

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for suspension or modification of local number portability (LNP) requirement in Section 251(b)(2) of the Communications Act of 1934 as amended, by Northeast Florida Telephone Company d/b/a NEFCOM )

Docket No. 040326-TL

Filed: November 22, 2004

DIRECT TESTIMONY OF

STEVEN E. WATKINS

Submitted on behalf of Northeast Florida Telephone Company

d/b/a NEFCOM

1 I. INTRODUCTION

2 Q1: Please state your name, business address and telephone number.

3 A: My name is Steven E. Watkins. My business address is 2120 L Street, N.W., Suite 520,  
4 Washington, D.C., 20037. My business phone number is (202) 296-9054.

5 Q2: What is your current position?

6 A: I am Special Telecommunications Management Consultant to the Washington, D. C. law  
7 firm of Kraskin, Moorman & Cosson, LLC, which provides professional services to  
8 telecommunications companies.

9 Q3: What are your duties and responsibilities at Kraskin, Moorman & Cosson, LLC?

10 A: I provide telecommunications management consulting services and regulatory assistance  
11 to smaller local exchange carriers ("LECs") and other smaller firms providing  
12 telecommunications and related services in more rural areas. My work involves assisting  
13 client LECs and related entities in their analysis of regulatory requirements and industry  
14 matters requiring specialty expertise; negotiating, arranging and administering

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1 connecting carrier arrangements; and more recently assisting clients in complying with  
2 the rules and regulations arising from the passage of the Telecommunications Act of 1996  
3 (the "Act"). On behalf of over one hundred and fifty (150) other smaller independent  
4 local exchange carriers, I am involved in regulatory proceedings in several other states  
5 examining a large number of issues with respect to the manner in which the Act should be  
6 implemented in those states. Prior to joining Kraskin, Moorman & Cosson, I was the  
7 senior policy analyst for the National Telephone Cooperative Association ("NTCA"), a  
8 trade association whose membership consists of approximately 500 small and rural  
9 telephone companies. While with NTCA, I was responsible for evaluating the then  
10 proposed Telecommunications Act, the implementation of the Act by the Federal  
11 Communications Commission ("FCC") and was largely involved in the association's  
12 efforts with respect to the advocacy of provisions addressing the issues specifically  
13 related to rural companies and their customers.

14 Q4: Have you prepared and attached further information regarding your background and  
15 experience?

16 A: Yes, this information is included in Exhibit \_\_\_\_ (SEW-1).

17 Q5: What is Local Number Portability?

18 A: Local Number Portability ("LNP") is defined in Section 153 of the Act which states:

19 The term "number portability" means the ability of users of telecommunications  
20 services to retain, at the same location, existing telecommunications numbers  
21 without impairment of quality, reliability, or convenience when switching from  
22 one telecommunications carrier to another.

23 This type of number portability is referred to as "Service Provider Portability."

24 Q6: What is meant by intermodal porting?

25 A: The term is meant to signify LNP where the number is ported from its prior use by a

1 wireline telephone company in the provision of “plain old telephone service” (“POTS”) at  
2 a fixed location within a specific geographic area to use by a mobile customer of a  
3 wireless carrier in the provision of mobile service, and vice versa.

4 Q7: What is meant by intramodal porting?

5 A: This term means LNP where a number is ported from a wireline carrier to another, or  
6 where a number is ported from one wireless carrier to another, but not when a number is  
7 ported between two different types of carriers; *i.e.* wireline or wireless.

8 Q8: Is number porting a “function” or a “service?”

9 A: It relates to a functional capability of a carrier. It is the capability of a carrier to identify  
10 the carrier that is providing service to an end user with a specific number. When calls  
11 are placed to numbers that may have been ported (*i.e.*, the numbers may be used by more  
12 than one service provider to provide service to end users), number portability is the  
13 function of querying a database to determine the identity of the carrier that is serving the  
14 end user using the specific number in question. Once the identity of the carrier is  
15 determined using number portability hardware and software, a carrier must also determine  
16 how a call may and will be switched, routed, and completed. Therefore, number  
17 portability involves multiple functions which are the identification of the carrier that is  
18 serving the end user being called and the completion of the call.

19 **II. PURPOSE OF TESTIMONY**

20 Q9: On whose behalf are you testifying?

21 A: I am testifying on behalf of the Northeast Florida Telephone Company d/b/a NEFCOM.

22 Q10: What is the purpose of your testimony?

23 A: My testimony supports the Petition filed by NEFCOM seeking suspension of the Section

1 251(b)(2) LNP requirements pursuant to Section 251(f)(2) of the Communications Act of  
2 1934, as amended (“Act”), on the grounds that the granting of the Petition is in the public  
3 interest and consistent with the criteria regarding economic burdens and feasibility.

4 Consistent with 47 U.S.C. § 251(f)(2)(A)(I), grant of the petition is necessary to  
5 avoid a significant adverse economic impact on the end users of NEFCOM. As will be  
6 demonstrated, the cost to implement LNP for NEFCOM is significant and would lead to  
7 explicit surcharges and other potential rate increases to its end users beyond that which  
8 would be balanced with any benefit to be derived by the small number, if any, of users  
9 that may actually seek to port their wireline service telephone numbers. Accordingly,  
10 suspension of the LNP requirements would avoid these burdens consistent with the public  
11 interest, convenience, and necessity. *See* 47 U.S.C. § 251(f)(2)(B).

12 Consistent with 47 U.S.C. §§ 251(f)(2)(A)(ii) and (iii) of the Act, a grant of the  
13 suspension request also is necessary to avoid the imposition of undue economic burdens  
14 and technically infeasible requirements on NEFCOM. My testimony provides  
15 background information that sets forth the sequence of events and unresolved issues at  
16 the FCC regarding LNP. Given the specific network and operational characteristics of  
17 NEFCOM, the LNP requirement, if not suspended, would subject NEFCOM to adverse  
18 economic conditions, unnecessary economic burdens and harm, and potentially  
19 technically infeasible requirements. Accordingly, suspension of the LNP requirements is  
20 consistent with the public interest, convenience, and necessity in that it would avoid  
21 unnecessary attempts to deploy LNP under conditions that would subject NEFCOM to  
22 undue economic burdens and uncertain and infeasible requirements. *See* 47 U.S.C. §  
23 251(f)(2)(B).

1           Therefore, the interests of all parties, including NEFCOM and its customers,  
2           would be better served by the grant of the suspension request until such time as there is a  
3           balanced policy result consistent with the public interest. Under current conditions, there  
4           would be no such policy balance between the substantial costs that would be imposed on  
5           the public and the potential benefits of LNP for those end users served by NEFCOM.  
6           Suspension of the LNP requirements is also consistent with sound public policy because  
7           it would assure that the public interest would be examined properly only after all of the  
8           relevant implementation issues have been resolved.

9   **III. RELIEF REQUESTED**

10 Q11: What relief is appropriate for NEFCOM?

11 A:    The Commission should extend the current interim suspension of the LNP requirements  
12       for NEFCOM until the conditions confronting small LECs such as NEFCOM, as  
13       explained in this Testimony, have changed such that the per-line cost of LNP is more  
14       reasonable compared to whatever demand, if any, may exist. These factors should be  
15       reviewed in light of the criteria set forth in Section 251(b)(2) of the Act.

