Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of
Provision of Access for 900 Number Service

TELESERVICES INDUSTRY ASSOCIATION
PETITION FOR RULEMAKING

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SUMMARY

Pay-per-call services offered through 900 numbers provide consumers with access to a variety of information and entertainment programs including weather forecasts, legal and medical advice, computer product information, and interactive games. In 1993, pay-per-call revenues totalled approximately $600 million. As corporate and government users increasingly become aware of the industry's potential, the future appears promising with numerous new and socially desirable 900 number applications on the horizon.

However, obstacles to future growth do exist. One of the most significant obstacles is the inability of subscribers to 900 service to move their numbers from one interexchange carrier to another. This lack of number "portability" has stifled competition among interexchange carriers in the pay-per-call marketplace. This, in turn, has caused inflated prices for 900 transport and has limited the service features available to 900 transport customers. Ultimately, it is the consumers who call 900 numbers that are hurt by the absence of transport competition.

Portability can be achieved by replacing the 6-digit "NXX" screening system currently utilized by local telephone companies to route 900 calls, with a ten-digit "database" system for call routing. Implementation of a ten-digit screening system would be relatively inexpensive because most of the necessary hardware and
software is already in place and has been operating for more than a year to screen and route 800 numbers.

Moreover, the administrative costs to implement 900 number portability would be minimal because the regulatory policies required to administer a ten-digit screening system can be borrowed from the policies governing 800 transport. Finally, making 900 numbers portable would be consistent with the FCC's belief that telephone number portability should be achieved as soon as possible for all telecommunications services in order to promote competition among service providers.

The benefits of 900 number portability far outweigh the costs of making portability a reality. Accordingly, it is respectfully requested that the Commission issue a Notice of Proposed Rulemaking proposing to adopt rules and regulatory policies that will require 900 number portability.
In the Matter of

Provision of Access for 900 Number Service

PETITION FOR RULEMAKING

The Teleservices Industry Association, by its attorneys and pursuant to Section 1.401 of the Commission's rules, hereby requests that the Commission initiate a rulemaking proceeding proposing the adoption of rules and policies which will require local exchange carriers ("LECs") to replace the current "NXX" system of screening 900 numbers with a ten-digit database system for screening such numbers. The adoption of such rules and policies will enable telephone subscribers to move their 900 numbers from one interexchange carrier ("IXC") to another, just as 800 numbers can be moved from carrier-to-carrier today.

I. BACKGROUND

The Teleservices Industry Association is a trade association, headquartered in Princeton, New Jersey, which represents U.S. and international companies engaged in the pay-per-call industry. The pay-per-call industry (also known as the "audiotext" or "900" industry) provides consumers with a variety of information and entertainment services by telephone on a pay-per-call basis. The charge to make these calls is set by the information provider who
offers the pay-per-call service. The charge is set at a level which allows the information provider to recover its business costs, including its cost to obtain the 900 transport over which the service is provided.\footnote{Information providers contract with IXCs (or other billing entities) to bill and collect the information providers' per-call charges. These charges appear on the callers' monthly local telephone statement.} Information providers obtain 900 transport from IXCs, either directly or through service bureaus coordinating such arrangements. IXCs charge a tariffed rate for 900 transport. Information providers pay for 900 transport for all calls made to their 900 numbers.

The pay-per-call industry has grown steadily since 900 service first became widely available in the late 1980's. For example, in 1988, there were 233 pay-per-call services using 900 transport; fewer than two years later there were 14,000 such services.\footnote{Competition in the Long Distance Market, 6 FCC Rcd. 5880, 5894 n.123 (1991), recon. 6 FCC Rcd. 569 (1991), further recon. 7 FCC Rcd. 2677 (1992).} Similarly, in 1988, 98 NXX codes were assigned to 22 IXCs for the provision of 900 service;\footnote{FCC's Industry Analysis Division, "Carriers and Code Assignments for 800 Service, 900 Service and Carrier Identification Codes" at Tables 6 and 7 (Aug. 21, 1990).} by 1993, 308 NXX codes had been assigned to 81 IXCs for the provision of 900 service.\footnote{FCC's Industry Analysis Division, "Long Distance Carriers and Their Code Assignments" at Table 9 (April 1994). Although the FCC's records indicate that 81 IXCs have NXX codes for 900 service, only a few IXCs actually offer nationwide 900 service.} In 1993,
Pay-per-call services produced an estimated $600 million in revenues.\(^5\)

