and conclude that wireline carriers qualifying as small entities under the RFA will be required to provide wireline-to-wireless intermodal porting where the requesting wireless carrier's coverage area overlaps the geographic location in which the customer's wireline number is provisioned, provided that the porting-in carrier maintains the number's original rate center designation following the port.[33] We find that this approach best balances the impact of the costs that may be associated with the wireline-to-wireless intermodal porting rules for small carriers and the public interest benefits of those requirements.

14. Specifically, in the *Intermodal Number Portability Order*, the Commission considered limiting the scope of intermodal porting based on the small carrier concern that requiring porting to a wireless carrier that does not have a physical point of interconnection or numbering resources in the rate center associated with the ported number would give wireless carriers an unfair competitive advantage.[34] The Commission found, however, that these considerations did not justify denying wireline consumers the benefit of being able to port their numbers to wireless carriers.[35] In addition, the order noted that each type of service offers its own advantages and disadvantage and that consumers would consider these attributes in determining whether or not to port their numbers.[36] The order also considered the concern expressed by small carriers that requiring porting beyond wireline rate center boundaries would lead to increased transport costs.[37] The Commission concluded that such concerns were outside the scope of the number portability proceeding and noted that the rating and routing issues raised by the rural wireline carriers were also implicated in the context of non-ported numbers and were before the Commission in other proceedings.[38]

15. Further, if there is a particular case where a carrier faces extraordinary costs, other regulatory avenues for relief are available.[39] Specifically, a carrier may petition the Commission for additional time or waiver of the intermodal porting requirements if it can provide substantial, credible evidence that there are special circumstances that warrant departure from existing rules.[40] In addition, under section 251(f)(2), a LEC with fewer than two percent of the nation's subscriber lines installed in the aggregate nationwide may petition the appropriate state commission for suspension or modification of the requirements of section 251(b).[41] Although some commenters have complained about the time and expense associated with the section 251(f)(2) mechanism,[42] several others have indicated that the

[33] *See* Report and Order, *supra*. para. 51; *see also Intermodal Number Portability Order*, 18 FCC Rcd at 23698, para. 1.

[34] *See id.* at 23703, para. 16.

[35] *See id.* at 23708, para. 27.

[36] *See id.*

[37] *See id.* at 23704, para. 16.

[38] *See id.* at 23713, paras. 39-40.

[39] *See, e.g.*, CTIA Reply, CC Docket No. 95-116, at 6-7 (filed Sept. 6, 2005); Dobson Cellular Reply, CC Docket No. 95-116, at 8-9 (filed Sept. 6, 2005); Sprint/Nextel Reply, CC Docket No. 95-116, at 16-18 (filed Sept. 6, 2005); T-Mobile Reply, CC Docket No. 95-116, at 8 (filed Sept. 6, 2005); Verizon Wireless Reply, CC Docket No. 95-116, at 2-3 (filed Sept. 6, 2005).

[40] 47 C.F.R. § 1.3.

[41] 47 U.S.C. § 251(f)(2).

[42] *See, e.g.*, Nebraska Rural Independent Companies Comments, CC Docket No. 95-116, at 7 (filed Aug. 19, 2005); NTCA/OPASTCO Comments, CC Docket No. 95-116, at 16 (filed Aug. 19, 2005); South Dakota Telecommunications Association Comments, CC Docket No. 95-116, at 7-8 (filed Aug. 19, 2005).

251(f)(2) mechanism has been an effective method of addressing the potential burdens on small carriers.[43] Further, in response to small carriers' concerns about LNP implementation costs, we note that wireline carriers generally only are required to provide LNP upon receipt of a specific request for the provision of LNP by another carrier.[44] Thus, many of the small carriers may not be required to implement LNP immediately because there is no request to do so. Indeed, as the Commission found in the *First Number Portability Order on Reconsideration*, these rights effectively constitute steps that minimize the economic impact of LNP on small entities.[45] We find these existing safeguards further address commenters' concerns regarding the costs on small entities to implement LNP.

16. While we recognize that wireline carriers will still incur implementation and recurrent costs, we conclude that the benefits to the public of requiring wireline-to-wireless intermodal LNP outweigh the economic burden imposed on these carriers.[46] Creating a partial or blanket exemption from the wireline-to-wireless intermodal porting requirements for small entities would harm consumers in small and rural areas across the country by preventing them from being able to port on a permanent basis. It might also discourage further growth of competition between wireless and wireline carriers in smaller markets across the country. We continue to believe that the intermodal LNP requirements are important for promoting competition between the wireless and wireline industries and generating innovative service offerings and lower prices for consumers. Wireless number porting activity since the advent of porting has been significant and evidence shows that the implementation of LNP has, in fact, yielded important benefits for consumers, such as improved customer retention efforts by carriers.[47] By reinstating, immediately, the wireline-to-wireless intermodal porting requirement, this approach ensures that more consumers in small and rural communities will be able to port and experience the competitive benefits of LNP.

F. Report to Congress

17. The Commission will send a copy of this FRFA in a report to be sent to Congress and the Government Accountability Office pursuant to the Congressional Review Act.[48] A copy of the FRFA (or a summary thereof) will also be published in the Federal Register.[49]

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[43] *See, e.g.*, Iowa Utility Board Comments, CC Docket No. 95-116, at 6 (filed Aug. 19, 2005); Montana Independent Telecommunications Systems Comments, CC Docket No. 95-116, at 12-13 (filed Aug. 19, 2005) (commenting that the section 251(f) state proceeding was a highly effective way of addressing these LNP issues before a decision-maker who was familiar with the particular nature of the small rural LECs).

[44] *See NRO and LNP Fourth Report and Order*, 18 FCC Rcd at 12475, para. 8. In addition, carriers operating outside of the 100 largest MSAs have six months after receiving a request from another carrier in which to provide LNP. *See id.* at 12475, n.17; *see also* 47 C.F.R. § 52.23(c).

[45] *See First Number Portability Order on Reconsideration*, 12 FCC Rcd at 7343-44, App. D, paras. 29-30.

[46] We thus reject commenters' arguments that demand for intermodal porting among rural customers is low and does not justify imposing these costs on small carriers. *See, e.g.*, Montana Small Rural Independents Comments, CC Docket No. 95-116, at 6 (filed Aug. 19, 2005); Rural Iowa Independent Telephone Association Comments, CC Docket No. 95-116, at 2 (filed Aug. 19, 2005).

[47] *Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993, Annual Report and Analysis of Competitive Market Conditions with respect to Commercial Mobile Services*, WT Docket No. 06-17, Eleventh Report, 21 FCC Rcd 10947, 11006, para. 148 (2006).

[48] *See* 5 U.S.C. § 801(a)(1)(A).

[49] *See* 5 U.S.C. § 604(b).

APPENDIX E

Initial Regulatory Flexibility Analysis
WC Docket Nos. 07-243 and 07-244

1. As required by the Regulatory Flexibility Act of 1980, as amended (RFA),[1] the Commission has prepared the present Initial Regulatory Flexibility Analysis (IRFA) of the possible significant economic impact on small entities that might result from this Notice of Proposed Rulemaking (Notice). Written public comments are requested on this IRFA. Comments must be identified as responses to the IRFA and must be filed by the deadlines for comments on the Notice provided above. The Commission will send a copy of the Notice, including this IRFA, to the Chief Counsel for Advocacy of the Small Business Administration.[2] In addition, the Notice and the IRFA (or summaries thereof) will be published in the Federal Register.[3]

A. Need for, and Objectives of, the Proposed Rules

2. In this Notice, we consider whether there are additional numbering requirements the Commission should adopt to benefit customers of telecommunications and interconnected VoIP services. Specifically, we seek comment on whether the Commission should extend other LNP requirements and numbering-related rules, including compliance with N11 code assignments, to interconnected VoIP providers.[4] We also seek comment on whether the Commission should adopt rules specifying the length of the porting intervals or other changes to the LNP validation process, or other details of the porting process.[5] Among other things, we tentatively conclude that the Commission should adopt rules reducing the porting interval for wireline-to-wireline and intermodal simple port requests, specifically, to a 48-hour porting interval.[6] We seek comment on our tentative conclusions and issues related to our tentative conclusions. For each of these issues, we also seek comment on the burdens, including those placed on small carriers, associated with corresponding Commission rules related to each issue.[7]

B. Legal Basis

3. The legal basis for any action that may be taken pursuant to this Notice is contained in sections 1, 4(i), 4(j), 251 and 303(r) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i)-(j), 251, 303(r).