16           In any event, any consideration of the Section 251(b)(2) requirement cannot occur  
17       until after the issues pending before the Courts and the FCC related to the apparent  
18       directives contained in the FCC's November 10, 2003 Order on LNP ("*Nov. 10 Order*")  
19       are fully resolved, including any further and final disposition of the remaining rulemaking  
20       issues and the resolution of the routing issues that the FCC explicitly has left to be  
21       resolved later.

22           Regardless of any future consideration, NEFCOM would need sufficient time  
23       after the issues are resolved and circumstances may have changed to install and enable the

1 necessary hardware and software and to implement the necessary administrative  
2 processes and business relationships that would be necessary to commence LNP.

3  
4 **IV. BALANCING COSTS AND POTENTIAL BENEFITS WITH THE PUBLIC**  
5 **INTEREST**  
6

7 Q12: What should the “public interest” determination entail?

8 A: The determination of the “public interest” should involve an evaluation of the costs of  
9 LNP implementation and operation compared to the benefits that LNP implementation  
10 would present for consumers.

11 **A. THE COSTS OF LNP ARE SUBSTANTIAL.**

12 Q13: Are the costs of LNP significant?

13 A: Yes. There are significant costs associated with implementing LNP including the cost of  
14 upgrading switches, accessing the various LNP databases, modifying company processes  
15 and training company employees. Ms. Nobles has included information about the cost of  
16 implementing LNP in her direct testimony.

17 Q14: Who would bear the cost of implementing LNP if NEFCOM were required to do so?

18 A: The subscribers of NEFCOM will bear the costs of LNP either through an FCC allowed  
19 LNP surcharge or through other general increases in basic rates. NEFCOM may also be  
20 forced to bear some of the cost of implementing LNP to the extent that such cost may not  
21 be recovered from end users or other carriers.

22 Q15: But did not the FCC establish a cost recovery mechanism for LECs?

23 A: Yes, but that mechanism does not address the surcharge and cost recovery burden that  
24 would be placed on the end users and does not address whether that result would be  
25 consistent with the public interest. These charges would be assessed to all of NEFCOM’s

1 end users regardless of whether any of these end users would desire to port numbers. The  
2 cost information provided in this proceeding supports the conclusion that the end users of  
3 NEFCOM would be shouldering rate increases and surcharges to recover these costs,  
4 regardless of whether any or just a few customers actually ever want to port their  
5 numbers. This cost recovery burden would not be balanced with any possible public  
6 interest objective given the lack of demand for intermodal LNP.

7 Q16: Are the surcharges and potential basic rate increases to recover the costs of LNP  
8 consistent with cost causer principles?

9 A: No. There is an extreme irony here. The very few customers that may want to port their  
10 wireline number from NEFCOM to another carrier's service, such as a wireless carrier's  
11 service, will no longer be customers of NEFCOM. The vast majority of NEFCOM's end  
12 users that remain will shoulder the charges and costs to the benefit of only a handful of  
13 users that are no longer customers. The vast majority of customers that do not want to  
14 port will be forced to foot the bill for the very few that do.

15 Q17: Will NEFCOM be able to add new customers by porting wireless carriers' customers to  
16 its service?

17 A: For the most part, no. The manner in which the FCC put in place intermodal porting,  
18 inconsistent with the reports from the industry workgroup that had been charged with  
19 examining the intermodal issues, means that there is an extreme disparity between  
20 wireline-to-wireless opportunities to port versus wireless-to-wireline. Therefore, for the  
21 most part, NEFCOM will be able to lose customers to wireless carriers if LNP is  
22 implemented, but will not be able to get others back. The necessary methods and rules to  
23 allow wireless-to-wireline porting that would be competitively fair are the subject of a

1 further rulemaking proceeding before the FCC with no apparent resolution of the  
2 geographic disparity issues that are at the root of the debate. See *Nov. 10 Order* at para.  
3 41-44. In the meantime, a competitively unfair version of intermodal LNP is in place.

4 **B. THERE IS A LACK OF DEMAND FOR PORTING.**

5 Q18: Will consumers benefit from the implementation of LNP by NEFCOM?

6 A: Central to the evaluation of whether consumers will benefit from the implementation of  
7 LNP is the level of demand that exists for LNP in NEFCOM's service area. With respect  
8 to intermodal portability, in those areas where intermodal LNP has already been  
9 implemented, there appears to be very little demand from wireline customers to port their  
10 numbers to wireless carriers. Rather, the vast majority of wireless ports appear to be from  
11 one wireless carrier to another.

12 Q19: Does the experience thus far with intermodal LNP have any bearing on the public interest  
13 evaluation?

14 A: Yes. Based on readily available information, the demand for wireline-to-wireless porting  
15 for the non-rural, large local exchange carriers has been small. For example, according to  
16 a March 30, 2004 Press Release from the FCC, for the period between November 24,  
17 2003 and March 25, 2004, there were 6,640 informal complaints received regarding  
18 wireless LNP. The FCC notes that "most of the complaints concern alleged delays in  
19 porting numbers from one wireless carrier to another" and that a "much smaller number  
20 of complaints, estimated at just under ten percent of the total, involve alleged delays in  
21 porting numbers from wireline carriers to wireless carriers." In any event, the relatively  
22 small percentage of complaints is likely due to the small number of wireline-to-wireless  
23 ports. Neustar reports that 95% of wireless ports have been from one wireless carrier to



1 another and only 5% of wireless ports were between wireline and wireless carriers. *See*  
2 *Communications Daily*, NARUC Notebook, Vol. 24, No. 46, March 9, 2004 at p. 4.

3 Further, I can also report that the February 9, 2004 online edition of *RCR Wireless*  
4 *News* indicated that there had not been much demand for wireline-to-wireless porting as  
5 may have been initially anticipated. The online publication referenced a consumer survey  
6 report compiled by CFM Direct that found that very few telecommunications customers  
7 have switched their wireline phone numbers to wireless. The article quoted Barry  
8 Barnett, executive vice president of CFM Direct, as stating: "Phone portability should  
9 have enticed more landline users to switch to wireless, and although the data we have  
10 doesn't look at pre-teens, the owners of landline phones are primarily adults. We don't  
11 see adults making the shift."

12 While these anecdotes are representative of the experience in the more urban, top  
13 100 MSAs, I would expect the interest in less urban areas to be even less. Generally, for  
14 obvious reasons, users do not abandon their wireline service in one single step, in any  
15 event, upon their first use of wireless service.

16 Therefore, as a result of the very limited demand for intermodal LNP experienced  
17 to date, the significant and higher costs for smaller carriers like NEFCOM, let alone the  
18 technical and operational hurdles and unresolved issues, requiring NEFCOM to rush to  
19 support LNP for intermodal purposes at this point would lack a balanced public interest  
20 benefit. The public interest demands a balanced and thoughtful approach here, which the  
21 grant of the suspension request will allow.