Pay-per-call services offer consumers access to sports scores, horoscopes, adult-oriented entertainment, and interactive games. Additional offerings include: tips for successful job interviews,\(^5\) stock market quotes,\(^2\) legal and medical advice,\(^3\) computer product information,\(^2\) weather forecasts for hundreds of domestic and foreign cities,\(^10\) and even information regarding prescription drugs\(^11\) and candidates running for political office.\(^12\)

The industry’s greatest value, however, may lie in its undeveloped potential. Consider, for example, the "televoting"

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\(^2\) See, e.g., Rickie Windle, 900 Numbers Touted as Path to High Profits, 14 Austin Bus. J. 1 (Apr. 25, 1994).


\(^11\) See, e.g., Annetta Miller & Lourdes Rosado, supra note 8.

\(^12\) See, e.g., Project Vote Smart Tells Voters the Facts, U.P. Int’l, May 15, 1992, available in LEXIS, Nexis Library, OMNI File.
technology devised by MT&T Technologies Inc.\textsuperscript{11}\footnote{An application of this technology is discussed in Rob McKenzie, \textit{Here's A Glimpse of the Future of Telecommunication}, \textit{The Financial Post} §4 at S-22 (Mar. 26, 1994).} This technology allows voters to dial a 900 number, enter their identification code, and then enter a number corresponding to how they wish to vote. The technology was used successfully in the British Columbia Liberal Party leadership elections, and has obvious future potential.

Within the United States, the Immigration and Naturalization Service ("INS") has announced that it intends to use 900 numbers in its effort to curb illegal immigration. Specifically, the INS plans to deploy a telephone verification system which will allow hundreds of major employers to dial a 900 number and check with the INS on whether documents such as "green cards" provided by job applicants are valid.\textsuperscript{12}\footnote{Louis Freedberg, \textit{INS to Crack Down on Employers}, \textit{San Francisco Chronicle}, Feb. 18, 1994, at A2.} Moreover, with the rapid growth of computer on-line services, 900 numbers could be used increasingly as a billing mechanism for data as well as voice services. The potential of such applications has prompted several commentators recently to express great optimism for the future of 900 service.\textsuperscript{13}\footnote{See, e.g., Mark Weidick, \textit{Pay-Per-Call Services Headed for Acceptance}, \textit{DM News}, Jun. 13, 1994, at 44, available in LEXIS, Nexis Library, OMNI File ("[T]he pay-per-call service is becoming a valuable and necessary business tool in corporate America. . . . I fully expect that in the next few years, the 900 service will join the ranks of other information services used in today's corporate world and be readily accepted as an alternative way of conducting business."); \textit{Pay-Per-Call Industry Selling New Credibility: Corporation, Government Offer 1-900 Lines}, \textit{The Plain Dealer}, Nov. 30, (continued...)}
II. COMPETITION IN THE MARKET FOR 900 TRANSPORT IS VIRTUALLY NONEXISTENT DUE TO THE LACK OF 900 NUMBER PORTABILITY.

Despite the growth and potential new applications for 900 numbers, competition among IXCs in the market for 900 number transport is virtually nonexistent. As shown below, this lack of competition is due, in large part, to the inability of 900 number subscribers freely to change IXCs.

The Commission's rules require that all interstate pay-per-call services be accessed by dialing a ten-digit number with a 900 prefix. Currently, 900 number access is provided through an "NXX" screening system. Under this system, each IXC is assigned specific NXX codes by Bell Communications Research, Inc. When a call is made to a 900 number, the originating LEC screens the first six digits of the call, identifies the IXC to whom the NXX is assigned, and routes the call to the appropriate IXC. Since the IXC controls the NXX code, 900 numbers are not "portable." That is, a 900 transport subscriber cannot switch carriers without changing its 900 number.

By restricting a 900 transport subscriber's ability to switch carriers (essentially holding the subscriber captive to the carrier it originally selected), the NXX system substantially reduces competition in the market for 900 transport services because a 900 number is typically one of the information provider's most

15/(...continued)
1993, at 5F ("The clear indication . . . is that there is tremendous growth ahead. I believe that consumers increasingly will use their phone to order a product.") (quoting Corey Eisner, Vice President, Phone Programs, Inc.).