C. Description and Estimate of the Number of Small Entities to Which the Proposed Rules May Apply

4. The RFA directs agencies to provide a description of and, where feasible, an estimate of the number of small entities that may be affected by the proposed rules.[8] The RFA generally defines the

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[1] *See* 5 U.S.C. § 603. The RFA, *see* 5 U.S.C. §§ 601-612, has been amended by the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA), Pub. L. No. 104-121, Title II, 110 Stat. 857 (1996).

[2] *See* 5 U.S.C. § 603(a).

[3] *See id.*

[4] *See* Notice, *supra* para. 53.

[5] *See id.*, *supra* paras. 54-66.

[6] *See id.*, *supra* paras. 59-65.

[7] *See id.*, *supra* paras. 54-66.

[8] 5 U.S.C. §§ 603(b)(3), 604(a)(3).

term "small entity" as having the same meaning as the terms "small business," "small organization," and "small governmental jurisdiction."[9] In addition, the term "small business" has the same meaning as the term "small business concern" under the Small Business Act.[10] A small business concern is one which: (1) is independently owned and operated; (2) is not dominant in its field of operation; and (3) satisfies any additional criteria established by the Small Business Administration (SBA).[11]

5. *Small Businesses*. Nationwide, there are a total of approximately 22.4 million small businesses, according to SBA data.[12]

6. *Small Organizations*. Nationwide, there are approximately 1.6 million small organizations.[13]

7. *Small Governmental Jurisdictions*. The term "small governmental jurisdiction" is defined generally as "governments of cities, towns, townships, villages, school districts, or special districts, with a population of less than fifty thousand."[14] Census Bureau data for 2002 indicate that there were 87,525 local governmental jurisdictions in the United States.[15] We estimate that, of this total, 84,377 entities were "small governmental jurisdictions."[16] Thus, we estimate that most governmental jurisdictions are small.

1. Telecommunications Service Entities

a. Wireline Carriers and Service Providers

8. We have included small incumbent local exchange carriers (LECs) in this present RFA analysis. As noted above, a "small business" under the RFA is one that, *inter alia*, meets the pertinent small business size standard (*e.g.*, a telephone communications business having 1,500 or fewer employees), and "is not dominant in its field of operation."[17] The SBA's Office of Advocacy contends that, for RFA purposes, small incumbent LECs are not dominant in their field of operation because any such dominance is not "national" in scope.[18] We have therefore included small incumbent LECs in this

[9] 5 U.S.C. § 601(6).

[10] 5 U.S.C. § 601(3) (incorporating by reference the definition of "small business concern" in the Small Business Act, 15 U.S.C. § 632). Pursuant to 5 U.S.C. § 601(3), the statutory definition of a small business applies "unless an agency, after consultation with the Office of Advocacy of the Small Business Administration and after opportunity for public comment, establishes one or more definitions of such terms which are appropriate to the activities of the agency and publishes such definitions(s) in the Federal Register."

[11] 15 U.S.C. § 632.

[12] *See* SBA, Programs and Services, SBA Pamphlet No. CO-0028, at 40 (July 2002).

[13] Independent Sector, The New Nonprofit Almanac & Desk Reference (2002).

[14] 5 U.S.C. § 601(5).

[15] U.S. Census Bureau, Statistical Abstract of the United States: 2006, Section 8, at 272, Table 415.

[16] We assume that the villages, school districts, and special districts are small, and total 48,558. *See* U.S. Census Bureau, Statistical Abstract of the United States: 2006, Section 8, at 273, Table 417. For 2002, Census Bureau data indicate that the total number of county, municipal, and township governments nationwide was 38,967, of which 35,819 were small. *Id.*

[17] 15 U.S.C. § 632.

[18] Letter from Jere W. Glover, Chief Counsel for Advocacy, SBA, to William E. Kennard, Chairman, FCC (May 27, 1999). The Small Business Act contains a definition of "small-business concern," which the RFA incorporates into its own definition of "small business." *See* 15 U.S.C. § 632(a) (Small Business Act); 5 U.S.C. § 601(3) (RFA).

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RFA analysis, although we emphasize that this RFA action has no effect on Commission analyses and determinations in other, non-RFA contexts.

9. *Incumbent LECs.* Neither the Commission nor the SBA has developed a small business size standard specifically for incumbent local exchange services. The appropriate size standard under SBA rules is for the category Wired Telecommunications Carriers. Under that size standard, such a business is small if it has 1,500 or fewer employees.[19] According to Commission data,[20] 1,303 carriers have reported that they are engaged in the provision of incumbent local exchange services. Of these 1,303 carriers, an estimated 1,020 have 1,500 or fewer employees and 283 have more than 1,500 employees. Consequently, the Commission estimates that most providers of incumbent local exchange service are small businesses that may be affected by our action.

10. *Competitive LECs, Competitive Access Providers (CAPs), "Shared-Tenant Service Providers," and "Other Local Service Providers."* Neither the Commission nor the SBA has developed a small business size standard specifically for these service providers. The appropriate size standard under SBA rules is for the category Wired Telecommunications Carriers. Under that size standard, such a business is small if it has 1,500 or fewer employees.[21] According to Commission data,[22] 859 carriers have reported that they are engaged in the provision of either competitive access provider services or competitive LEC services. Of these 859 carriers, an estimated 741 have 1,500 or fewer employees and 118 have more than 1,500 employees. In addition, 16 carriers have reported that they are "Shared-Tenant Service Providers," and all 16 are estimated to have 1,500 or fewer employees. In addition, 44 carriers have reported that they are "Other Local Service Providers." Of the 44, an estimated 43 have 1,500 or fewer employees and one has more than 1,500 employees. Consequently, the Commission estimates that most providers of competitive local exchange service, competitive access providers, "Shared-Tenant Service Providers," and "Other Local Service Providers" are small entities.

11. *Local Resellers.* The SBA has developed a small business size standard for the category of Telecommunications Resellers. Under that size standard, such a business is small if it has 1,500 or fewer employees.[23] According to Commission data,[24] 184 carriers have reported that they are engaged in the provision of local resale services. Of these, an estimated 181 have 1,500 or fewer employees and three have more than 1,500 employees. Consequently, the Commission estimates that the majority of local resellers are small entities that may be affected by our action.

12. *Toll Resellers.* The SBA has developed a small business size standard for the category of Telecommunications Resellers. Under that size standard, such a business is small if it has 1,500 or fewer employees.[25] According to Commission data,[26] 881 carriers have reported that they are engaged in the

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SBA regulations interpret "small business concern" to include the concept of dominance on a national basis. *See* 13 C.F.R. § 121.102(b).

[19] 13 C.F.R. § 121.201, NAICS code 517110.

[20] FCC, Wireline Competition Bureau, Industry Analysis and Technology Division, *Trends in Telephone Service* at Table 5.3, page 5-5 (Feb. 2007) (*Trends in Telephone Service*). This source uses data that are current as of October 20, 2005.

[21] 13 C.F.R. § 121.201, NAICS code 517110.

[22] *Trends in Telephone Service* at Table 5.3.

[23] 13 C.F.R. § 121.201, NAICS code 517310.

[24] *Trends in Telephone Service* at Table 5.3.

[25] 13 C.F.R. § 121.201, NAICS code 517310.

provision of toll resale services. Of these, an estimated 853 have 1,500 or fewer employees and 28 have more than 1,500 employees. Consequently, the Commission estimates that the majority of toll resellers are small entities that may be affected by our action.

13. *Payphone Service Providers (PSPs).* Neither the Commission nor the SBA has developed a small business size standard specifically for payphone services providers. The appropriate size standard under SBA rules is for the category Wired Telecommunications Carriers. Under that size standard, such a business is small if it has 1,500 or fewer employees.[27] According to Commission data,[28] 657 carriers have reported that they are engaged in the provision of payphone services. Of these, an estimated 653 have 1,500 or fewer employees and four have more than 1,500 employees. Consequently, the Commission estimates that the majority of payphone service providers are small entities that may be affected by our action.