22 Q20: Can you explain why there is relatively little demand for intermodal LNP?

23 A: Yes. In my opinion, the nature of wireless service is such that the public does not

1 recognize wireless service as an absolute substitute for wireline service. The quality of  
2 service, dependability, and service record of wireline service makes it the reliable source  
3 that end users want and depend on as their fundamental service. On the other hand, as I  
4 expect the Commission is aware from its own experience in Florida, wireless service is  
5 not as ubiquitous as wireline service, lacks predictable capacity and quality of service, has  
6 a lower probability of call completion, and suffers from dropped calls. All of these  
7 factors mean that end users who must depend on quality, reliable service are not going to  
8 abandon their wireline service and convert solely to mobile service as their only  
9 telecommunications. Their demand for wireless service is more for its mobile capability,  
10 and this mobile capability is in addition to end users' fundamental need for a reliable  
11 wireline phone. For these reasons, mobile wireless service is a complementary service,  
12 not a replacement.

13 Therefore, while some customers may try wireless service, decide that it is  
14 dependable enough, and subsequently drop their wireline service, they do not do so in a  
15 single step, and therefore do not do so with the need to port numbers.

16 My conclusions about lack of demand for wireline-to-wireless LNP are consistent  
17 with the FCC's own analysis and statements. In July 2003, the FCC concluded that even  
18 though there continues to be increased interest in wireless service:

19 only a small percent of wireless customers use their wireless phones as their only  
20 phone, and that relatively few wireless customers have "cut the cord" in the sense  
21 of canceling their subscription to wireline telephone service.

22 *Eighth Report, In the Matter of Implementation of Section 6002(b) of the Omnibus*  
23 *Budget Reconciliation Act of 1993 Annual Report and Analysis of Competitive Market*  
24 *Conditions With Respect to Commercial Mobile Services, released July 14, 2003, at para.*

1 102.

2 Moreover, the FCC concluded in August 2003 that:

3 . . . despite evidence demonstrating that narrowband local services are widely  
4 available through [Commercial Mobile Radio Service or “CMRS”] providers,  
5 wireless is not yet a suitable substitute for local circuit switching. In particular,  
6 only about three to five percent of CMRS subscribers use their service as a  
7 replacement for primary fixed voice wireline service . . . . Lastly, the record  
8 demonstrates that wireless CMRS connections in general do not yet equal  
9 traditional landline facilities in their quality and their ability to handle data traffic.

10 *See Report and Order and Order on Remand and Further Notice of Proposed*  
11 *Rulemaking, Review of the Section 251 Unbundling Obligations of Incumbent Local*  
12 *Exchange Carriers; Implementation of the Local Competition Provisions of the*  
13 *Telecommunications Act of 1996; and Deployment of Wireline Service Offering*  
14 *Advanced Telecommunications Capability, CC Docket Nos. 01-338, 96-98, and 98-147,*  
15 *FCC 03-36, released August 21, 2003, at para. 445.*

16 Finally, consistent with these FCC findings, a 2004 Policy Bulletin of the Phoenix  
17 Center for Advanced Legal & Economic Public Policy Studies entitled “Fixed-Mobile  
18 ‘Intermodal’ Competition in Telecommunications: Fact or Fiction?” also comes to the  
19 same conclusions. *See* [www.phoenix-center.org/PolicyBulletin/PCPB10Final.doc](http://www.phoenix-center.org/PolicyBulletin/PCPB10Final.doc). While  
20 the fundamental discussion in the Policy Bulletin is related to the extent of competition  
21 with Bell Operating Companies, the bulletin concludes at p. 1 that wireline and wireless  
22 telephone services are not “close enough substitutes to be effective intermodal  
23 competitors” and at p. 2 that “even though there may be exceptions, consumers generally  
24 do not consider the two services as sufficiently good substitutes . . . .”

25 For all of these reasons, the complementary nature of wireless service means that  
26 very few, if any, wireline customers will want to take the single step, at the same time, of

1 abandoning wireline service, porting their number to wireless, and take a chance that they  
2 will depend on wireless service. To date, while I understand that there may have been a  
3 small number of inquiries about the concept of LNP, NEFCOM has not received a request  
4 for wireless porting from a NEFCOM customer. Accordingly, it is not in the public  
5 interest for society, and particularly the end users of NEFCOM, to incur the cost of  
6 implementing LNP and to divert the limited resources of NEFCOM for such small, if any,  
7 demand and such a speculative and abstract objective.

8 Q21: Do the benefits of LNP justify the cost here?

9 A: No. Because the facts show that there is little or no demand for LNP, the significant costs  
10 of LNP cannot be justified.

11 **V. OTHER UNRESOLVED IMPLEMENTATION ISSUES RELATED TO THE**  
12 **PUBLIC INTEREST EVALUATION.**

13 Q22: Are there additional reasons why LNP is not in the public interest?

14 A: Yes. There are unresolved issues associated with the ultimate routing of calls to  
15 telephone numbers ported to wireless carriers that are relevant to the evaluation here.  
16 Moreover, in the *Nov. 10 Order*, the FCC asked for further comment on whether the  
17 porting interval should be reduced and on how to implement wireless to wireline LNP.  
18 These issues have not been resolved, and the manner in which each will be decided will  
19 further affect NEFCOM and its end users and could require NEFCOM to incur additional  
20 costs in connection with LNP. Accordingly, the resolution of these issues could further  
21 impact the LNP cost/benefit analysis.

22 Q23: Did the FCC's *Nov. 10 Order* on intermodal number portability resolve the  
23 inconsistencies between the existing capabilities of small LECs' networks and service  
24 arrangements with the apparent requirements to provide intermodal LNP when there is no

1 service arrangement with the wireless carrier “in the same location?”

2 A: No. The FCC’s *Nov. 10 Order* is, at best, incomplete in that it fails to address with clarity  
3 and completeness the fact that there may be no wireless carrier arrangements in place “at  
4 the same location” (which is the situation confronting NEFCOM) where the number is  
5 currently assigned to an end user. The *Nov. 10 Order* also does not address the obvious  
6 “location portability” aspect of mobile service, or the remaining rate center disparity  
7 issues articulated by the industry workgroup that I will discuss below. Many of the  
8 FCC’s statements in its orders on number portability over the last year with respect to  
9 service locations of wireline LECs, rate center areas, the geographic scope of operations  
10 and service offerings of wireless carriers, and mobile users are inexplicably inconsistent  
11 with the facts confronting the industry, previous FCC conclusions, and existing  
12 regulation.

13 **A. ROUTING ISSUES**

14 Q24: Do the unresolved and uncertain aspects of the intermodal number portability  
15 requirements cause real world implementation consequences for NEFCOM?

16 A: Yes. The *Nov. 10 Order* does not automatically create service arrangements between  
17 NEFCOM and wireless carriers. The *Nov. 10 Order* does not clearly answer questions  
18 about the manner in which calls to ported numbers of mobile users will be treated from a  
19 service definition basis, how such calls will be transported to locations beyond a LEC’s  
20 service territory, and over what facilities these calls will be routed.

21 Q25: What are the so-called “routing” issues?

22 A: Foremost, the wireless carrier to which a number could potentially be ported may not  
23 have any existing service arrangements with NEFCOM in the specific geographic area

1 where service is provided using that number (*i.e.*, in the geographic area that constitutes  
2 “the same location” as the definition of number portability prescribes). Accordingly,  
3 even if a LEC knew that the number had been ported to a wireless or wireline carrier  
4 providing service in another location, there may not be any trunking arrangement in place  
5 (other than handing off the calls to interexchange carriers or the completion using existing  
6 Extended Local Calling services) to complete the call. No LEC, including NEFCOM, has  
7 network arrangements for the delivery of actual local exchange service calls (e.g., an call  
8 between one end user in Macclenny to another Macclenny customer), and the exchange of  
9 local exchange telecommunications with, carriers that operate at distant locations beyond  
10 the LEC’s actual service area in which local exchange service calls originate and  
11 ostensibly terminate. Moreover, there can be no requirement for LECs to establish such  
12 extraordinary arrangements. LECs have no obligation to provide, at the request of  
13 another carrier, at additional cost and expense to the LEC, some extraordinary form of  
14 local exchange service calling beyond that which the LEC provides for any other local  
15 exchange service call.