16/ 47 C.F.R. § 64.1506; see also Report and Order, CC Docket No. 93-22, released August 13, 1993, at ¶ 47.
important assets, second only to the content of the pay-per-call service provided via that number. Indeed, the information provider, the service it offers, and its 900 number, become inextricably intertwined. As a result, the information provider has a substantial disincentive to change IXCs -- even if other IXCs charge less for transport -- because by doing so it would waste its investment and lose the goodwill that it has in its original 900 number.

III. THE ABSENCE OF COMPETITION IN THE MARKET FOR 900 TRANSPORT HAS PRODUCED SEVERAL UNDESIRABLE CONSEQUENCES.

The absence of meaningful competition in the 900 transport market is detrimental both to 900 subscribers and to consumers who call 900 numbers. First, the absence of competition keeps the rates that IXCs charge information providers for 900 transport unreasonably high. This can be illustrated by comparing the standard price IXCs charge for 900 transport with the standard price they charge for 800 transport. This comparison is relevant because 800 transport and 900 transport are functionally identical from the perspective of the IXCs that provide them (i.e., both are switched telecommunications services in which the customer agrees to pay for all calls made to its 800 or 900 number, as the case may

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12/ A 900 number can be viewed as an "address" where consumers can go to obtain needed services. When a consumer calls a 900 number, the consumer actually is purchasing a service. By comparison, most 800 transport customers use their 800 numbers only indirectly to market their products and services. For example, companies often use 800 numbers for customer service purposes.
The table below illustrates the basic rate differential between 800 and 900 service and shows that IXC's charge as much as 226% more for 900 transport than for 800 transport:\footnote{18/}

<table>
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<tr>
<th>Carrier</th>
<th>Per Minute Charge for 900 Transport</th>
<th>Per Minute Charge for 800 Transport</th>
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<tr>
<td>AT&amp;T</td>
<td>32.4\textcent\footnote{20/}</td>
<td>20.5\textcent - 27.37\textcent\footnote{21/}</td>
</tr>
<tr>
<td>MCI</td>
<td>29\textcent\footnote{22/}</td>
<td>12.79\textcent - 19.3\textcent\footnote{23/}</td>
</tr>
<tr>
<td>Sprint</td>
<td>20\textcent\footnote{24/}</td>
<td>19.1\textcent - 25.5\textcent\footnote{25/}</td>
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\footnote{18/} Compare MCI Tariff FCC No. 1, 36th Revised Page 19.9.2 (effective August 1, 1994) (defining 800 transport as a "service which permits . . . calls to a customer's station in one location from stations in diverse geographical service areas, and in which the MCI 800 customer is billed for the calls") and MCI Tariff No. 1, 15th Revised Page 19.14 (effective February 1, 1994) (defining 900 transport as a "service that permits callers to place long distance calls to the customer's station in one location from stations in diverse geographical service areas").

\footnote{19/} The usage rates listed in the table above, and discussed \textit{infra}, refer to amounts charged by AT&T, MCI, and Sprint for specific services, as disclosed by tariff, and are quoted for illustrative purposes only. The quoted rates would apply to a customer using the specified offering before factoring in any multi-service discounts and without considering any special incentive plans or bonus options. Although certain customers (e.g., extremely high volume customers or customers using many different services from the same provider) may be able to obtain usage rates discounted from those quoted herein for both 800 and 900 service, the relative price differential between the two services is believed to be similar to the price differential reflected in the chart.

\footnote{20/} AT&T Tariff FCC No. 1, 14th Revised Page 147.5 (effective June 29, 1994).
\footnote{21/} AT&T Tariff FCC No. 2, 26th Revised Page 60 (effective June 1, 1994).
\footnote{22/} MCI Tariff FCC No. 1, 15th Revised Page 19.14 (effective February 1, 1994).
\footnote{23/} MCI Tariff FCC No. 1, 26th Revised Page 19.9.3 (effective July 1, 1994).
\footnote{24/} Sprint Tariff FCC No. 2, Original Page 335.1 (effective March 1, 1993).
Furthermore, as the right column of the table reflects, usage rates for 800 service vary based upon such factors as time of day, day of week, and distance between the calling party and the 800 customer. This variability enhances a subscriber's ability to tailor its 800 service to its unique application while maximizing savings. By contrast, the center column shows that 900 service pricing is insensitive to these factors, making 900 usage rates rigid and invariable under any circumstances. The 900 subscriber pays higher costs as a result.