14. *Interexchange Carriers (IXCs).* Neither the Commission nor the SBA has developed a small business size standard specifically for providers of interexchange services. The appropriate size standard under SBA rules is for the category Wired Telecommunications Carriers. Under that size standard, such a business is small if it has 1,500 or fewer employees.[29] According to Commission data,[30] 330 carriers have reported that they are engaged in the provision of interexchange service. Of these, an estimated 309 have 1,500 or fewer employees and 21 have more than 1,500 employees. Consequently, the Commission estimates that the majority of IXCs are small entities that may be affected by our action.

15. *Operator Service Providers (OSPs).* Neither the Commission nor the SBA has developed a small business size standard specifically for operator service providers. The appropriate size standard under SBA rules is for the category Wired Telecommunications Carriers. Under that size standard, such a business is small if it has 1,500 or fewer employees.[31] According to Commission data,[32] 23 carriers have reported that they are engaged in the provision of operator services. Of these, an estimated 22 have 1,500 or fewer employees and one has more than 1,500 employees. Consequently, the Commission estimates that the majority of OSPs are small entities that may be affected by our action.

16. *Prepaid Calling Card Providers.* Neither the Commission nor the SBA has developed a small business size standard specifically for prepaid calling card providers. The appropriate size standard under SBA rules is for the category Telecommunications Resellers. Under that size standard, such a business is small if it has 1,500 or fewer employees.[33] According to Commission data,[34] 104 carriers have reported that they are engaged in the provision of prepaid calling cards. Of these, 102 are estimated to have 1,500 or fewer employees and two have more than 1,500 employees. Consequently, the Commission estimates that all or the majority of prepaid calling card providers are small entities that may be affected by our action.

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[26] *Trends in Telephone Service* at Table 5.3.

[27] 13 C.F.R. § 121.201, NAICS code 517110.

[28] *Trends in Telephone Service* at Table 5.3.

[29] 13 C.F.R. § 121.201, NAICS code 517110.

[30] *Trends in Telephone Service* at Table 5.3.

[31] 13 C.F.R. § 121.201, NAICS code 517110.

[32] *Trends in Telephone Service* at Table 5.3.

[33] 13 C.F.R. § 121.201, NAICS code 517310.

[34] *Trends in Telephone Service* at Table 5.3.

17. *800 and 800-Like Service Subscribers.*[35] These toll-free services fall within the broad economic census category of Telecommunications Resellers. This category "comprises establishments engaged in purchasing access and network capacity from owners and operators of telecommunications networks and reselling wired and wireless telecommunications services (except satellite) to businesses and households. Establishments in this industry resell telecommunications; they do not operate transmission facilities and infrastructure."[36] The SBA has developed a small business size standard for this category, which is: all such firms having 1,500 or fewer employees.[37] Census Bureau data for 2002 show that there were 1,646 firms in this category that operated for the entire year.[38] Of this total, 1,642 firms had employment of 999 or fewer employees, and four firms had employment of 1,000 employees or more.[39] Thus, the majority of these firms can be considered small. Additionally, it may be helpful to know the total numbers of telephone numbers assigned in these services. Commission data show that, as of June 2006, the total number of 800 numbers assigned was 7,647,941, the total number of 888 numbers assigned was 5,318,667, the total number of 877 numbers assigned was 4,431,162, and the total number of 866 numbers assigned was 6,008,976.[40]

b. International Service Providers

18. The Commission has not developed a small business size standard specifically for providers of international service. The appropriate size standards under SBA rules are for the two broad census categories of "Satellite Telecommunications" and "Other Telecommunications." Under both categories, such a business is small if it has $13.5 million or less in average annual receipts.[41]

19. The first category of Satellite Telecommunications "comprises establishments primarily engaged in providing point-to-point telecommunications services to other establishments in the telecommunications and broadcasting industries by forwarding and receiving communications signals via a system of satellites or reselling satellite telecommunications."[42] For this category, Census Bureau data for 2002 show that there were a total of 371 firms that operated for the entire year.[43] Of this total, 307 firms had annual receipts of under $10 million, and 26 firms had receipts of $10 million to $24,999,999.[44] Consequently, we estimate that the majority of Satellite Telecommunications firms are small entities that might be affected by our action.

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[35] We include all toll-free number subscribers in this category, including those for 888 numbers.

[36] U.S. Census Bureau, 2007 NAICS Definitions, "517911 Telecommunications Resellers" (partial definition); http://www.census.gov/naics/2007/def/ND517911.HTM#N517911.

[37] 13 C.F.R. § 121.201, NAICS code 517911.

[38] U.S. Census Bureau, 2002 Economic Census, Subject Series: Information, "Establishment and Firm Size (Including Legal Form of Organization," Table 5, NAICS code 517310 (issued Nov. 2005). Prior to 2007, the subject category was numbered 517310.

[39] *Id.* The census data do not provide a more precise estimate of the number of firms that have employment of 1,500 or fewer employees; the largest category provided is for firms with "1000 employees or more."

[40] *Trends in Telephone Service* at Tables 18.4-18.8.

[41] 13 C.F.R. § 121.201, NAICS codes 517410 and 517910.

[42] U.S. Census Bureau, "2002 NAICS Definitions: 517410 Satellite Telecommunications," *available at* http://www.census.gov/epcd/naics02/def/ND517410.HTM (visited Oct. 16, 2007).

[43] U.S. Census Bureau, 2002 Economic Census, Subject Series: Information, "Establishment and Firm Size (Including Legal Form of Organization)," Table 4, NAICS code 517410 (issued Nov. 2005).

[44] *Id.* An additional 38 firms had annual receipts of $25 million or more.

20. The second category of Other Telecommunications "comprises establishments primarily engaged in (1) providing specialized telecommunications applications, such as satellite tracking, communications telemetry, and radar station operations; or (2) providing satellite terminal stations and associated facilities operationally connected with one or more terrestrial communications systems and capable of transmitting telecommunications to or receiving telecommunications from satellite systems."[45] For this category, Census Bureau data for 2002 show that there were a total of 332 firms that operated for the entire year.[46] Of this total, 259 firms had annual receipts of under $10 million and 15 firms had annual receipts of $10 million to $24,999,999.[47] Consequently, we estimate that the majority of Other Telecommunications firms are small entities that might be affected by our action.

c. Wireless Telecommunications Service Providers

21. Below, for those services subject to auctions, we note that, as a general matter, the number of winning bidders that qualify as small businesses at the close of an auction does not necessarily represent the number of small businesses currently in service. Also, the Commission does not generally track subsequent business size unless, in the context of assignments or transfers, unjust enrichment issues are implicated.

22. *Wireless Service Providers.* The SBA has developed a small business size standard for wireless firms within the two broad economic census categories of "Paging"[48] and "Cellular and Other Wireless Telecommunications."[49] Under both SBA categories, a wireless business is small if it has 1,500 or fewer employees. For the census category of Paging, Census Bureau data for 2002 show that there were 807 firms in this category that operated for the entire year.[50] Of this total, 804 firms had employment of 999 or fewer employees, and three firms had employment of 1,000 employees or more.[51] Thus, under this category and associated small business size standard, the majority of firms can be considered small. For the census category of Cellular and Other Wireless Telecommunications, Census Bureau data for 2002 show that there were 1,397 firms in this category that operated for the entire year.[52] Of this total, 1,378 firms had employment of 999 or fewer employees, and 19 firms had employment of 1,000 employees or more.[53] Thus, under this second category and size standard, the majority of firms can, again, be considered small.

[45] U.S. Census Bureau, "2002 NAICS Definitions: 517910 Other Telecommunications," *available at* http://www.census.gov/epcd/naics02/def/ND517910.HTM (visited Oct. 16, 2007).

[46] U.S. Census Bureau, 2002 Economic Census, Subject Series: Information, "Establishment and Firm Size (Including Legal Form of Organization)," Table 4, NAICS code 517910 (issued Nov. 2005).

[47] *Id.* An additional 14 firms had annual receipts of $25 million or more.

[48] 13 C.F.R. § 121.201, NAICS code 517211 (changed from 513321 in Oct. 2002).

[49] 13 C.F.R. § 121.201, NAICS code 517212 (changed from 513322 in Oct. 2002).

[50] U.S. Census Bureau, 2002 Economic Census, Subject Series: Information, "Establishment and Firm Size (Including Legal Form of Organization)," Table 5, NAICS code 517211 (issued Nov. 2005).