16 Q26: Would you provide an explanation of some of the uncertain aspects of the FCC’s *Nov. 10*  
17 *Order* with respect to so-called “routing” issues?

18 A: The *Nov. 10 Order* neglects to address specific operational and network characteristics of  
19 the smaller LECs such as NEFCOM. In this regard, I note the statement of the FCC in a  
20 subsequent November 20, 2003 Order on number portability denying a petition  
21 challenging the decision:

22 . . . [P]etitioners assert that there is no established method for routing and billing  
23 calls ported outside of the local exchange. We note that today, in the absence of  
24 wireline-to-wireless LNP, calls are routed outside of local exchanges and routed  
25 and billed correctly.



1           What the FCC fails to understand in this statement is that calls routed outside of the  
2           Petitioners' local exchanges are routed to interexchange carriers ("IXCs") (or perhaps as  
3           an Extended Local Call for NEFCOM). Therefore, they "are routed and billed correctly"  
4           only as interexchange calls or Extended Local Calls. The Petitioners do not have any  
5           obligation to provision local exchange carrier services that involve transport  
6           responsibility or network functions beyond their own networks, beyond their incumbent  
7           LEC service areas, or beyond the functions they perform for any other intraexchange local  
8           call. Consequently, if the FCC means to presume that calls transported to points outside  
9           of the local exchange are routed and billed correctly as local calls, the FCC's statement  
10          contained in the second sentence is simply not correct.

11           Furthermore, it is well settled that LECs' interconnection obligations only pertain  
12          to their own networks, not to other carriers' networks or to networks in areas beyond their  
13          own LEC service areas. While the FCC has generally acknowledged a limitation on a  
14          Bell company's responsibility to route calls no further than to a LATA boundary that is  
15          part of the Bell company's service area, the FCC's *Nov. 10 Order* apparently failed also  
16          to recognize that a small LEC such as NEFCOM is physically and technically limited to  
17          transporting traffic to points of interconnection on its existing network that are no further  
18          than its existing service territory boundaries. For NEFCOM, telecommunications  
19          services provided to end users that involve transport responsibility to interconnection  
20          points with other carriers' networks at points beyond NEFCOM's limited service area and  
21          network generally are provided as an interexchange carrier service or as part of  
22          NEFCOM's Extended Local Service. The involvement of small LECs such as NEFCOM  
23          in such calls is generally limited to the provision of network functions within their own

1 networks. As such, for calls destined to points “outside of the local exchange,” there  
2 must be inter-exchange service arrangements in place, either Extended Local Calling  
3 arrangements with other carriers or the use of an IXC chosen by the end user which, in  
4 turn, is responsible for the transport and network functions for the transmission of the call  
5 beyond the LEC’s network. Accordingly, calls destined to points beyond the local  
6 exchange and service area of NEFCOM are neither “routed” nor “rated” as a local call.  
7 Consequently, a wireline LEC that may originate calls to a number that has been ported to  
8 a wireless carrier cannot unilaterally provision local exchange calling to this number  
9 where there are no arrangements established with the wireless carrier. The ability to  
10 exchange local exchange service calls with a wireless carrier necessitates interconnection  
11 and the establishment of the necessary terms and conditions under which traffic may be  
12 exchanged. Interconnection occurs as the result of a request, the mutual development of  
13 terms and conditions between the carriers for such interconnection, and the establishment  
14 of the interconnection. The establishment of “local exchange service” calling does not  
15 occur in the absence of negotiation and agreement regarding the network arrangements  
16 and the establishment of the facilities for the exchange of traffic; interconnection with a  
17 wireless carrier is not a spontaneous event. The mere deployment of an NPA-NXX, the  
18 association of a rate center point with a specific NPA-NXX, and/or the porting of a  
19 wireline telephone number to a wireless carrier does not automatically establish  
20 interconnection or any expectation that calls can or will be originated as a “local  
21 exchange service” call or that calls can be completed on such basis.

22 Q27: Does NEFCOM typically have in place direct interconnection arrangements or other  
23 service arrangements with all potential wireless carriers that could port numbers?



1 A: No. This is in contrast to Bell companies which typically do have some form of  
2 interconnection and physical trunking arrangements in place with most, if not all, of the  
3 wireless carriers that will seek number portability. Quite possibly that explains some of  
4 the incorrect assumptions which are the apparent basis for the FCC's statements in its  
5 *Nov. 10 Order*. These assumptions are apparently the result of assuming that the  
6 experience and operations of a LEC such as NEFCOM is comparable to that of a Bell  
7 company.

8 Q28: What would be the consequences if a wireline number were to be ported to a wireless  
9 carrier that has no direct interconnection arrangement or other service arrangement in  
10 place with NEFCOM?

11 A: The unresolved issues and the fact that no service arrangement may exist with the  
12 wireless carrier means that there will be carrier and customer confusion. Where there is  
13 no service arrangement between the LEC and the wireless carrier to which a number may  
14 have been ported, there will be no trunk over which the LEC could direct local exchange  
15 service calls to the wireless carrier if that is the service that the LEC seeks to provide to  
16 its wireline customers. In such instances, NEFCOM may or may not be able to complete  
17 the call as an Extended Local Call or, alternatively, the caller attempting to place a call  
18 would receive a message with the instructions that the call cannot be completed as dialed  
19 and must be completed using an interexchange carrier by dialing 1 plus the 10-digit  
20 number.

21 Q29: Did the FCC say anything else concerning the routing of calls to wireless carriers in the  
22 *Nov. 10 Order*?

23 A: Yes. The FCC stated that the routing of calls between wireline and wireless carriers did

1 not need to be resolved in the LNP docket and, instead, it would be addressed in the  
2 context of a Declaratory Ruling request filed by Sprint still pending before the FCC.

3 . . . We make no determination, however, with respect to the routing of ported  
4 numbers . . . . [T]he rating and routing issues raised by the rural wireline  
5 carriers have been raised in the context of non-portable numbers and are before the  
6 [FCC] in other proceedings. Therefore, without prejudging the outcome of any  
7 other proceeding, we decline to address these issues at this time as they relate to  
8 intermodal LNP.

9 *Nov. 10 Order*, para. 40, footnotes omitted.

10 **B. OTHER UNRESOLVED AND UNEXPLAINED ISSUES**

11 Q30: Why is it necessary to discuss the background and sequence of events leading to the  
12 FCC's *Nov. 10 Order*?

13 A: As I will explain below, the apparent directives in the FCC's *Nov. 10 Order* have not  
14 been logically explained, are not consistent with the FCC's own conclusions and  
15 procedural approach, and leave implementation issues unresolved for small LECs such as  
16 NEFCOM. The conclusions to be drawn from the FCC's *Nov. 10 Order* are still not  
17 clear.