The absolute price differential illustrated by the above table, however, tells only part of the story. The real price differential may be even greater since IXCs offer substantial discounts and incentive plans to nearly all 800 customers while offering few discounts and incentive plans to 900 customers. For example, Sprint provides its Direct 800 customers with rate discounts ranging from 5.7% - 12.9% after only 25 hours of monthly usage. Discounts increase incrementally to a range from 14.7% - 18.4% for monthly usage above 100 hours and vary per call according to the geographic location of call origination and termination, time of day, and day of week. AT&T provides its 800 Service-Domestic customers with a rate discount of 5% for usage greater than $50 per month and 15% for usage greater than $1350 per

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26/ (...continued)
26/ Sprint Tariff FCC No. 2, 3rd Revised Page 324 (effective June 1, 1994).
MCI provides its dedicated termination 800 customers with a 7% rate discount for usage greater than $1,000 per month and 12% for usage greater than $30,000 per month. By contrast, IXCs offer their 900 customers volume discounts that provide only marginal savings, and only to very high volume 900 customers. Sprint offers its 900 customers no volume discounts at all. MCI offers no discount for monthly 900 usage totaling less than $70,000 and caps its discount rate at 12% for all charges above $140,000. AT&T offers no discount for monthly 900 usage below $5,000 and caps its discount rate at 20% for all charges above $300,000.

A second serious consequence of the absence of competition in the provision of 900 transport is evident by comparing the variety and quality of services available to 800 and 900 customers. Customers of 800 transport have far more options and service enhancements available than do 900 transport customers. For example, MCI offers 800 transport customers (but not 900 transport

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21/ AT&T Tariff FCC No. 2, 26th Revised Page 60 (effective June 1, 1994). AT&T also offers its 800 Service-Domestic customers numerous other discounts and incentive plans not available to 900 customers. AT&T Tariff FCC No. 2, Revised Pages 61.3 – 70.1.8.2 (effective March 11, 1994).

22/ MCI Tariff FCC No. 1, 48th Revised Page 19.9.4 (effective July 3, 1994). MCI also offers its dedicated termination 800 customers various other discounts and incentive plans not available to 900 customers, with rate discounts up to 26% for an annual option plan. MCI Tariff FCC No. 1, 5th Revised Page 19.9.4.1.3 (effective April 1, 1994).


24/ AT&T Tariff FCC No. 1, 14th Revised Page 147.5 (effective June 29, 1994).
customers) the option to utilize Switched WATS Termination or Business Line Termination, both of which involve per minute charges which are less than the termination charges that MCI's 900 transport customers must pay. In addition, certain MCI 800 transport customers receive, at no additional charge, call detail records and a listing of their 800 number in an 800 directory database. By comparison, MCI's 900 transport customers must pay a $75 fee per billing account for call detail records.

While the absence of 900 portability victimizes 900 subscribers in the ways described above, the consumers who call 900 numbers are the ultimate victims. Consumers are hurt in two ways. First, they are forced to pay a higher price to make 900 calls than they otherwise would pay since 900 subscribers often have no alternative than to reflect their artificially inflated 900 transport cost in the price they charge consumers to call 900 numbers. Second, consumers are denied access to certain kinds of pay-per-call services altogether due to the highly elastic relationship between consumer demand for some types of pay-per-call services and the price charged for these services. This latter point should not be underestimated. For example, consumer demand for certain kinds of programs falls dramatically if a 900 subscriber charges callers more than 75 cents per minute (e.g., polling, voting, lottery

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11/ Compare MCI Tariff FCC No. 1, 26th Revised Page 19.9.3 (effective July 1, 1994) with MCI Tariff FCC No. 1, 28th Revised Page 19.9.3.1 (effective June 1, 1994).

32/ See, MCI Tariff FCC No. 1, 5th Revised Page 19.9.4.1.5 (effective May 19, 1994).

results, etc.). Since today's artificially inflated transport cost requires 900 subscribers to charge consumers at least this amount in order simply to break even, these types of programs are simply not provided today. With a lower transport cost, consumers would have access to a broader array of 900 programs.