[51] *Id.* The census data do not provide a more precise estimate of the number of firms that have employment of 1,500 or fewer employees; the largest category provided is firms with "1000 employees or more."

[52] U.S. Census Bureau, 2002 Economic Census, Subject Series: Information, "Establishment and Firm Size (Including Legal Form of Organization)," Table 5, NAICS code 517212 (issued Nov. 2005).

[53] *Id.* The census data do not provide a more precise estimate of the number of firms that have employment of 1,500 or fewer employees; the largest category provided is firms with "1000 employees or more."

23. *Cellular Licensees.* The SBA has developed a small business size standard for wireless firms within the broad economic census category "Cellular and Other Wireless Telecommunications."[54] Under this SBA category, a wireless business is small if it has 1,500 or fewer employees. For the census category of Cellular and Other Wireless Telecommunications, Census Bureau data for 2002 show that there were 1,397 firms in this category that operated for the entire year.[55] Of this total, 1,378 firms had employment of 999 or fewer employees, and 19 firms had employment of 1,000 employees or more.[56] Thus, under this category and size standard, the majority of firms can be considered small. Also, according to Commission data, 437 carriers reported that they were engaged in the provision of cellular service, Personal Communications Service (PCS), or Specialized Mobile Radio (SMR) Telephony services, which are placed together in the data.[57] We have estimated that 260 of these are small under the SBA small business size standard.[58]

24. *Paging.* The SBA has developed a small business size standard for the broad economic census category of "Paging."[59] Under this category, the SBA deems a wireless business to be small if it has 1,500 or fewer employees. Census Bureau data for 2002 show that there were 807 firms in this category that operated for the entire year.[60] Of this total, 804 firms had employment of 999 or fewer employees, and three firms had employment of 1,000 employees or more.[61] In addition, according to Commission data,[62] 365 carriers have reported that they are engaged in the provision of "Paging and Messaging Service." Of this total, we estimate that 360 have 1,500 or fewer employees, and five have more than 1,500 employees. Thus, in this category the majority of firms can be considered small.

25. We also note that, in the *Paging Second Report and Order*, the Commission adopted a size standard for "small businesses" for purposes of determining their eligibility for special provisions such as bidding credits and installment payments.[63] In this context, a small business is an entity that, together with its affiliates and controlling principals, has average gross revenues not exceeding $15 million for the preceding three years.[64] The SBA has approved this definition.[65] An auction of Metropolitan Economic

[54] 13 C.F.R. § 121.201, NAICS code 513322 (changed to 517212 in Oct. 2002).

[55] U.S. Census Bureau, 2002 Economic Census, Subject Series: Information, "Establishment and Firm Size (Including Legal Form of Organization)," Table 5, NAICS code 517212 (issued Nov. 2005).

[56] *Id.* The census data do not provide a more precise estimate of the number of firms that have employment of 1,500 or fewer employees; the largest category provided is firms with "1000 employees or more."

[57] *Trends in Telephone Service* at Table 5.3.

[58] *Id.*

[59] 13 C.F.R. § 121.201, NAICS code 517211.

[60] U.S. Census Bureau, 2002 Economic Census, Subject Series: Information, "Establishment and Firm Size (Including Legal Form of Organization)," Table 5, NAICS code 517211 (issued Nov. 2005).

[61] *Id.* The census data do not provide a more precise estimate of the number of firms that have employment of 1,500 or fewer employees; the largest category provided is for firms with "1000 employees or more."

[62] *Trends in Telephone Service*, Table 5.3.

[63] *Revision of Part 22 and Part 90 of the Commission's Rules to Facilitate Future Development of Paging Systems*, WT Docket No. 96-18, PP Docket No. 93-235, Second Report and Order, 12 FCC Rcd 2732, 2811-2812, paras. 178-181 (*Paging Second Report and Order*); *see also Revision of Part 22 and Part 90 of the Commission's Rules to Facilitate Future Development of Paging Systems*, WT Docket No. 96-18, PP Docket No. 93-235, Memorandum Opinion and Order on Reconsideration, 14 FCC Rcd 10030, 10085-10088, paras. 98-107 (1999).

[64] *Paging Second Report and Order*, 12 FCC Rcd at 2811, para. 179.

Area (MEA) licenses commenced on February 24, 2000, and closed on March 2, 2000. Of the 2,499 licenses auctioned, 985 were sold.[66] Fifty-seven companies claiming small business status won 440 licenses.[67] An auction of MEA and Economic Area (EA) licenses commenced on October 30, 2001, and closed on December 5, 2001. Of the 15,514 licenses auctioned, 5,323 were sold.[68] One hundred thirty-two companies claiming small business status purchased 3,724 licenses. A third auction, consisting of 8,874 licenses in each of 175 EAs and 1,328 licenses in all but three of the 51 MEAs commenced on May 13, 2003, and closed on May 28, 2003. Seventy-seven bidders claiming small or very small business status won 2,093 licenses.[69] We also note that, currently, there are approximately 74,000 Common Carrier Paging licenses.

26. *Wireless Telephony*. Wireless telephony includes cellular, personal communications services (PCS), and specialized mobile radio (SMR) telephony carriers. As noted earlier, the SBA has developed a small business size standard for "Cellular and Other Wireless Telecommunications" services.[70] Under that SBA small business size standard, a business is small if it has 1,500 or fewer employees.[71] According to Commission data, 432 carriers reported that they were engaged in the provision of wireless telephony.[72] We have estimated that 221 of these are small under the SBA small business size standard.

27. *Broadband Personal Communications Service*. The broadband Personal Communications Service (PCS) spectrum is divided into six frequency blocks designated A through F, and the Commission has held auctions for each block. The Commission defined "small entity" for Blocks C and F as an entity that has average gross revenues of $40 million or less in the three previous calendar years.[73] For Block F, an additional classification for "very small business" was added and is defined as an entity that, together with its affiliates, has average gross revenues of not more than $15 million for the preceding three calendar years."[74] These standards defining "small entity" in the context of broadband PCS auctions have been approved by the SBA.[75] No small businesses, within the SBA-approved small business size standards bid successfully for licenses in Blocks A and B. There were 90 winning bidders that qualified as small entities in the Block C auctions. A total of 93 small and very small business bidders won

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[65] *See* Letter from Aida Alvarez, Administrator, Small Business Administration, to Amy Zoslov, Chief, Auctions and Industry Analysis Division, Wireless Telecommunications Bureau (dated Dec. 2, 1998) (SBA Dec. 2, 1998 Letter).

[66] *See* "929 and 931 MHz Paging Auction Closes," Public Notice, 15 FCC Rcd 4858 (WTB 2000).

[67] *Id.*.

[68] *See Lower and Upper Paging Band Auction Closes*, Public Notice, 16 FCC Rcd 21821 (WTB 2002).

[69] *See Lower and Upper Paging Bands Auction Closes*, Public Notice, 18 FCC Rcd 11154 (WTB 2003).

[70] 13 C.F.R. § 121.201, NAICS code 517212.

[71] *Id.*

[72] *Trends in Telephone Service* at Table 5.3.

[73] *See Amendment of Parts 20 and 24 of the Commission's Rules – Broadband PCS Competitive Bidding and the Commercial Mobile Radio Service Spectrum Cap*, WT Docket No. 96-59, Report and Order, 11 FCC Rcd 7824, 61 FR 33859 (July 1, 1996) (*PCS Order*); *see also* 47 C.F.R. § 24.720(b).

[74] *See PCS Order*, 11 FCC Rcd 7824.

[75] *See, e.g., Implementation of Section 309(j) of the Communications Act – Competitive Bidding*, PP Docket No. 93-253, Fifth Report and Order, 9 FCC Rcd 5332, 59 FR 37566 (July 22, 1994).

approximately 40 percent of the 1,479 licenses for Blocks D, E, and F.[76] On March 23, 1999, the Commission re-auctioned 347 C, D, E, and F Block licenses. There were 48 small business winning bidders. On January 26, 2001, the Commission completed the auction of 422 C and F Broadband PCS licenses in Auction No. 35. Of the 35 winning bidders in this auction, 29 qualified as "small" or "very small" businesses. Subsequent events, concerning Auction 35, including judicial and agency determinations, resulted in a total of 163 C and F Block licenses being available for grant.