18 **1. BACKGROUND: NUMBER PORTABILITY CONCEPTS**

19 Q31: Are there other "types" of number portability other than Service Provider Portability that  
20 you discussed earlier in this testimony?

21 A: Conceptually, yes. The FCC has defined a type of number portability called "Location  
22 Number Portability." As explained earlier in this Testimony, Service Provider Portability  
23 is the ability of users of telecommunications services to retain, at the same location,  
24 existing telecommunications numbers when switching from one local service provider to  
25 another. In contrast, Location Number Portability is the ability of a telecommunications  
26 service user to retain her or his same telephone number when moving from one physical

1 location to another.

2 Q32: Is Location Number Portability part of the definition in the Act?

3 A: As reflected above, the Act defines “number portability” as the ability for customers to  
4 retain, at the same location, their existing numbers when switching carriers. The  
5 definition contained in the Act is only consistent with the Service Provider Number  
6 Portability definition that the FCC has adopted.

7 Q33: Has the FCC adopted requirements for Location Portability?

8 A: No. Location Number Portability involves geographic and other implementation issues  
9 that go beyond those associated with Service Provider Number Portability. With  
10 location portability, there is no relationship between the NPA-NXX of the telephone  
11 number and the geographic area in which an end user obtains service using that telephone  
12 number. Because carriers’ services are based on specific geographic areas and because  
13 carriers currently provision service and switch calls based on NPA-NXXs, the “porting”  
14 of a number within a particular NPA-NXX to a different geographic area means that  
15 carriers are unable, with current technology, to determine the proper service treatment of  
16 calls.

17 **2. SERVICE “AT THE SAME LOCATION” ISSUES**

18 Q34: Can you provide an example of the inability to determine the service treatment of calls?

19 A: Yes. For example, under current technical capabilities, a carrier would not know whether  
20 a call to a location ported number is to a location that is included within the local calling  
21 area services offered by the LEC to its end users (such as the local exchange and  
22 Extended Area Service (“EAS”) arrangements) or whether the call is to a distant location  
23 that would be an interexchange call subject to provision by the end user’s preferred

1 interexchange carrier (“IXC”). In the former example, if the call would be between two  
2 end users physically located within the local calling area, the call is treated as a local  
3 exchange service call. In the latter example of a toll call originated in NEFCOM’s  
4 service area, the call is subject to equal access treatment (*i.e.*, the call is routed to the end  
5 user’s presubscribed long distance carrier) and is subject to the terms of either intrastate  
6 or interstate access tariffs, and the rate for the call is determined by the end user’s chosen  
7 IXC. However, because of the real-world, real-time incapability to know the locations of  
8 the two end users involved in the call, implementing any form of Location Number  
9 Portability would wreak havoc on the telephone companies and the end users they serve  
10 unless and until some new and costly network capability could be developed to determine  
11 the location of end users on a real-time basis. Absent this real-time capability, end users  
12 would not be able to know what charges they are incurring and the LECs would not know  
13 how to recover their costs related to the call. It is for all of these reasons the FCC has not  
14 required that LECs implement Location Number Portability at this time.

15 Q35: Did the FCC conclude that porting numbers from wireline carriers to wireless carriers for  
16 use on a mobile basis across the country constitutes location portability?

17 A: No. But the FCC did not explain the illogical consequences of that apparent conclusion,  
18 and those aspects of its orders are the reason why the entire industry has been left to  
19 “scratch its head” with regard to the meaning to attach to the FCC’s statements. The FCC  
20 simply stated its conclusion that porting numbers to a wireless carrier which allows the  
21 wireless carrier to provide service on a mobile basis to customers that move across the  
22 country does not mean that the service is provided beyond “the same location” and  
23 therefore does not, in the FCC’s view, constitute location portability. However, the FCC

1 failed to explain rationally how the porting of a telephone number for use by a mobile  
2 wireless service user constitutes retention of its use “at the same location.” In any event,  
3 the statement about location portability cannot be reconciled with the facts, and the FCC  
4 did not provide the necessary guidance as to how to reconcile this illogical statement with  
5 the current network realities. When a number is ported for mobile wireless carrier use,  
6 not only will a wireless carrier use that number to provide service to a mobile user  
7 “moving from one physical location to another” -- the exact definition that the FCC  
8 prescribed for the concept of location portability -- but more problematic is that the  
9 number could be ported to a wireless carrier that does not have any service presence or  
10 any interconnection arrangement in the local exchange area associated with the NPA-  
11 NXX number prior to it being ported.

12 As is obvious, the FCC’s unsubstantiated statement is contrary, without sufficient  
13 explanation, to the plain language of the Act, and leaves open the unreasonable  
14 possibilities that (1) a number may be ported to a wireless carrier that has no presence,  
15 whatsoever, in the area that constitutes “at the same location;” (2) the wireless carrier can  
16 now port that number for use at many different locations, perhaps across the entire nation,  
17 well beyond the “same service location;” and (3) the wireline LECs operating in “the  
18 same location” may have no arrangement, whatsoever, with the wireless carrier to which  
19 the number has been ported in that “same location.” Accordingly, the FCC’s orders  
20 completely neglect, without sufficient explanation, these circumstances and facts that  
21 render the concept “at the same location” meaningless and the conclusions in the *Nov. 10*  
22 *Order* illogical.

23 Q36: Are there any issues that arise as a result of wireless carriers using the ported number on a

1 mobile basis?

2 A: Yes. Despite the simple and unexplained statement by the FCC to the contrary, a  
3 telephone number currently used by a wireline end user at a fixed location that is  
4 subsequently ported to a wireless carrier to be used on a mobile basis automatically  
5 involves the use of that telephone number when moving from one physical location to  
6 another (unless the wireless user intends to fix the location of her or his wireless phone).  
7 The mobile user may not only use the number when moving from one location to another  
8 within the original exchange area, but likely will use the number in a much wider  
9 geographic area including, for most wireless carriers, the ability to place and receive calls  
10 at locations throughout the entire country. Furthermore, the wireless user may  
11 subsequently take his or her wireless phone and move to another state and use that  
12 telephone number on a full time basis in that other state. As such, the porting of  
13 telephone numbers from wireline use to wireless mobile use automatically presents both  
14 location portability and service provider portability issues. In the reverse, a mobile user  
15 with a telephone number associated with a rate center area in another state (or at some  
16 distance away from the wireline LEC but within the same state) can nevertheless use his  
17 or her mobile phone in the wireline LEC's local rate center area, but the LEC cannot port  
18 that number from the wireless carrier to the wireline LEC's use. This is the disparate  
19 competitive situation that the FCC's illogical requirements present which is also the  
20 reason why the industry group charged with studying and making recommendations about  
21 intermodal porting has never recommended that it be adopted specifically because of this  
22 geographic disparity issue.

23 **3. THERE HAS BEEN NO RECOMMENDATION FOR**  
24 **INTERMODAL LNP.**



1 Q37: Prior to the FCC's *Nov. 10 Order*, were the obligations of LECs clear with respect to  
2 intermodal porting of a number to a wireless carrier?

3 A: No. The rulemaking process that the FCC put in place to resolve the issues associated  
4 with the disparity in geographic service areas between wireline and wireless carriers that  
5 arise under intermodal porting is still open, and the issues are still unresolved. There had  
6 been no recommendation or proposal as to how to resolve all of the geographic disparity  
7 issues associated with intermodal porting.