IV. 900 NUMBER PORTABILITY WILL BENEFIT BOTH INFORMATION PROVIDERS AND CONSUMERS BY STIMULATING COMPETITION IN THE 900 TRANSPORT MARKET.

Telephone number portability is an essential prerequisite to the development of competition in all telecommunications service markets. Thus, legislation now under active consideration by Congress mandates that the FCC prescribe regulations to ensure that telecommunications number portability becomes available as soon as technically feasible and economically reasonable. The FCC likewise has noted that local number portability is important in promoting competition in local exchange service. Moreover, in a recent letter to the Director of the North American Numbering Plan Administration regarding 500 number portability, the FCC emphasized that it "continue[s] to believe that portability should be achieved as expeditiously as possible [in the 500 market] so that subscri-

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34/ See, H.R. 3636, the National Communications Competition and Information Infrastructure Act of 1994, as approved by the U.S. House of Representatives, at §102(a) (adding Sec. 201(c)(9) to the Communications Act); S. 1822, Communications Act of 1994, as reported by the Senate Committee on Commerce, Science and Technology, at §302 (adding Sec. 230(c)(1)(G) to the Communications Act).

ers will be able to change service providers while retaining the same 500 number.\textsuperscript{16/
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Not surprisingly in light of the importance of number portability to the development of competition in the provision of telecommunications services generally, the FCC adopted rules and procedures in 1991 to make number portability a reality in the 800 transport market.\textsuperscript{17/} The Commission held that competition in the 800 transport market would help ensure lower prices and higher quality 800 transport. The Commission also found that 800 number portability would (i) promote more efficient use of the 800 service access code,\textsuperscript{18/} (ii) make it easier for IXCs to enter the 800 market by allowing customers to order 800 transport through a central computerized database, and (iii) reduce administrative errors in the ordering process.\textsuperscript{19/}

\textsuperscript{16/} See, May 3, 1994 letter from A. Richard Metzger, Jr., Acting Chief, Common Carrier Bureau, to Mr. Ronald R. Connors, Director of the NANP Administration. Bell Atlantic has told the Commission that it intends to use the data base technology necessary for portability in providing its proposed 500 Access Service. See The Bell Atlantic Telephone Companies’ Petition for Expedited Waiver of Part 69 Rule at 3 (filed Aug. 10, 1994).


\textsuperscript{19/} Id. at 2842 n.78.
In May of 1993, number portability became a reality in the 800 market. In little more than one year, 800 portability has produced a number of benefits. Among other things:

- IXCs now compete with one another based upon the features they offer, the reliability of their product, the service they provide, and overall value rather than on who controls a particular 800 NXX.

- Customers have the freedom to choose a provider based solely upon features and functions.

- Customers may consolidate long-distance services, resulting in increased convenience (one bill instead of several) and increased savings via volume discounts from providers.

- Customers may use multiple carriers for a single 800 number to achieve network diversity.

- IXCs strive to offer an array of innovative product features and programs designed to meet the unique requirements of customer applications (e.g., customers with multiple call centers can load and balance traffic across locations on a near real-time basis, eliminating the need to interflow traffic between locations).

- The 800 marketplace is seeing an accelerated introduction of new features and programs (e.g., network-based voice response platforms).

- Customers can combine inbound and outbound service arrangements, allowing for enhanced voice services, data services, automated network distribution services, international services, and other features.

- Call setup times have actually improved overall, rather than degrading as forecasted.49/

- The nation's telecommunications infrastructure has been improved generally through the interconnection of the country's disparate carrier networks with an integrated SS7 network.

49/ Jim Bausano, How It's Evolved: 800-Number Portability's First Birthday, 12 Telemarketing 82 (May 1994).
Number portability would stimulate competition in the 900 transport market to an even greater degree than occurred in the 800 market because number identity often is more important in the 900 market. When the FCC adopted policies to implement number portability in the 800 transport market, it noted that "the lack of 800 number portability is a crucial competitive factor for a relatively small portion of 800 service subscribers."\(^{41/}\) By contrast, the absence of 900 number portability precludes competitive alternatives for a far larger portion of 900 transport customers since a 900 number is an important asset to nearly all 900 transport customers.\(^{42/}\) That is, since a 900 customer's business is tied inextricably to its phone number, the actual digits that make up the number are of crucial importance to the customer -- the information provider's identity, and hence its success, depends on its 900 phone number.