28. *Narrowband Personal Communications Services.* The Commission held an auction for Narrowband PCS licenses that commenced on July 25, 1994, and closed on July 29, 1994. A second auction commenced on October 26, 1994 and closed on November 8, 1994. For purposes of the first two Narrowband PCS auctions, "small businesses" were entities with average gross revenues for the prior three calendar years of $40 million or less.[77] Through these auctions, the Commission awarded a total of 41 licenses, 11 of which were obtained by four small businesses.[78] To ensure meaningful participation by small business entities in future auctions, the Commission adopted a two-tiered small business size standard in the Narrowband PCS Second Report and Order.[79] A "small business" is an entity that, together with affiliates and controlling interests, has average gross revenues for the three preceding years of not more than $40 million.[80] A "very small business" is an entity that, together with affiliates and controlling interests, has average gross revenues for the three preceding years of not more than $15 million.[81] The SBA has approved these small business size standards.[82] A third auction commenced on October 3, 2001 and closed on October 16, 2001. Here, five bidders won 317 (Metropolitan Trading Areas and nationwide) licenses.[83] Three of these claimed status as a small or very small entity and won 311 licenses.

29. *Rural Radiotelephone Service.* The Commission has not adopted a size standard for small businesses specific to the Rural Radiotelephone Service.[84] A significant subset of the Rural Radiotelephone Service is the Basic Exchange Telephone Radio System (BETRS).[85] The Commission

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[76] FCC News, Broadband PCS, D, E and F Block Auction Closes, No. 71744 (rel. Jan. 14, 1997); *see also Amendment of the Commission's Rules Regarding Installment Payment Financing for Personal Communications Services (PCS) Licenses*, WT Docket No. 97-82, Second Report and Order, 12 FCC Rcd 16436, 62 FR 55348 (Oct. 24, 1997).

[77] *Implementation of Section 309(j) of the Communications Act – Competitive Bidding Narrowband PCS*, Third Memorandum Opinion and Order and Further Notice of Proposed Rulemaking, 10 FCC Rcd 175, 196, para. 46 (1994).

[78] *See Announcing the High Bidders in the Auction of ten Nationwide Narrowband PCS Licenses, Winning Bids Total $617,006,674*, Public Notice, PNWL 94-004 (rel. Aug. 2, 1994); Announcing the High Bidders in the Auction of 30 Regional Narrowband PCS Licenses; Winning Bids Total $490,901,787, Public Notice, PNWL 94-27 (rel. Nov. 9, 1994).

[79] *Amendment of the Commission's Rules to Establish New Personal Communications Services, Narrowband PCS*, ET Docket No. 92-100, PP Docket No. 93-253, Second Report and Order and Second Further Notice of Proposed Rule Making, 15 FCC Rcd 10456, 10476, para. 40 (2000).

[80] *Id.*

[81] *Id.*

[82] *See* Letter from Aida Alvarez, Administrator, Small Business Administration,to Amy Zoslov, Chief, Auctions and Industry Analysis Division, Wireless Telecommunications Bureau, Federal Communications Commission (dated Dec. 2, 1998).

[83] *See Narrowband PCS Auction Closes*, Public Notice, 16 FCC Rcd 18663 (WTB 2001).

[84] *See* 47 C.F.R. § 22.99 (defining Rural Radiotelephone Service).

[85] *See* 47 C.F.R. §§ 22.757, 22.759 (defining BETRS).

uses the SBA's small business size standard applicable to "Cellular and Other Wireless Telecommunications," *i.e.*, an entity employing no more than 1,500 persons.[86] There are approximately 1,000 licensees in the Rural Radiotelephone Service, and the Commission estimates that there are 1,000 or fewer small entity licensees in the Rural Radiotelephone Service that may be affected by the rules and policies adopted herein.

30. *Air-Ground Radiotelephone Service.* The Commission has not adopted a small business size standard specific to the Air-Ground Radiotelephone Service.[87] We will use SBA's small business size standard applicable to "Cellular and Other Wireless Telecommunications," *i.e.*, an entity employing no more than 1,500 persons.[88] There are approximately 100 licensees in the Air-Ground Radiotelephone Service, and we estimate that almost all of them qualify as small under the SBA small business size standard.

31. *Offshore Radiotelephone Service.* This service operates on several UHF television broadcast channels that are not used for television broadcasting in the coastal areas of states bordering the Gulf of Mexico.[89] There are presently approximately 55 licensees in this service. We are unable to estimate at this time the number of licensees that would qualify as small under the SBA's small business size standard for "Cellular and Other Wireless Telecommunications" services.[90] Under that SBA small business size standard, a business is small if it has 1,500 or fewer employees.[91]

2. Cable and OVS Operators

32. *Cable Television Distribution Services.* Since 2007, these services have been defined within the broad economic census category of Wired Telecommunications Carriers; that category is defined as follows: "This industry comprises establishments primarily engaged in operating and/or providing access to transmission facilities and infrastructure that they own and/or lease for the transmission of voice, data, text, sound, and video using wired telecommunications networks. Transmission facilities may be based on a single technology or a combination of technologies."[92] The SBA has developed a small business size standard for this category, which is: all such firms having 1,500 or fewer employees. To gauge small business prevalence for these cable services we must, however, use current census data that are based on the previous category of Cable and Other Program Distribution and its associated size standard; that size standard was: all such firms having $13.5 million or less in annual receipts.[93] According to Census Bureau data for 2002, there were a total of 1,191 firms in this previous category that operated for the entire year.[94] Of this total, 1,087 firms had annual receipts of under $10

[86] 13 C.F.R. § 121.201, NAICS code 517212.

[87] *See* 47 C.F.R. § 22.99 (defining Air-Ground Radiotelephone Service).

[88] 13 C.F.R. § 121.201, NAICS code 517212 (changed from 513322 in Oct. 2002).

[89] This service is governed by Subpart I of Part 22 of the Commission's rules. *See* 47 C.F.R. §§ 22.1001-22.1037.

[90] 13 C.F.R. § 121.201, NAICS code 517212.

[91] *Id.*

[92] U.S. Census Bureau, 2007 NAICS Definitions, "517110 Wired Telecommunications Carriers" (partial definition); http://www.census.gov/naics/2007/def/ND517110.HTM#N517110.

[93] 13 C.F.R. § 121.201, NAICS code 517110.

[94] U.S. Census Bureau, 2002 Economic Census, Subject Series: Information, Table 4, Receipts Size of Firms for the United States: 2002, NAICS code 517510 (issued November 2005).

million, and 43 firms had receipts of $10 million or more but less than $25 million.[95] Thus, the majority of these firms can be considered small.

33. *Cable Companies and Systems.* The Commission has also developed its own small business size standards, for the purpose of cable rate regulation. Under the Commission's rules, a "small cable company" is one serving 400,000 or fewer subscribers, nationwide.[96] Industry data indicate that, of 1,076 cable operators nationwide, all but eleven are small under this size standard.[97] In addition, under the Commission's rules, a "small system" is a cable system serving 15,000 or fewer subscribers.[98] Industry data indicate that, of 7,208 systems nationwide, 6,139 systems have under 10,000 subscribers, and an additional 379 systems have 10,000-19,999 subscribers.[99] Thus, under this second size standard, most cable systems are small

34. *Cable System Operators.* The Communications Act of 1934, as amended, also contains a size standard for small cable system operators, which is "a cable operator that, directly or through an affiliate, serves in the aggregate fewer than 1 percent of all subscribers in the United States and is not affiliated with any entity or entities whose gross annual revenues in the aggregate exceed $250,000,000."[100] The Commission has determined that an operator serving fewer than 677,000 subscribers shall be deemed a small operator, if its annual revenues, when combined with the total annual revenues of all its affiliates, do not exceed $250 million in the aggregate.[101] Industry data indicate that, of 1,076 cable operators nationwide, all but ten are small under this size standard.[102] We note that the Commission neither requests nor collects information on whether cable system operators are affiliated with entities whose gross annual revenues exceed $250 million,[103] and therefore we are unable to estimate more accurately the number of cable system operators that would qualify as small under this size standard.

