Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

Corrected Copy

In the Matter of	)	
BellSouth Telecommunications	)	Transmittal No. 623
Qwest Corporation	)	Transmittal No. 120

PETITION OF AT&T CORP.

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SUMMARY

The Commission should reject or, at a minimum, suspend and investigate BellSouth's and Qwest's tariff filings that respectively propose $74 million and $120 million rate increases over a two-year period for cost increases that allegedly recover extraordinary costs they will incur for the implementation of thousands-block number pooling. These proposed rate increases are not properly supported, include costs specifically excluded by Commission rulings, and fail to reflect the required offset of significant cost reductions achieved by thousands-block number pooling. These shortcomings unambiguously demonstrate the BellSouth and Qwest have not overcome the Commission's presumption that no additional recovery for pooling is justified. Furthermore, these carriers' omissions and willful disregard of explicit Commission rulings strongly militate for rejection of their tariffs. The Commission has spent time and resources reviewing prior cost studies and reiterating its rules with clarifying examples and language based on those prior reviews. After already having expended significant resources on clarifying its intent, rejection of the tariffs is the only way the Commission can avoid wasting scarce resources on investigating blatantly defective tariff filings.

As shown in Section I, BellSouth and Qwest failed to demonstrate they are seeking exogenous recovery solely for eligible costs. To the contrary, these carriers included all sorts of costs that were not directly incurred in implementing thousands-block number pooling, including unauthorized recovery of costs incurred prior to the March 15, 2002 national roll-out, costs of adapting other systems to the presence of thousands-block number pooling, staffing costs associated with number administration generally and costs related to anticipated traffic growth, among other items.

Moreover, as shown in Section II, neither BellSouth nor Qwest made a credible showing that it will experience a net cost increase rather than a cost reduction as a result of implementing thousands-block number pooling, as required under the *Third NRO Order*. These carriers attributed zero cost savings to the delay of NANP exhaust. As AT&T shows, had they done so, the savings offset would completely eliminate their claimed exogenous adjustments. Further, both Qwest and BellSouth have understated the savings from delay and avoidance of area code splits and overlays. In sum, these carriers failed to establish they will experience a net cost increase as a result of thousands-block number pooling. As such, they failed to rebut the Commission's presumption that no additional cost recovery is justified and therefore do not qualify for exogenous recovery under the Commission's standards.