\(^{41/}\) Competition in the Long Distance Market, supra note 37, at 5904 (emphasis added).

\(^{42/}\) In holding that AT&T does not have monopoly power in the provision of 900 transport, the FCC implied in 1991, in dicta, that the absence of 900 number portability may not be a significant barrier to competition in 900 transport since 900 numbers are "frequently used [only temporarily] for one application. . . ." Competition in the Long Distance Market, supra note 37, at 5894 n.123. In fact, even if this were true in 1991, it no longer is valid today. Many companies, including Gannett Company, Inc. (USA Today), Landmark Communications (The Weather Channel), Dow Jones & Company, Inc. (The Wall Street Journal), and The Video Jukebox Network, Inc., to name just a few, have offered pay-per-call services for years using 900 transport. These services certainly are not the "one-time applications" referenced by the FCC. Loyal users of these services are accustomed to the convenience of dialing a specific 900 number and receiving the information they want. If any of these companies were to switch 900 carriers today (which would require them to obtain a new 900 number), there almost certainly would be an adverse impact on their ability to retain their existing customer base.
Competition in 900 transport will have other positive effects as well. IXCs providing 900 service will compete with one another based upon price and non-price factors such as the features they offer, the service they provide, and the reliability of their product, rather than on who owns a particular 900 NXX code. This will drive down unreasonably high usage rates. Furthermore, 900 customers will have the freedom to choose a provider based solely upon features and functions, and will be able to consolidate their long-distance services for increased convenience and increased savings via volume discounts. Or if they choose, customers may use multiple IXCs for a single 900 number to achieve network diversity. Finally, consumers who call 900 numbers will benefit by paying less to obtain pay-per-call services than today and by obtaining access to a broader array of more robust, feature rich services than are available today.

V. 900 NUMBER PORTABILITY CAN BE IMPLEMENTED WITHOUT SIGNIFICANT COST.

The Commission should issue a Notice of Proposed Rulemaking which proposes to require 900 number portability. Issuance of such a notice is in the public interest because the benefits discussed above far outweigh the costs of implementing 900 number portability.

The costs associated with implementing 900 number portability should be relatively minimal. Specifically, two types of costs must be incurred: (i) the cost of deploying new technology in the telephone network that is necessary to make 900 number portability possible, and (ii) the administrative cost of establishing the
regulatory policies necessary to make portability a reality. Each of these costs is analyzed below.

A. The Technology Necessary To Make 900 Numbers Portable Can Be Deployed Without Great Expense Because Most Of That Technology Already Has Been Deployed To Implement 800 Number Portability.

The cost to the telephone industry to deploy the technology necessary to make 900 portability possible will be small because almost all of the required technology already has been deployed. Since calls to 900 numbers can originate from any area of the country, 900 number portability is possible only if the LEC serving the area where the call originates has installed facilities by which it can access a continuously updated database that lists all 900 numbers in service along with the 900 transport carrier which each 900 customer has selected to transport its calls.

Three types of facilities are required. First, a high-speed signalling network that operates independently, but in conjunction with, the regular telephone network is needed. Second, a centralized database containing carrier routing instructions for each 900 number must be established. Third, transmission facilities that link the database with the signalling network must be constructed. Assuming that this infrastructure is in place, if one were to dial a 900 number from a phone in Washington, D.C., a LEC switch there would hold the call while it queried the centralized database to find out which 900 transport carrier to use in routing the call to its destination. This query, along with the response, would travel over the high-speed signalling network, and the LEC switch where the call is being held then would route the call to the appropriate
900 transport carrier in accordance with the instructions it received.