8 Q38: What is the rulemaking process that the FCC announced that it would use to examine and  
9 adopt rules for wireline-wireless number portability?

10 A: The FCC recognized in its July 2, 1996 number portability decision that there are  
11 complex definition and implementation issues with respect to wireline-wireless number  
12 portability as compared to wireline-wireline number portability. These complex issues  
13 arose because of the fundamental geographic differences between mobile wireless service  
14 areas and wireline service areas as I have discussed above. Accordingly, the FCC did not  
15 adopt requirements for wireless-wireline number portability at the same time as it adopted  
16 the initial rules for wireline-wireline number portability. Instead, in its August 18, 1997  
17 decision, the FCC decided that it would assign the more difficult wireless-wireline issues  
18 to an expert industry workgroup (the North American Numbering Council or "NANC")  
19 with the intent that the workgroup would study these issues, develop consensus on  
20 solutions, and then make "recommendations" to the FCC as to how to resolve the  
21 outstanding issues. The FCC's process, then, involves the development of  
22 recommendations by the NANC, followed by FCC notice of such recommendations, and  
23 the allowance of sufficient time and opportunity for the industry to study the

1 recommendations and comment prior to any such recommendations becoming a  
2 regulatory rule.

3 Q39: Did the FCC alter this process in its *Nov. 10 Order*?

4 A: No.

5 Q40: Has there been a recommendation from the industry expert workgroup regarding porting  
6 between wireless carriers and wireline carriers?

7 A: No, and that is at the heart of the problem here. There has been no explicit  
8 recommendation from the industry workgroup that states the manner in which the  
9 geographic disparity issues arising from intermodal porting would be solved. There have  
10 been reports which attempt to explain the unresolved geographic disparity problems  
11 related to porting between wireless and wireline carriers. For example, the NANC  
12 reported in both 1999 and 2000, the last two reports that I am aware of on these issues,  
13 that the industry could not reach consensus on a resolution of the rate center area disparity  
14 issues, and no recommendation on intermodal porting was offered. Nowhere can one find  
15 an explicit recommendation as to how the industry group proposed to solve the disparate  
16 geographic, definition, and operational issues necessary to implement wireline-wireless  
17 number portability consistent with the statutory requirements.

18 To add further confusion and uncertainty to this process, the geographic disparity  
19 issues were originally related to Location Number Portability, not Service Provider  
20 Number Portability. Based on my review of the reports, it appears that early in their  
21 deliberations the industry workgroup concluded that if and when Location Number  
22 Portability is implemented, the location porting of a number must nevertheless be limited  
23 to service within the same rate center. This condition of confining portability to the same



1 rate center area was relevant solely to Location Number Portability, not Service Provider  
2 Number Portability. However, the rate center area disparity issue has been inexplicably  
3 confused, and the condition of confinement of portability to the same rate center area  
4 somehow, over time and without explanation, apparently became part of the Service  
5 Provider Number Portability considerations, despite the fact that this form of portability is  
6 already defined by statute to be “at the same location.”

7 Q41: Based on your understanding of the NANC recommendations made to date, is there one  
8 that you can point to that resolves the issues that you have identified regarding intermodal  
9 porting?

10 A: No. Regardless of the confusing course, one cannot find a recommendation from the  
11 NANC as to how to reconcile these outstanding intermodal porting issues (whether for  
12 location or service provider portability), much less any document or proposals that  
13 constitutes a proposal for comment. As I concluded above, the facts are: (1) the  
14 geographic service disparity issue remains unresolved; (2) the wireless carrier that seeks  
15 to port numbers may not have any intercarrier network interconnection or service  
16 arrangements in place in the original rate center area; (3) the mobile user will use that  
17 number when moving from one location to another in rate centers that are different than  
18 the rate center with which it was originally associated. “At the same location” has been  
19 rendered meaningless without rational explanation.

20 Q42: What conclusions can you draw as a result of this sequence of events?

21 A: That carriers such as NEFCOM had no reason to expect that intermodal number  
22 portability, inconsistent with the general understanding of the statute, existing regulation,  
23 and the status of industry workgroup efforts, could yet be required.

1 Q43: What has been the response of the LEC industry to the FCC's action?

2 A: It is not surprising that the industry has responded with Court action challenging the *Nov.*  
3 *10 Order.*

4 Q44: What is the status of these proceedings?

5 A: The Court has not yet taken action, and the FCC has not yet acted on the unresolved  
6 transport and routing issues.

7 Q45: Why are all of these uncertainties relevant to NEFCOM's request for suspension?

8 A: Because the uncertainties raise the distinct specter that NEFCOM could be forced to  
9 make human and economic investments and the expenditure of real work resources all in  
10 an effort to make a good faith effort to implement LNP when the requirements are unclear  
11 and incomplete. The real world concern is that costs could be incurred and reflected in  
12 end user rates without any real purpose or potential benefit that would be afforded to  
13 customers. Moreover, after these issues are resolved, NEFCOM could find itself subject  
14 to new or different requirements, including a requirement that it modify any previous  
15 implementation activity at additional cost.

16 The requested relief would preclude the potential waste of resources in an attempt  
17 to implement what are currently a confusing, incomplete and inconsistent set of apparent  
18 requirements. As such, the requested relief is fully consistent with the public interest and  
19 would recognize the infeasibility of NEFCOM moving forward with efforts based on  
20 unknown and ambiguous FCC directives. The requested action would also avoid the  
21 significant adverse economic impact on NEFCOM's end users and undue economic  
22 burden that will result from an attempt to comply under these uncertain conditions.

23 Without suspension, NEFCOM would find itself in the untenable position of

1 attempting to find some method under which numbers would be ported to wireless  
2 carriers. However, as explained in this testimony, some calls may not be completed to  
3 their final destination, there will be ensuing customer confusion, customers may receive  
4 bills for calls that they do not expect, and NEFCOM will incur costs that may go  
5 unrecovered.

6 **4. LACK OF ANY LOGICAL APPLICATION OF THE "RATE**  
7 **CENTER AREA" CONCEPT TO MOBILE USERS.**  
8

9 Q46: Do you agree that it appears that much of the discussion and apparent directives of the  
10 FCC depend on so-called rate center areas?

11 A: Yes.

12 Q47: What is a rate center area?

13 A: A rate center area is a specific geographic area. Telephone number codes (NPA-NXXs)  
14 are assigned and associated with rate center areas with the assumption that these numbers  
15 will be used to provide service exclusively within that rate center area (except in the case  
16 of wireless carrier mobile users). However, the fact that wireless carriers may not use the  
17 NPA-NXX to provide mobile service to the end user in the same rate center area with  
18 which the NPA-NXX is associated for wireline service (and similarly a wireless carrier  
19 may use a specific NPA-NXX associated with one specific rate center area to provide  
20 mobile service in a different wireline rate center area) is at the crux of the geographical  
21 rate center area disparity issue between wireless carriers and wireline carriers that has not  
22 been resolved.

23 Within a rate center area, there is a designated rate center point (vertical and  
24 horizontal coordinates) that carriers may use to calculate airline miles between any two  
25 rate center areas. The rate center point is a geographic point that is intended to be the

1 representative point for the entire rate center area for purposes of mileage calculation.