35. *Open Video Systems (OVS).* In 1996, Congress established the open video system (OVS) framework, one of four statutorily recognized options for the provision of video programming services by

[95] *Id.* An additional 61 firms had annual receipts of $25 million or more.

[96] 47 C.F.R. § 76.901(e). The Commission determined that this size standard equates approximately to a size standard of $100 million or less in annual revenues. *Implementation of Sections of the 1992 Cable Act: Rate Regulation,* Sixth Report and Order and Eleventh Order on Reconsideration, MM Docket Nos. 92-266, 93-215, 10 FCC Rcd 7393, 7408 (1995).

[97] These data are derived from: R.R. Bowker, *Broadcasting & Cable Yearbook 2006*, "Top 25 Cable/Satellite Operators," pages A-8 & C-2 (data current as of June 30, 2005); Warren Communications News, *Television & Cable Factbook 2006*, "Ownership of Cable Systems in the United States," pages D-1805 to D-1857.

[98] 47 C.F.R. § 76.901(c).

[99] Warren Communications News, *Television & Cable Factbook 2006*, "U.S. Cable Systems by Subscriber Size," page F-2 (data current as of Oct. 2005). The data do not include 718 systems for which classifying data were not available.

[100] 47 U.S.C. § 543(m)(2); *see* 47 C.F.R. § 76.901(f) & nn. 1-3.

[101] 47 C.F.R. § 76.901(f); *see FCC Announces New Subscriber Count for the Definition of Small Cable Operator*, Public Notice, DA 01-158, 16 FCC Rcd 2225 (Cable Services Bureau, Jan. 24, 2001).

[102] These data are derived from: R.R. Bowker, *Broadcasting & Cable Yearbook 2006*, "Top 25 Cable/Satellite Operators," pages A-8 & C-2 (data current as of June 30, 2005); Warren Communications News, *Television & Cable Factbook 2006*, "Ownership of Cable Systems in the United States," pages D-1805 to D-1857.

[103] The Commission does receive such information on a case-by-case basis if a cable operator appeals a local franchise authority's finding that the operator does not qualify as a small cable operator pursuant to § 76.901(f) of the Commission's rules. *See* 47 C.F.R. § 76.909(b).

local exchange carriers (LECs).[104] The OVS framework provides opportunities for the distribution of video programming other than through cable systems. Because OVS operators provide subscription services,[105] OVS falls within the SBA small business size standard of Cable and Other Program Distribution Services, which consists of such entities having $13.5 million or less in annual receipts.[106] The Commission has certified 25 OVS operators, with some now providing service. Broadband service providers (BSPs) are currently the only significant holders of OVS certifications or local OVS franchises.[107] As of June, 2005, BSPs served approximately 1.4 million subscribers, representing 1.5 percent of all MVPD households.[108] Affiliates of Residential Communications Network, Inc. (RCN), which serves about 371,000 subscribers as of June, 2005, is currently the largest BSP and 14th largest MVPD.[109] RCN received approval to operate OVS systems in New York City, Boston, Washington, D.C. and other areas. The Commission does not have financial information regarding the entities authorized to provide OVS, some of which may not yet be operational. We thus believe that at least some of the OVS operators may qualify as small entities.

3. Internet Service Providers

36. *Internet Service Providers.* The SBA has developed a small business size standard for Internet Service Providers (ISPs). ISPs "provide clients access to the Internet and generally provide related services such as web hosting, web page designing, and hardware or software consulting related to Internet connectivity."[110] Under the SBA size standard, such a business is small if it has average annual receipts of $23 million or less.[111] According to Census Bureau data for 2002, there were 2,529 firms in this category that operated for the entire year.[112] Of these, 2,437 firms had annual receipts of under $10 million, and an additional 47 firms had receipts of between $10 million and $24,999,999. Consequently, we estimate that the majority of these firms are small entities that may be affected by our action.

37. *All Other Information Services.* "This industry comprises establishments primarily engaged in providing other information services (except new syndicates and libraries and archives)."[113] The SBA has developed a small business size standard for this category; that size standard is $6.5 million

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[104] 47 U.S.C. § 571(a)(3)-(4). *See Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming, Eleventh Annual Report,* 20 FCC Rcd 2507, 2549, para. 88 (2006) (*2006 Cable Competition Report*).

[105] *See* 47 U.S.C. § 573.

[106] 13 C.F.R. § 121.201, NAICS code 517510.

[107] *See 2006 Cable Competition Report*, 20 FCC Rcd at 2549, para. 88. BSPs are newer firms that are building state-of-the-art, facilities-based networks to provide video, voice, and data services over a single network.

[108] *See id.* at 2507, para. 14.

[109] *See 2006 Cable Competition Report*, 20 FCC Rcd at 2549, para. 89. WideOpenWest is the second largest BSP and 16th largest MVPD, with cable systems serving about 292,000 subscribers as of June, 2005. The third largest BSP is Knology, serving approximately 170,800 subscribers as of June 2005. *Id.*

[110] U.S. Census Bureau, "2002 NAICS Definitions: 518111 Internet Service Providers," *available at* http://www.census.gov/epcd/naics02/def/ND518111.HTM (visited Oct. 16, 2007).

[111] 13 C.F.R. § 121.201, NAICS code 518111 (changed from 514191, "On-Line Information Services," in Oct. 2002).

[112] U.S. Census Bureau, 2002 Economic Census, Subject Series: Information, "Establishment and Firm Size (Including Legal Form of Organization," Table 4, NAICS code 518111 (issued Nov. 2005).

[113] U.S. Census Bureau, "2002 NAICS Definitions: 519190 All Other Information Services," *available at* http://www.census.gov/epcd/naics02/def/ND519190.HTM (visited Oct. 16, 2007).

or less in average annual receipts.[114] According to Census Bureau data for 2002, there were 155 firms in this category that operated for the entire year.[115] Of these, 138 had annual receipts of under $5 million, and an additional four firms had receipts of between $5 million and $9,999,999. Consequently, we estimate that the majority of these firms are small entities that may be affected by our action.

4. Equipment Manufacturers

38. SBA small business size standards are given in terms of "firms." Census Bureau data concerning computer manufacturers, on the other hand, are given in terms of "establishments." We note that the number of "establishments" is a less helpful indicator of small business prevalence in this context than would be the number of "firms" or "companies," because the latter take into account the concept of common ownership or control. Any single physical location for an entity is an establishment, even though that location may be owned by a different establishment. Thus, the census numbers provided below may reflect inflated numbers of businesses in the given category, including the numbers of small businesses.

39. *Radio and Television Broadcasting and Wireless Communications Equipment Manufacturing.* The Census Bureau defines this category as follows: "This industry comprises establishments primarily engaged in manufacturing radio and television broadcast and wireless communications equipment. Examples of products made by these establishments are: transmitting and receiving antennas, cable television equipment, GPS equipment, pagers, cellular phones, mobile communications equipment, and radio and television studio and broadcasting equipment."[116] The SBA has developed a small business size standard for Radio and Television Broadcasting and Wireless Communications Equipment Manufacturing, which is: all such firms having 750 or fewer employees.[117] According to Census Bureau data for 2002, there were a total of 1,041 establishments in this category that operated for the entire year.[118] Of this total, 1,010 had employment of under 500, and an additional 13 had employment of 500 to 999.[119] Thus, under this size standard, the majority of firms can be considered small.

40. *Telephone Apparatus Manufacturing.* The Census Bureau defines this category as follows: "This industry comprises establishments primarily engaged in manufacturing wire telephone and data communications equipment. These products may be standalone or board-level components of a larger

[114] 13 C.F.R. § 121.201, NAICS code 519190.

[115] U.S. Census Bureau, 1997 Economic Census, Subject Series: Information, "Establishment and Firm Size (Including Legal Form of Organization)," Table 4, NAICS code 514199 (issued Oct. 2000). This category was created for the 2002 Economic Census by taking a portion of the superseded 1997 category, "All Other Information Services," NAICS code 514199. The data cited in the text above are derived from the superseded category.

[116] U.S. Census Bureau, 2002 NAICS Definitions, "334220 Radio and Television Broadcasting and Wireless Communications Equipment Manufacturing," *available at* http://www.census.gov/epcd/naics02/def/NDEF334.HTM#N3342.

[117] 13 C.F.R. § 121.201, NAICS code 334220.