The transmission infrastructure referred to above already has been deployed, and the facilities necessary to operate the database likewise are in place. It is believed that the major expense necessary to complete infrastructure deployment is the software necessary to make the 900 number database work. It is unlikely that the cost of this additional software would be significant. More specifically, LECs have completed installation of a nationwide common channel signalling network based on the SS7 protocol. Among other things, the SS7 network is used to query a variety of databases in order to obtain information necessary to transfer various types of calls efficiently to long distance networks. LECs also have established a centralized database system that contains carrier routing information for calls to all 800 numbers, and they already have linked those databases to the SS7 network.\(^4\) Today, when a caller dials an 800 number, the SS7 network connected to the LEC switching office serving that caller electronically queries the central 800 number database for instructions on how to route that particular 800 call, and the call then is handed-off to the IXC

\(^{4}\) See Provision of Access for 800 Service, 4 FCC Rcd. 2824 (1989), recon. 6 FCC Rcd. 5421 (1991) further recon. 8 FCC Rcd. 1038 (1993). The 800 database system consists of a centralized operations and administrative support center used by 800 transport carriers to create and maintain all 800 call processing records, and several regional computer centers -- called local Service Control Points -- to which the central operations and support center downloads call routing information for each 800 number. See 800 Data Base Access Tariffs and the 800 Service Management System Tariff, 8 FCC Rcd. 5132 (1993), for a further description of the 800 database system and the manner in which the system is used to route 800 calls.
selected by the subscriber whose 800 number is being called. The existing 800 database system is illustrated in Attachment A. The incremental cost to incorporate similar information in these existing databases for 900 numbers almost certainly will be minor.

B. The Administrative Cost Of Implementing 900 Number Portability Should Be Minimal Because Almost All Necessary Regulatory Ground Rules Have Already Been Established For 800 Number Portability.

The regulatory costs to implement a 900 database access system also should be small because the Commission, in adopting regulatory policies to govern 800 number portability, already has resolved virtually all of the crucial regulatory issues necessary to implement 900 number portability. For example, in determining policies to govern 800 database access, the Commission held that the only SS7 costs which can be recovered from 800 carriers are the incremental costs incurred solely to implement the 800 database access system.\textsuperscript{44/} This same policy should apply in establishing the ground rules to govern the 900 database access system necessary to bring about number portability in the 900 transport market.

Similarly, the Commission held in adopting regulatory policies to govern 800 database access that LECs must use existing separations rules and accounting provisions in Part 32 of the agency’s regulations to calculate capital investment associated with the provision of 800 database access.\textsuperscript{45/} Those same policies should apply with respect to the provision of 900 database access.

\textsuperscript{44/} Provision of Access for 800 Service, supra note 43, at 2832.

\textsuperscript{45/} Id. at 2832-33.
The Commission has also resolved numerous issues concerning the administration of the 800 database access system that should likewise apply to the administration of 900 database access. For example, the Commission has ruled that most issues regarding administration of 800 database access should be left to the telecommunications industry to resolve, with the Commission becoming involved only when an industry consensus cannot be reached.46/ Moreover, the Commission has held that any entity meeting reasonable financial, technical, and service-related eligibility requirements may act as an 800 transport customer’s "Resp Org" and that each 800 customer may choose its own "Resp Org".47/

VI. CONCLUSION

The lack of meaningful competition in the 900 transport industry has caused several undesirable consequences. Disproportionally high transport rates exist at the expense of subscribers and consumers alike, and the development of innovative products and services remains artificially stifled. The most efficient solution to the lack of market competition is 900 number portability.

The benefits of portability could be remarkable, and implementation could be accomplished with minimal cost. This is so because the technology required for portability is already in place. Furthermore, the administrative costs of accommodating portability

46/ Id. at 2834-35.

would be minimal because the necessary regulatory ground rules can be borrowed from those for 800 portability. For these reasons, the Commission should issue a Notice of Proposed Rulemaking proposing to adopt rules and regulatory policies that will require 900 number portability in the near future.

Respectfully submitted,

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ATTACHMENT A

EXISTING 800 DATABASE SYSTEM

SERVICE MANAGEMENT SYSTEM

Consists of regional databases called Service Control Points ( SCPs) which contain pertinent 800 service information.

SCP SCP SCP SCP

SSP Link

The SSP and SCP link is established through packet switches called Signal Transfer Points (STPs). The SCP identifies proper 800 carrier and relays this information to the SSP. The SSP then routes the call to the proper interexchange carrier.

SSP

800 Call

LEC
Routed by LEC momentarily to its Service Switching Point (SSP) for database query.

SSP routes call to proper interexchange Carrier

IXC