COMMONWEALTH OF MASSACHUSETTS DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

In the Matter of Massachusetts Telecommunications and Energy's Petition for Waiver of Section 52.19 to Implement Various Area Code Reservation Methods in the 508, 617, 781 and 978 area codes.

D.T.E. 99-99

INITIAL COMMENTS OF

AT&T Communications of New England, Inc.

Introduction.

Pursuant to the Order of the Department of Telecommunications of Energy (the "Department") dated October 8, 1999 ("October 8 Order"), AT&T Communications of New England, Inc. ("AT&T") on behalf of itself and its affiliates – including but not limited to Wireless PCS, Inc., a wholly-owned subsidiary of AT&T Wireless Services, Inc., d/b/a AT&T Wireless Services – hereby submits these initial comments concerning the Department's proposal to implement a thousands-block number pooling trial in the Metropolitan Statistical Area ("MSA") encompassing Greater Boston, consistent with the authority granted the Department by the Federal Communications Commission (the "FCC").

AT&T fully supports thousands block pooling for local number portability ("LNP") capable carriers and will assist the Department in implementing this important conservation measure. To help advance this process, AT&T is pleased to provide comments on the following issues implicated by number pooling identified by the Department in the October 8 Order: (1) cost recovery; (2) fill-rate ratios; and (3) OSS and Y2K preparations. AT&T also offers some initial comments on the timing and rollout of the proposed number pooling trial.

Before adoption of ground rules and time tables for a pooling trial, however, AT&T urges the Department to conduct further inquiry regarding the specifics of any pooling trial. Accordingly, AT&T agrees with the suggestion offered by Lockheed Martin-CIS at the initial hearing before the Department on October 21, 1999 ("October 21 hearing"), that a further session be held with industry participants. Following this meeting, more focused comments can be submitted, allowing the Department to benefit fully from consultation with the industry.

In addition, as the Department considers implementation of a number pooling trial, AT&T requests that it adhere to the FCC's sound policy that conservation measures may not be used as a substitute for making available any additional numbering resources that carriers require to provide the services customers demand. Efforts to conserve numbers must not be permitted to thwart the tremendous benefits that competition will bring, and that Congress has correctly determined are in the national interest. In the end, both regulators and carriers have the same goal: to

provide services to end users in the most efficient manner possible. AT&T stands ready to assist the Department in helping to achieve that goal.

Discussion.

The Department Should Order Carriers to Bear Their Own Carrier-Specific Pooling Costs.
AT&T proposes that the costs of interim pooling within Massachusetts be recovered via mechanisms that reflect the framework established by the FCC for NANPA and LNP cost recovery. This methodology is simple, fair, reasonable, and well-understood by the industry. More importantly, as the FCC found with regard to LNP, it promotes efficiency and ensures competitive neutrality by requiring carriers to bear their own carrier-specific pooling costs. Such an approach would provide each carrier with incentives to minimize its pooling implementation costs, because these costs could not be shifted to competitors.

This approach satisfies requirements for competitive neutrality, in that no carrier or class of carriers is differentially burdened. As the FCC found in its LNP Cost Recovery Order, there is no reason to believe that the cost per telephone number for pooling will be higher for any one class of carriers than another. Although ILECs, for example, may have higher total costs, because they have more numbers, the proper measure of competitive neutrality – as the FCC has explained – is cost per number. Pooling cost recovery, then, should be limited to industry-wide costs -- for example, expenses incurred to fund a pooling administrator and upgrade the NPAC. These costs should be recovered in the same way that other shared, industry-wide costs associated with number administration are recovered.

In the event the Department instead elects to permit carriers to specially recover their carrier-specific costs of pooling, it should adhere to the principles established by the FCC: "[A] carrier must show that these costs: (1) would not have been incurred by the carrier ‘but for’ the implementation of number portability; and (2) were incurred ‘for the provision of’ number portability service."