[118] U.S. Census Bureau, American FactFinder, 2002 Economic Census, Industry Series, Industry Statistics by Employment Size, NAICS code 334220 (released May 26, 2005); http://factfinder.census.gov. The number of "establishments" is a less helpful indicator of small business prevalence in this context than would be the number of "firms" or "companies," because the latter take into account the concept of common ownership or control. Any single physical location for an entity is an establishment, even though that location may be owned by a different establishment. Thus, the numbers given may reflect inflated numbers of businesses in this category, including the numbers of small businesses. In this category, the Census breaks-out data for firms or companies only to give the total number of such entities for 2002, which was 929.

[119] *Id.* An additional 18 establishments had employment of 1,000 or more.

system. Examples of products made by these establishments are central office switching equipment, cordless telephones (except cellular), PBX equipment, telephones, telephone answering machines, LAN modems, multi-user modems, and other data communications equipment, such as bridges, routers, and gateways."[120] The SBA has developed a small business size standard for Telephone Apparatus Manufacturing, which is: all such firms having 1,000 or fewer employees.[121] According to Census Bureau data for 2002, there were a total of 518 establishments in this category that operated for the entire year.[122] Of this total, 511 had employment of under 1,000, and an additional 7 had employment of 1,000 to 2,499.[123] Thus, under this size standard, the majority of firms can be considered small.

41. *Semiconductor and Related Device Manufacturing.* Examples of manufactured devices in this category include "integrated circuits, memory chips, microprocessors, diodes, transistors, solar cells and other optoelectronic devices."[124] The SBA has developed a small business size standard for this category of manufacturing; that size standard is 500 or fewer employees.[125] According to Census Bureau data, there were 1,032 establishments in this category that operated with payroll during 2002.[126] Of these, 950 had employment of under 500, and 42 establishments had employment of 500 to 999. Consequently, we estimate that the majority of these establishments are small entities.

42. *Computer Storage Device Manufacturing.* These establishments manufacture "computer storage devices that allow the storage and retrieval of data from a phase change, magnetic, optical, or magnetic/optical media."[127] The SBA has developed a small business size standard for this category of manufacturing; that size standard is 1,000 or fewer employees.[128] According to Census Bureau data, there were 170 establishments in this category that operated with payroll during 2002.[129] Of these, 164 had employment of under 500, and five establishments had employment of 500 to 999. Consequently, we estimate that the majority of these establishments are small entities.

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[120] U.S. Census Bureau, 2002 NAICS Definitions, "334210 Telephone Apparatus Manufacturing," *available at* http://www.census.gov/epcd/naics02/def/NDEF334.HTM#N3342.

[121] 13 C.F.R. § 121.201, NAICS code 334210.

[122] U.S. Census Bureau, American FactFinder, 2002 Economic Census, Industry Series, Industry Statistics by Employment Size, NAICS code 334210 (released May 26, 2005); http://factfinder.census.gov. The number of "establishments" is a less helpful indicator of small business prevalence in this context than would be the number of "firms" or "companies," because the latter take into account the concept of common ownership or control. Any single physical location for an entity is an establishment, even though that location may be owned by a different establishment. Thus, the numbers given may reflect inflated numbers of businesses in this category, including the numbers of small businesses. In this category, the Census breaks-out data for firms or companies only to give the total number of such entities for 2002, which was 450.

[123] *Id.* An additional 4 establishments had employment of 2,500 or more.

[124] U.S. Census Bureau, 2002 NAICS Definitions, "334413 Semiconductor and Related Device Manufacturing," *available at* http://www.census.gov/epcd/nacis02/def/ND334413.HTM#N334413.

[125] 13 C.F.R. § 121.201, NAICS code 334413.

[126] U.S. Census Bureau, 2002 Economic Census, Industry Series: Manufacturing, "Semiconductor and Related Device Manufacturing ," Table 4, NAICS code 334413 (issued Jan. 2005).

[127] U.S. Census Bureau, "2002 NAICS Definitions: 334112 Computer Storage Device Manufacturing," *available at* http://www.census.gov/epcd/naics02/def/ND334112.HTM (visited Oct. 16, 2007).

[128] 13 C.F.R. § 121.201, NAICS code 334112.

[129] U.S. Census Bureau, 2002 Economic Census, Industry Series: Manufacturing, "Computer Storage Device Manufacturing," Table 4, NAICS code 334112 (issued Dec. 2004).

D. Description of Projected Reporting, Recordkeeping and Other Compliance Requirements

43. Should the Commission decide to adopt any further numbering requirements to benefit customers of telecommunications and interconnected VoIP service, the associated rules potentially could modify the reporting and recordkeeping requirements of certain telecommunications providers and interconnected VoIP service providers. For example, the Commission seeks comment on whether it should require interconnected VoIP providers to comply with N11 code assignments.[130] Additionally, the Commission seeks comment on whether the Commission should adopt a requirement that carriers identify all errors possible in a given LSR and describe the basis for rejection when rejecting a port request.[131] The Commission also tentatively concludes that it should adopt rules reducing the porting interval for wireline-to-wireline and intermodal simple port requests, specifically to a 48-hour porting interval, and seeks comment on whether the Commission should establish time limits on the porting process for all types of simple port requests or just certain types of ports.[132] Further, the Commission seeks comment on whether there are any technical impediments or advances that affect the overall length of the porting interval such that it should adopt different porting intervals for particular types of simple ports.[133] These proposals may impose additional reporting and recordkeeping requirements on entities. Also, we seek comment on whether any of these proposals place burdens on small entities, and whether alternatives might lessen such burdens while still achieving the goals of this proceeding.[134] Entities, especially small businesses, are encouraged to quantify the costs and benefits or any reporting requirement that may be established in this proceeding.

E. Steps Taken to Minimize Significant Economic Impact on Small Entities, and Significant Alternatives Considered

44. The RFA requires an agency to describe any significant alternatives that it has considered in reaching its proposed approach, which may include (among others) the following four alternatives: (1) the establishment of differing compliance or reporting requirements or timetables that take into account the resources available to small entities; (2) the clarification, consolidation, or simplification of compliance or reporting requirements under the rule for small entities; (3) the use of performance, rather than design, standards; and (4) an exemption from coverage of the rule, or any part thereof, for small entities.[135]

45. The Commission's primary objective is to ensure that that consumers benefit from LNP. We seek comment on the burdens, including those placed on small carriers, associated with related Commission rules and whether the Commission should adopt different requirements for small businesses. Specifically, we seek comment on the benefits and burdens, including the burdens on small entities, of requiring interconnected VoIP providers to comply with N11 code assignments and other numbering requirements.[136] We also seek comment on the benefits and burdens, including the burdens on small entities, of the specific requirements on the validation process proposed in the Notice and any other such

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[130] *See* Notice, *supra* para. 53.

[131] *See id.*, *supra* para. 57.

[132] *See id.*, *supra* para. 59.

[133] *See id.*, *supra* para. 63.

[134] *See id.*, *supra* paras. 53, 58, 64.

[135] 5 U.S.C. § 603(c).

[136] *See* Notice, *supra* para. 53.

requirements.[137] Further, the Commission seeks comment on the benefits and burdens, including the burdens on small entities, of adopting rules regarding porting intervals for all types of simple port requests.[138]

F. Federal Rules that May Duplicate, Overlap, or Conflict with the Proposed Rules

46. None.

[137] *See id.*, *supra* para. 58.

[138] *See id.*, *supra* para. 64.

STATEMENT OF
CHAIRMAN KEVIN J. MARTIN

Re: Telephone Number Requirements for IP-Enabled Services Providers; Local Number Portability Porting Interval and Validation Requirements; IP-Enabled Services; Telephone Number Portability; CTIA Petitions for Declaratory Ruling on Wireline-Wireless Porting Issues; Numbering Resource Optimization, WC Docket Nos. 07-243, 07-244, 04-36, CC Docket Nos. 95-116, 99-200

I am pleased the Commission today adopts this item addressing local number portability because it provides important consumer benefits by promoting competition for consumer telephone services. I have consistently supported local number portability because it allows consumers to choose a cheaper or more innovative service. I have also consistently maintained that establishing a level playing field promotes competition. As interconnected VoIP providers have increasingly entered the market, it is important that consumers be able to transfer their number to and from these providers just like transfers between carriers. I also support the actions to streamline the process and time required to switch from wireline to wireless service in order to provide consumers the ability to change providers without undue burden or delay.

