

February 28, 2001

By Electronic and Overnight Mail

Ms. Carole J. Washburn, Executive Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
Post Office Box 47250
Olympia, WA 98504-7250

Re: Docket No. UT-991627
WorldCom, Inc.'s Comments Regarding Possible Surcharge for State
Interim Number Pooling

Dear Ms. Washburn:

Pursuant to the Notice of Opportunity to Comment issued in the above-captioned docket on January 30, 2001, WorldCom submits the following comments in response to the Commission's inquiries. WorldCom does not have any NXX's in eastern Washington, but because many of the Commission's concerns in this proceeding may have ramifications for number pooling once it commences in western Washington, WorldCom has chosen to submit comments in this proceeding.

The Commission seeks comments on the following questions related to cost allocation and cost recovery:

1) Do you intend to ask for a surcharge to cover state interim pooling costs?

No.

2) How should the costs of interim pooling in area code 509 be recovered?

According to the FCC, until national thousands-block number pooling is implemented and a federal cost recovery mechanism authorized, states may use their current cost recovery mechanism to ensure that carriers recover the costs of thousands-block number pooling implementation and administration in the meanwhile. Costs incurred by carriers to implement state-mandated thousands-block number pooling are intrastate costs and should be attributed solely to the intrastate jurisdiction. The Commission should adopt a Cost Recovery and Allocation Method that ensures that the costs of number pooling are allocated and recovered in a competitively neutral manner. The ideal approach for cost allocation would be for the state to order allocation for pooling common costs by determining the percent of carrier shares using intrastate revenues. Such a cost allocation method must also ensure that even those carriers that cannot participate in pooling at this time, but which benefit from the more efficient use of numbering resources that pooling will facilitate, bear a portion of pooling costs. In other words, all carriers with numbers should pay for pooling. A competitively neutral cost recovery mechanism will also ensure that one carrier does not take advantage of its incumbent position to pass through pooling costs to other carriers which are dependent upon their services, such as access services.

The common costs for pooling should be spread among the same universe of carriers that share in common LNP costs. Carriers should be ordered to allocate pooling common costs by determining the percentage of the carrier's shares using intrastate revenues, as intrastate revenues would fall under the purview of the state's jurisdiction.

3) What FCC requirements do you believe apply regarding the type of allowable costs to be recovered for interim pooling?

In its Report and Order and Further Notice of Proposed Rulemaking, in the Matter of Numbering Resource Optimization, cc Docket No. 99-200, DA 00-104 (rel. March 31, 2000), the Federal Communications Commission adopted a federal cost recovery framework. The FCC first noted that under Section 251 (e)(2) of the Federal Telecommunications Act that the "cost of establishing telecommunications numbering administration arrangements and number portability shall be borne by all telecommunications carriers on a competitively neutral basis as determined by the Commission." The FCC then determined to adopt cost recovery principles that are similar to those which it had established for number portability. The FCC established a competitively neutral federal cost recovery framework for thousands-block number pooling. It adopted three categories of thousands-block number pooling costs and determined how those costs should be allocated in each category:

(1) Shared industry costs, costs incurred by the industry as a whole.

a) Costs for NPAC software to enable pooling (Version 1.4 or 3.0)

- b) Costs for Pooling Administration
 - c) Cost for data downloaded from the NPAC to carrier databases
 - d) Cost for record migration (if applicable) from 1.4 to 3.0 format.
- (2) Carrier-specific costs directly related to thousands-block number pooling implementation (such as enhancements to carrier's SCP, LSMS, SOA, and OSS systems)
- (3) Carrier-specific costs not directly related to thousands-block number pooling administration.

It did not establish in its Order a cost recovery mechanism for shared industry and carrier-specific costs directly related to thousands-block number pooling; instead, it issued its Further Notice seeking comment on these costs and their quantification.