AT&T strongly opposes permitting ILECs to recover their pooling costs through price cap adjustments (exogenous or otherwise). Under price cap regulation, ILECs have considerable room to raise prices for less competitive services, harming consumers and competitors. If, in contrast, ILECs were required to recover their carrier-specific costs in the same manner as CLECs, CMRS providers, and non-dominant IXCs, then ILECs would have a much stronger incentive to be efficient and keep prices low. It would also permit the Department to avoid a potentially lengthy and administratively burdensome proceeding to evaluate ILEC cost claims.

While IXCs benefit from pooling and thus should be required to pay a share of the implementation costs through the NANPA formula, they should not be forced to "pay twice" for pooling through increased access charges. As the FCC determined with regard to LNP: "Because number portability is not an access-related service and IXCs will incur their own costs for the querying of long-distance calls, we will not allow LECs to recover long-term number portability costs in interstate access charges. Nor would it likely be competitively neutral to do so." Allowing cost recovery for pooling through access charges suffers from the same problems the FCC found in the context of LNP.

The Department Should Employ the Rate Center-Specific Months-to-Exhaust Verification Method, and Reject Use of a Percentage Utilization Factor.
The FCC has determined that states may require carriers to achieve a certain fill rate prior to obtaining growth codes (or thousands blocks in areas where number pooling has been instituted), even in non-jeopardy areas. Because mandatory utilization thresholds may interfere with carriers’ ability to meet customer demand for new services, the FCC has urged the states to allow for some flexibility in establishing and applying fill rates. Further, the FCC has encouraged the states to

establish fill rates consistent with other states that may obtain authority to impose fill rates (such as California, Florida, Maine, Texas and Connecticut).

The rate center-specific months-to-exhaust verification method is far superior to using a percentage utilization factor. Utilization thresholds are problematic because they bear little relationship to the date at which a carrier should reasonably be expected to need additional numbers. A carrier may meet a utilization threshold before it has a legitimate need for additional codes or may need additional codes to meet demand before it reaches the utilization threshold. For these and other reasons, the Industry Numbering Committee ("INC") has rejected utilization thresholds in favor of the months-to-exhaust forecasting mechanism.

If the Department nonetheless decides to adopt utilization thresholds pursuant to its delegated authority, such thresholds should: (1) apply only to growth codes; (2) be based on rate centers, not NPAs; and (3) be used to ensure that carriers who need numbers (and only those who need numbers) have an adequate supply to serve their customers.

All carriers, including wireless carriers, are required to designate a rate center for each NXX code request. The assigned numbers are generally used within a specific geographic area, and are not interchangeable between rate centers. As a result, the rate center designation is critical to call rating and effectively limits the use of the code. Moreover, the rate center designation identifies carrier use of NXXs, and inherently addresses variances in NXX use patterns. The fact that a carrier may have numbers available in one rate center provides no information as to whether numbers are available to it in another rate center, and thus utilization measures that average fill rates across more than one rate center would simply be arbitrary.

Any utilization threshold adopted by the Department should ensure the availability of numbers to carries that need them, despite failing to meet utilization requirements and deny resources to carriers that do not need them, despite high utilization rates. To this end, AT&T proposes that the Department adopt a "hybrid" approach that applies a utilization threshold in conjunction with a months-to-exhaust calculation. Under AT&T’s "hybrid" approach, a carrier would be permitted to obtain growth numbering resources for a given rate center only when:

(1) at least 75 percent of the carrier’s assigned numbers in a particular rate center are "unavailable for assignment"/ and the carrier can demonstrate that it meets the months-to-exhaust criteria specified in the CO Code Administration Guidelines (i.e., within 12 months in a non-jeopardy situation and 6 months in a jeopardy situation); or

(2) the carrier has not reached the minimum utilization rate but can demonstrate a bona fide need for numbering resources. A carrier shall be deemed to have demonstrated a bona fide need if its Months-to-Exhaust Worksheet projects that its available numbers in the rate center will exhaust within 90 days or less, and (a) its average projected monthly activation rate is within 15 percent of its historical activation rate; or (b) it provides other credible evidence to the Commission to support a higher projected activation rate.

Carriers also may request numbering resources in a given rate center for "special services" that require separate number blocks such as calling party pays, FEMA Priority codes, and prepaid services, among others. Utilization of numbering resources allocated for special services would be calculated and reported separately.

