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November 22, 2011

Via Hand Delivery

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Room TW-A325
Washington, D.C. 20554

Re: CC Docket 95-116; WC Docket 07-149; WC 09-109

Dear Ms. Dortch:

On behalf of Neustar, Inc., I have attached, for inclusion in the above-captioned dockets, an economic study prepared for Neustar by University of Michigan Ross School of Business Professor Scott E. Masten, an expert in the economics of procurements, entitled, "Scale and Transactional Economies in NPAC Services and the Design of Competitive Bidding Procedures."

Neustar supports the LNPA selection process set forth by the Commission in its May 16, 2011, Order. Although the Commission's process permits the selection of one or more administrators, Telcordia, Inc. filed with the Commission a paper arguing for the advantages of requiring the selection of multiple regional providers of Number Portability Administration Center ("NPAC") services.[1] The analysis underlying that paper is significantly flawed; we are accordingly supplementing the record with Professor Masten's analysis. Professor Masten's study addresses economic considerations that the Commission should take into account in supervising the Request for Proposal process that the North American Portability Management LLC ("NAPM LLC") is designing for number portability database platforms and services in the United States.

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[1] William P. Rogerson, *An Economic Analysis of Competitive Procurement Process Design Options for NPAC Services,* September 13, 2011.

Professor Masten's study considers the potential costs and benefits of constraining the NAPM LLC's RFP process to ensure that the contract for provision of NPAC services is awarded to at least two providers rather than a single provider. The study notes that it is undisputed that the provision of NPAC services is characterized by significant economies of scale. Such economies of scale tend to favor the selection of a single provider rather than two or more providers because of the higher costs associated with the selection of multiple providers. Professor Masten's study discusses the supposed advantages identified by Professor Rogerson's report from selection of two providers rather than a single provider for the provision of NPAC services, and concludes that those benefits are speculative or insignificant. Professor Masten also explains that (1) an RFP that requires the award of contracts to multiple providers is likely to increase the cost of NPAC services relative to winner-takes-all procurement; and (2) a prohibition of package bidding, *i.e.*, bids for the combination of all regions, conflicts with the information and efficiency objectives of competitive bidding.

Professor Masten's report underscores the importance of providing the NAPM LLC flexibility to design an RFP process that best serves the interests of the industry and consumers. The members of the NAPM LLC have the experience and the proper incentives to ensure that the Local Number Portability Administrator (or Administrators) provides reliable, innovative, and low-cost services. The introduction of artificial regulatory constraints on the competitive bidding process is more likely to prevent, rather than to promote, an efficient bidding process. Neustar respectfully submits that the Commission should continue to allow the NAPM LLC to use its judgment on how best to design the forthcoming RFP.

Sincerely,

Aaron M. Panner
Counsel for Neustar, Inc.

Enclosure

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