STATEMENT OF COMMISSIONER MICHAEL J. COPPS

Re: *IP-Enabled Services*, WC Docket No. 04-36; *Telephone Number Portability, CC Docket No. 95-116*; *CTIA Petitions for Declaratory Ruling on Wireline-Wireless Porting Issues, Final Regulatory Flexibility Analysis, Numbering Resource Optimization*, CC Docket No. 99-200; *Telephone Number Requirements for IP-Enabled Services Providers*, WC Docket No. 07-243; *Local Number Portability Porting Interval and Validation Requirements*, WC Docket No. 07-244, Report and Order, Declaratory Ruling, Order on Remand, and Notice of Proposed Rulemaking

In the 1996 Telecommunications Act, Congress imposed a number portability obligation on providers so consumers could retain their phone numbers when switching carriers. This was both consumer-friendly and competition-friendly. Local number portability is a real success story. Today's item works to ensure that consumers continue to benefit from local number portability when it comes to interconnected VoIP services. I am pleased to support it.

Today's Order also streamlines the port validation process by requiring providers to validate a consumer's porting request based upon no more than four specified criteria. By providing clarity to carriers in this regard, consumers will benefit from more timely and efficient processing of their requests. I want to thank Chairman Martin and my colleagues for supporting my proposal to address this issue here rather than making consumers wait any longer for its resolution. I also support the few remaining questions the Commission poses regarding the obligations of interconnected VoIP providers and the timing interval expected for intermodal porting requests. I am pleased that the Order includes my suggestion that when determining the appropriate porting interval we should take into account the evolving nature of technologies and business practices with the goal of reducing porting times to the shortest reasonable time-period. I am optimistic that we will be able to complete this proceeding rapidly if all interested parties work together.

A lesson to be learned from the success of local number portability is that the Commission should be seeking out additional ways to break down barriers that impede consumers from taking advantage of competition, such as wireless and broadband early termination fees and the locking of phone features. The more we do on such initiatives, the better it will be for consumers and competition. That's a win-win in my book.

STATEMENT OF
COMMISSIONER JONATHAN S. ADELSTEIN
Approving in part, concurring in part

Re: IP-Enabled Services; Telephone Number Portability; CTIA Petitions for Declaratory Ruling on Wireline-Wireless Porting Issues; Final Regulatory Flexibility Analysis; Numbering Resources Optimization; Telephone Number Requirements for IP-Enabled Service Providers; Local Number Portability Porting Interval and Validation Requirements; WC Docket No. 04-36, CC Docket Nos. 95-116 and 99-200, WC Docket Nos. 07-243 and 07-244; Report and Order, Declaratory Ruling, Order on Remand, and Notice of Proposed Rulemaking.

Through this Order we expand the availability of local number portability, which has provided important benefits to consumers through the ability to take their number with them when they change providers. Congress viewed the ability of consumers to keep their phone numbers to be an important component of the effort to develop local phone competition and consumer choice, and our experiences of the past four years have borne out this prediction.

I'm pleased that this Order extends number portability to interconnected voice over Internet Protocol (VoIP) providers. To their credit, many interconnected VoIP providers have acknowledged the need to offer number portability to their customers. I fully agree with the Order's conclusion that consumers reasonably expect that they will have the ability to take their number with them when they switch to another provider, whether they subscribe to an interconnected VoIP provider or another provider of telecommunications services. So, I support the decision to apply these requirements evenly.

I also appreciate the Order's efforts to address the process for completing requested ports. Given the Order's findings that many ports are delayed due to difficulties with "burdensome porting-related procedures," the Commission should take steps to improve this process, not only for providers but also for consumers. In this respect, I am particularly hopefully that we can work to reduce the porting interval for simple porting requests, so that consumers are left on hold no longer than necessary.

This Order also responds to a 2005 remand from the U.S. Court of Appeals for the District of Columbia Circuit by re-imposing number portability requirements on small carriers. The Commission's prior decision to extend these requirements to small carriers was stayed because the Commission failed to comply with the Regulatory Flexibility Act (RFA). While this Order checks a box by completing the final analysis required by the RFA, we miss an opportunity here to address the some of the critical and expensive underlying issues – such as the transport costs associated with calls to ported numbers – that are exacerbated by our porting requirements.

Four years ago, when these portability requirements were first imposed, I called on the Commission to resolve this critical intercarrier compensation issue as quickly and comprehensively as possible, so I'm disappointed that we've made no more progress since then, and fail to do so here. Although this Commission could do more to recognize and address the unique needs of small providers, I am pleased that small providers will have the ability to raise these issues before state commissions through the process set out by Congress in Section 251(f)(2) and I will concur to this portion of the Order.

STATEMENT OF COMMISSIONER DEBORAH TAYLOR TATE

Re: IP-Enabled Services; Telephone Number Portability; CTIA Petitions for Declaratory Ruling on Wireline-Wireless Porting Issues; Final Regulatory Flexibility Analysis; Numbering Resource Optimization; Telephone Number Requirements for IP-Enabled Services Providers; Local Number Portability Porting Interval and Validation Requirements, WC Docket No. 04-36, CC Docket No. 95-116; CC Docket No. 99-200; WC Docket No. 07-243; WC Docket No. 07-244, Report And Order, Declaratory Ruling, Order On Remand, And Notice Of Proposed Rulemaking.

As both Congress and this Commission have recognized, the ability of a customer to retain his or her local telephone number when switching providers is a critical component for competition in the local exchange market. Local number portability promotes competition between providers of local telephone services by eliminating a major disincentive to switch carriers. Specifically, the ability of end users to retain their telephone numbers when changing service providers gives customers flexibility in the quality, price, and variety of services they can choose to purchase. Local number portability also helps ensure efficient use and uniform administration of numbering resources. In this order we take several steps to ensure that consumers continue to enjoy the benefits of local competition. We extend the benefits of number portability to VoIP customers by requiring VoIP providers to ensure that customers have the ability to port their telephone numbers when changing service providers to or from a VoIP provider. Additionally, we extend to interconnected VoIP providers the obligation to contribute to shared numbering administration costs, ensuring regulatory parity among providers of similar services.

We also take important steps to facilitate existing number portability so customers more fully benefit from these requirements. We clarify that no carriers may obstruct or delay the porting process by demanding more information than is necessary to validate a customer's request to keep their telephone number when changing carriers and streamline the porting process and time interval.

STATEMENT OF
COMMISSIONER ROBERT M. McDOWELL

Re: Telephone Number Requirements for IP-Enabled Services Providers, Local Number Portability Porting Interval and Validation Requirements, IP-Enabled Services, Telephone Number Portability, CTIA Petitions for Declaratory Ruling on Wireline-Wireless Porting Issues, Final Regulatory Flexibility Analysis, Numbering Resource Optimization, *Report and Order, Declaratory Ruling, Order on Remand, and Notice of Proposed Rulemaking*, WC Docket No. 07-243, WC Docket No. 07-244 WC Docket No. 04-36, CC Docket No. 95-116, CC Docket No. 99-200

The steps we are taking today promote consumer freedom in the voice and information service markets by allowing customers to port their telephone number to and from Voice over Internet Protocol (VoIP) services across all platforms. In this world of converging telecommunications technologies, it is vital that the Commission ensure that our regulations do not favor one type of service provider over another and that consumers are empowered to choose among all the services these new technologies offer. By extending local numbering portability requirements to VoIP providers, we now give consumers the ability to keep their telephone numbers when they decide to switch to or from wireline, wireless or VoIP services. Furthermore, the obligation to port numbers quickly and efficiently will further benefit consumers when they switch providers and give regulatory certainty to market players.

Our action today also fosters regulatory parity. Because VoIP services are increasingly becoming a substitute for traditional telephone service in the marketplace, it is critical that we extend local number portability obligations to those service providers. Just as we have previously required interconnected VoIP providers to comply with obligations for E911, universal service, customer proprietary network information protections and disability access, extending our local number portability requirements levels out the regulatory landscape even further.

However, in an effort to refine our overall numbering obligations, we seek comment on a number of specific issues affecting the extent of obligations and elements of the porting process. I will be particularly interested to review the comments regarding the validation of port requests and porting intervals.