2 The concept of "rate center areas" was developed originally for purposes of  
3 calculating charges for interexchange services where the rates were based on mileage.  
4 Almost no calling services today depend on mileage. Some carriers' billing and service  
5 administrative processes depend on industry databases (the "Local Exchange Routing  
6 Guide" or "LERG") that associate NPA-NXX telephone numbers with specific rate center  
7 areas. However, many small LECs have no need for such reliance and do not necessarily  
8 utilize such database tools because these smaller LECs, such as NEFCOM, provision  
9 their own local exchange carrier services on an individual case basis, based on specific  
10 geographic areas included within their local calling area and the establishment of unique  
11 physical trunking between those geographic areas.

12 To add to the confusion, the FCC has attempted to extend the use of the word  
13 "rate" (with respect to a call) beyond its original meaning, apparently now to mean the  
14 determination by a LEC of whether or not a call is within the definition of what the LEC  
15 offers and provides as local exchange service. The determination of whether a call, when  
16 dialed, is a local exchange service call or an interexchange service call is simply a service  
17 definition determination, not a rating issue. As explained in this testimony, the  
18 determination of whether a call is a local exchange service call or an interexchange  
19 service call is based on the location of the calling and called parties. Under the traditional  
20 use of the word, NEFCOM does not generally "rate" local exchange service calls. (I  
21 understand that some Extended Local Calls are subject to a per-call charge, but again,  
22 there is no rating to do -- there is only one possible charge.) Rating was originally a  
23 concept relevant only to interexchange services, and the rate center points (V&H) were

1 used to determine the “rate” for the call. But interexchange services are no longer rated  
2 based on mileage, the only “rating” that takes place for interexchange service calls is in  
3 the determination of whether the interexchange service call is intrastate or interstate in  
4 nature, based on the V&H coordinates of the called and calling parties, and the duration  
5 of the call.

6 Q48: Are LECs required to rely on rate center information of other carriers contained in  
7 industry databases in their provisioning of intrastate local exchange carrier services?

8 A: No. I am aware of no federal regulatory requirement which requires LECs, including  
9 NEFCOM, to utilize LERG data that associates a specific NPA-NXX with a specific rate  
10 center area as the sole means to determine the scope of local exchange services to be  
11 offered to their own customers. As explained below, even the FCC has concluded that  
12 this information is generally meaningless with respect to mobile wireless service. The  
13 industry’s NPA-NXX assignment guidelines, endorsed by the FCC, which include the  
14 administrative processes for the association of a rate center area with an NPA-NXX code,  
15 also recognize that not all carriers utilize this information for the definition and billing of  
16 services. Many small LECs do not depend solely, nor are they required to do so, on the  
17 unsupervised information that other carriers submit for inclusion in the industry database  
18 as the means to provision their local exchange services. These LECs may, however, refer  
19 to this information as a tool to identify other carriers and their apparent operations.

20 In summary, I am unaware of any federal regulatory requirement that carriers must  
21 determine the jurisdiction of a call, or must provision specific local exchange carrier  
22 services, based on rate center points that other carriers associate with NPA-NXXs. In  
23 fact, the FCC has concluded previously that the telephone number does not determine the

1 jurisdiction of a call when the calling and called parties' locations do not relate to the  
2 geographic area associated with the NPA-NXX. The FCC has used the example of  
3 callers in the multi-state area surrounding the District of Columbia to illustrate this fact.  
4 Because wireless carrier mobile users often cross state lines and are mobile, a cellular  
5 customer with a telephone number associated with Richmond, Virginia may travel to  
6 Baltimore, Maryland. A call between the mobile user in Baltimore and, for example, a  
7 wireline end user in Alexandria, Virginia might appear to be an intrastate call "placed  
8 from a Virginia telephone number to another Virginia telephone number, but would in  
9 fact be interstate . . . ." 11 FCC Rcd 5020, 5073, *In the Matter of Interconnection*  
10 *Between Local Exchange Carriers and Commercial Mobile Radio Service Providers, and*  
11 *Equal Access and Interconnection Obligations Pertaining to Commercial Mobile Radio*  
12 *Service Providers*, CC Docket Nos. 95-185 and 94-54, (1996) at para. 112, underlining  
13 added. Similarly, while a call between a wireline end user in Richmond to the mobile  
14 user in Baltimore might also appear to be an intrastate call because the call is placed from  
15 a Virginia telephone number to another number that also appears to be associated with  
16 Virginia, this call would also in fact be an interstate call. When one end of the call is in  
17 Maryland and the other is in Virginia, the call is interstate. The telephone numbers  
18 assigned to the users do not determine the jurisdiction.

19 Q49: Does the concept of a rate center area and its association with an NPA-NXX make sense  
20 with respect to telephone numbers assigned to mobile users of wireless carriers?

21 A: No. It is nonsensical to associate a specific geographic area to a user that, by definition,  
22 is expected to be, and most likely will be, mobile across large areas, including potentially  
23 across the entire nation. The telephone number does not determine the location of the

1 mobile user. For jurisdictional determinations, the actual physical location of the mobile  
2 user determines whether a call is intrastate or interstate. For interconnection purposes,  
3 *i.e.* to determine whether a call is within a Major Trading Area (“MTA”) or between two  
4 MTAs (*i.e.*, intraMTA or interMTA), the location of the cell site serving the mobile user  
5 at the beginning of the call is used as the surrogate for the actual geographic service  
6 location of the mobile user, not the telephone number. I am not aware of any FCC  
7 regulation that requires that the location of a mobile user be based on the telephone  
8 number or NPA-NXX used by that mobile user.

9 Q50: Do others share your views about the lack of any geographic relationship between rate  
10 center areas and mobile users?

11 A: Yes. My views are exactly consistent with the FCC’s conclusions. In its October 7, 2003  
12 number portability order related to wireless-wireless porting, the FCC concluded (at para.  
13 22) that “[b]ecause wireless service is *spectrum-based and mobile in nature, wireless*  
14 *carriers do not utilize or depend on the wireline rate center structure to provide service:*  
15 wireless licensing and service areas are typically much larger than wireline rate center  
16 boundaries, and wireless carriers typically charge their subscribers based on minutes of  
17 use rather than location or distance.” (emphasis added). The FCC’s conclusion confirms  
18 that the specific geographic areas known as rate center areas for wireline LECs have no  
19 relevance to the services offered to, or provided to, the typical mobile user of the large  
20 wireless carriers.

21 Q51: You discuss intermodal LNP at great lengths. Does that mean that there are no obstacles  
22 or burdens associated with intramodal LNP?

23 A: No. For most small and rural LECs, it is intermodal porting brought on by the FCC’s



1 *Nov. 10 Order* that has precipitated the need for a suspension request. However,  
2 implementing LNP for intramodal porting would present similar cost burdens and  
3 potential imbalance between benefits and costs with similar public interest implications.  
4 Furthermore, there are still unresolved issues yet to be decided such as the porting  
5 interval that would impact implementation of intramodal porting the same as for  
6 intermodal porting.