Number Pooling Trials Should Not Be Started Until After January 2000. Consistent with the FCC’s direction, the Department asks what impact its number conservation requirements will have on Year 2000 preparations. Although most carriers have been taking steps in anticipation of the Year 2000 for several years, AT&T believes that no thousands block pooling should be instituted during the Year 2000 "quiet period." Although the exact duration of the quiet period varies from carrier to carrier, it generally runs from mid-November 1999 through the end of

January or February 2000. During that time, carriers will need to devote all their resources toward ensuring the integrity of their networks and the maintenance of service delivery to customers. This freeze should not have a noticeable impact on the Department’s efforts to conserve numbers in Massachusetts.

The Implementation of a Number Pooling Trial Must be Timed and Scaled so as Not to Overwhelm Industry Resources.
Issues regarding how and when the number pooling trial will be implemented in the greater Boston MSA involve a number of considerations which require additional discussion between the industry and the Department. AT&T therefore supports Lockheed Martin-CIS’s suggestion for an additional technical session to provide the opportunity for such dialogue. Pending such further discussions, AT&T offers the following initial comments concerning the timing and rollout of number pooling.

As the FCC recognized, "to minimize possible disruption and expense and maximize the value of the information that can be obtained from a number pooling trial," the trial should be limited in nature. Thus, the FCC directed the Commission to restrict the trial initially to one MSA and then, if it wishes to expand pooling to other markets, to stagger the roll-out sufficiently to permit carriers to upgrade their networks. Without adequate time between trial roll-outs, serious problems could arise as a result of capacity deficits in carriers’ Service Control Points ("SCPs"). The capacity of SCPs affects the reliability of the public switched network and telephone service to millions of Massachusetts customers.

Moreover, since the greater Boston MSA contains numbers with four different NPAs (508, 617, 781, 978), the same concerns suggest that rollout within the greater Boston MSA could be improved by adopting the suggestion made by Lockheed Martin-CIS at the October 21 meeting to stagger pooling within the Boston MSA to take one NPA at a time. Implementation of pooling within more than one NPA at a time presents a considerably greater burden for carriers. Implementing a trial in more than one NPA at a time puts greater strain on a carrier’s numbering personnel, especially since each NPA may present different implementation challenges. Implementation in more than one NPA at a time thus increases the possibility for complications, errors and additional expenses. Staggering by NPA, with perhaps a period of weeks between each implementation date as suggested by Lockheed Martin, could minimize implementation problems.

More generally, the industry is currently in the process of developing a national pooling solution based on the Number Portability Administrative Center ("NPAC") Release 3.0, which will not be available until October 2000. Currently, carriers utilize Release 1.4, which permits pooling administration only via time-consuming manual procedures. AT&T is not recommending the delay of all state pooling trials until Release 3.0 available, but the Department should be aware of that use of Release 1.4 is more burdensome and will result in additional upgrade costs when Release 3.0 is issued. AT&T projects that it can be prepared to participate in a pooling trial using Release 1.4 by sometime toward the end of the second quarter of 2000, but understands from the October 21 meeting that other carriers expect that they will require more time to prepare. In light of these predictions and the currently projected exhaust date for the 617 NPA of first quarter 2001, AT&T reiterates that the Department should be attentive to the need to ensure through other means that the numbering resources carriers require to provide service are available.

Conclusion.

AT&T fully supports the Department’s efforts to optimize the use of telephone numbers in Massachusetts, and encourages the Department to adopt number conservation measures, consistent with AT&T’s recommendations herein.

Respectfully submitted,

_____

Jeffrey F. Jones

Laurie S. Gill

Kenneth W. Salinger

Matthew P. Schaefer

Palmer & Dodge llp

One Beacon Street

Boston, MA 02108-3190

(617) 573-0100

Robert Aurigema

AT&T Communications, Inc.

32 Avenue of the Americas, Room 2700

New York, NY 10013

(212) 387-5627

Dated: October 25, 1999.

CERTIFICATE OF SERVICE

I hereby certify that I caused a true copy of the above document to be served upon the attorney of record for each other party on October 25, 1999.

_____