- 4) Should carriers who participate in interim pooling within the 509 area code recover costs at this time or wait until such time as the FCC addresses cost recovery for pooling on a national level?

Not applicable, WorldCom does not intend to seek cost recovery.

- 5) What portion of these costs should be recovered at the time of the national pooling roll out vs. upon implementation of interim state pooling?

Not applicable.

- 6) Should the interim pooling charge continue once national pooling is implemented and cost recovery is addressed by the FCC?

The FCC stated that the existing delegations of thousands-block number pooling authority to state commissions will continue until national thousands-block number pooling implementation occurs, and adopts a deadline for state commissions to bring their state trials into conformity with the national thousands-block number pooling framework.

- 7) What are the specific incremental costs related to interim number pooling?

For WCOM, the cost for the pooling administrator to begin pooling activities within another NPA.

- 8) How is the allocation factor determined for the software upgrade that enables number pooling?

All carriers within the NPAC region will be invoiced in the same manner as any LNP expense.

9) Is the software used for number pooling capable of providing other service offerings?

No

10) If a percentage of the software is recovered through a number pooling surcharge, how will you assure that this cost is not collected again through regulated rates?

Not applicable

11) Should cost be recovered from a company's own customers or be pooled and recovered from all customers in the 509 area code?

No, The FCC's interpretation of 1996 Telecommunications Act (FCC NRO Order, at ¶ 215), states:

We conclude that requiring carriers to bear and recover their own carrier-specific costs is consistent with the competitive neutrality requirements in section 251 (e)(2). Several parties concur, although there is a disagreement as to how the costs should be recovered. We note that one of the parties support the alternative method that would add the carrier-specific costs to the shared industry costs and, then, allocate them through a revenue-based cost mechanism. A similar pooling-type method also was considered in the number portability proceeding, but was rejected because of the following disadvantages: (1) carriers would have less incentive to minimize costs because they would not realize all the savings achieved by providing number portability more efficiently; (2) carriers would not be responsible for any increasing cost inefficiencies; and (3) the Commission would be required to impose significant cost accounting and distribution mechanisms on both regulated and previously unregulated carriers. These disadvantages would also be present if the carrier-specific thousands-block number pooling costs were added to the shared industry costs and allocated according to revenue. Parties to this proceeding have not provided information to show us that this method is competitively neutral; therefore, we adopt our earlier conclusion that is competitively neutral for carriers to bear and recover their own carrier-specific costs. We will address the issue of carrier-specific thousands-block number pooling cost recovery in detail in a subsequent order, but we establish the basic principles that apply to this category of costs below.

12) How should the costs of interim pooling administrator be recovered?

This should be considered part of the common costs and should be recovered based on the response to question number 2. Also, any cost recovery mechanism for interim number pooling must not allow one carrier to recover from other carriers, directly or indirectly.

- 13) Should the current number pooling portability charge be modified to include cost recovery for interim pooling, should the number portability charge be extended for a longer period of time or should a separate interim pooling charge apply?

Not applicable, WorldCom did not seek cost recovery.

- 14) What is the name of each central office and/or rate center owned by your company located in the 509 NPA that has local number portability capability?

WorldCom does not currently have a local presence in NPA 509.

- 15) If local number portability is not currently provided, is the call processing equipment capable of being upgraded to provide LNP?

Not applicable (see response to question 14).

- 16) What is the name of each exchange and/or rate center in the 509 NPA in which your company has received requests for number portability and when will LNP be available?

Not applicable (see response to question 14).

- 17) Please provide detail of your company's costs associated with providing LNP.

WorldCom did not seek cost recovery for LNP.

- 18) Does your company currently charge a set up and query charge for LNP?

No.

- 19) If you charge for LNP, what is the rate and how long will it be in effect?

Not applicable.

WorldCom thanks the Commission for consideration of these comments. WorldCom appreciates the opportunity to comment.

Sincerely,

Ann E. Hopfenbeck
Senior Attorney