7 **V. CONCLUSION**

8 Q52: What conclusions do you draw from your discussion of LNP?

9 A: Even if the unexplained and uncertain issues discussed in this Testimony were to be  
10 resolved properly, the costs of implementing LNP in NEFCOM's service area would  
11 unjustly burden its end users with higher rates to support a capability that would benefit  
12 only a few, if any, customers that may want to port their number. Further, with respect to  
13 wireless LNP, the evidence is that there would be little, if any, demand by end users to  
14 abandon wireline service and completely substitute wireless service. The costs to deploy  
15 number portability are significant and would unnecessarily burden the customers of  
16 NEFCOM without any clear or balanced public interest benefit. Given these  
17 circumstances, NEFCOM should not be forced to incur substantial costs, to redirect its  
18 limited resources into otherwise unnecessary or misguided efforts in an attempt to comply  
19 with a confusing and incomplete set of apparent requirements, or to burden its users with  
20 rate increases for only speculative, if any, benefits. Such a result would not be consistent  
21 with the public interest.

22 With respect to the incomplete and unexplained aspects of the FCC's *Nov. 10*  
23 *Order*, NEFCOM is placed in an untenable position – although carriers are required to



1 implement LNP if there is a request, the implementation requirements are incomplete and  
2 subject to change. Further, with respect to intermodal LNP, the implementation  
3 requirements (a) have not been properly established or logically explained; (b) are based  
4 on assumptions that are inconsistent with the experience and operations of small LECs  
5 such as NEFCOM; and/or (c) are inconsistent with the facts and existing regulations.  
6 Accordingly, these shortcomings make the fulfillment of intermodal LNP infeasible and  
7 unduly economically burdensome under uncertain terms.

8 NEFCOM continues to have concerns about the routing and completion of calls to  
9 intermodal ported numbers, the resulting confusion on the part of customers about how to  
10 complete calls, the charges for such calls, and the ensuing customer dissatisfaction with  
11 NEFCOM, as well as with federal and state regulators, created by this state of uncertainty.  
12 Any attempt to implement LNP under these circumstances would result in the imposition  
13 of undue economic burdens on NEFCOM and its customers -- a result not consistent with  
14 the public interest.

15 The interests of all of the parties -- NEFCOM, its customers, and the  
16 Commission -- will be better served by the grant of a suspension until such time as the  
17 demand for LNP and the costs are balanced consistent with a rational public interest  
18 determination and the apparent requirements are clarified and can be satisfied with  
19 certainty in an orderly and thoughtful manner. If NEFCOM were required to implement  
20 counter-productive, uncertain, or infeasible requirements, customers will ultimately bear  
21 the harm in the form of greater costs and a redirection of resources away from more  
22 valuable and worthy efforts. The implementation and network issues associated with  
23 number portability for NEFCOM are real and should be addressed in the interest of the

1 overall public, not just with respect to the interests of a very few customers and wireless  
2 carriers that may want wireline-wireless number portability at the otherwise greater  
3 expense to the vast majority of users. Grant of the suspension would serve an overall  
4 and balanced consideration of the public interest.

5 For the reasons set forth in this testimony, implementation of LNP pursuant to the  
6 FCC's apparent directives would result in economic harm in the form of unnecessary  
7 resource burdens on NEFCOM and its customers in the form of higher costs and rates,  
8 undue economic burdens associated with uncertain directives, and an apparent  
9 requirement for service provision that is not technically feasible in many cases under  
10 current conditions. Each one of these conclusions provides a more than sufficient basis  
11 for suspension of the LNP requirements

12 Q53: Does this conclude your testimony?

13 A: Yes.

14

## **SUMMARY OF WORK EXPERIENCE AND EDUCATION**

### **Steven E. Watkins**

November 2004

My entire 28-year career has been devoted to service to smaller, independent telecommunications firms that primarily serve the small-town and rural areas of the United States.

I have been a consultant working with the firm of Kraskin, Moorman & Cosson, LLC since June, 1996 (formerly known as Kraskin, Lesse & Cosson, LLC). The firm concentrates its practice in providing professional services to small telecommunications carriers. My work at Kraskin, Moorman & Cosson, LLC, has involved assisting smaller, rural, independent local exchange carriers ("LECs") and competitive local exchange carriers ("CLECs") in their analysis of a number of regulatory and industry issues, many of which have arisen with the passage of the Telecommunications Act of 1996. I am involved in regulatory proceedings in several states and before the Federal Communications Commission on behalf of small LECs. These proceedings are examining the manner in which the Act should be implemented. My involvement specifically focuses on those provisions most affecting smaller LECs.

I have over the last eight years instructed smaller, independent LECs and CLECs on the specific details of the implementation of the Act including universal service mechanisms, interconnection requirements, and cost recovery. On behalf of clients in several states, I have analyzed draft interconnection agreements and conducted interconnection negotiations and arbitrations pursuant to the 1996 Act.

For 12 years prior to joining Kraskin, Moorman & Cosson, LLC, I held the position of Senior Industry Specialist with the Legal and Industry Division of the National Telephone Cooperative Association ("NTCA") in Washington, D.C. In my position at NTCA, I represented several hundred small and rural local exchange carrier member companies on a wide array of regulatory, economic, and operational issues. My work involved research, analysis, formulation of policy, and expert advice to member companies on industry issues affecting small and rural telephone companies.

My association work involved extensive evaluation of regulatory policy, analysis of the effects of policy on smaller LECs and their rural customers, preparation of formal written pleadings in response to FCC rulemakings and other proceedings, weekly contributions to association publications, representation of the membership on a large number of industry committees and task forces, and liaison with other telecom associations, regulators, other government agencies, and other industry members. I also attended, participated in and presented seminars and workshops to the membership and other industry groups too numerous to list here.

For those not familiar with NTCA, it is a national trade association of approximately 500 small, locally-owned and operated rural telecommunications providers dedicated to improving the quality of life in rural communities through advanced telecommunications. The Association advocates the interests of the membership before legislative, regulatory, judicial, and other organizations and industry bodies.

Prior to my work at NTCA, I worked for over eight years with the consulting firm of John Staurulakis, Inc., located in Seabrook, Maryland. I reached a senior level position supervising a cost separations group providing an array of management and analytical services to over 150 small local exchange carrier clients. The firm was primarily involved in the preparation of jurisdictional cost studies, access rate development, access and exchange tariffs, traffic analysis, property records, regulatory research and educational seminars.

For over ten years during my career, I served on the National Exchange Carrier Association's ("NECA") Industry Task Force charged with reviewing and making recommendations regarding the interstate average schedule cost settlements system. For about as many years, I also served in a similar role on NECA's Universal Service Fund ("USF") industry task force.

I graduated from Western Maryland College in 1974 with a Bachelor of Arts degree in Physics. As previously stated, I have also attended industry seminars too numerous to list on a myriad of industry subjects over the years.

During my career representing small telecommunications firms, I estimate that I have prepared formal written pleadings for submission to the Federal Communications Commission on behalf of NTCA member and Kraskin, Lesse & Cosson client LECs in over two hundred proceedings. I have also contributed written comments in many state proceedings on behalf of Kraskin, Moorman & Cosson client LECs. I have provided testimony in proceedings before the Georgia, Pennsylvania, Indiana, Kentucky, Missouri, Nebraska, Minnesota, Montana, Tennessee, Kansas, South Carolina, New Mexico, West Virginia, Louisiana, Iowa and South Dakota public service commissions. Finally, I have testified before the Federal-State Joint Board examining jurisdictional separations changes.