

Federal Communications Commission, 445 12th Street SW, Washington, DC 20554

Local Telephone Number Portability

Introduction

This brochure describes actions the Federal Communications Commission (FCC) has taken to implement Congress' mandate to:

- ensure that all Americans have the ability to keep their existing telephone number at the same location when changing local telephone service providers;
- promote competition in the local telephone market; and
- implement number portability service without degradation in the quality of telecommunications service.

This fact sheet explains the FCC's decisions related to implementation of long-term telephone number portability by local telephone companies and to certain charges from local telephone companies that appear on your monthly bill. The FCC's decisions will benefit consumers by increasing their choice of providers and telecommunications services, which should, in turn, lower prices for consumers.

Local Telephone Number Portability

Congress enacted the Telecommunications Act of 1996 to establish a national framework that promotes competition and reduces regulation in all telecommunications markets. Congress realized that bringing competition to the local telephone marketplace was the best way to reduce prices, motivate telephone companies to provide high quality service and to deploy advanced services, and provide more overall choices for customers.

To increase competition in the local telephone market service, Congress recognized that certain barriers to competition must be eliminated. One of the major barriers to competition was the inability of customers to switch from one telephone company to another and retain the same telephone number. Congress realized that customers would be reluctant to switch to new telephone service providers if they were unable to keep their existing telephone numbers. Congress directed local telephone companies to offer "**telephone number portability**" in accordance with requirements prescribed by the FCC.

In order to provide the kind of telephone number portability envisioned by Congress, telephone companies have had to invest in upgrades to their networks. In May 1998, the Commission determined what types of costs local telephone companies will be allowed to recover through separate charges for establishing and providing telephone number portability service, and which costs they must treat as part of their overall cost of doing business. The Commission determined that incumbent local telephone companies were allowed, but not required, to recover the costs of implementing and providing telephone number portability through two kinds of charges: (1) charges paid by other telephone companies that use a telephone company's number portability facilities to process their own calls; and (2) a small, fixed monthly charge assessed on telephone customers (end users). Companies can begin to assess these end-user charges on February 1, 1999.

Long-Term Telephone Number Portability Charge

What is long-term telephone number portability?

Long-term telephone number portability is a service that provides residential and business telephone customers with the ability to retain, at the same location, their existing local telephone numbers when switching from one local telephone service provider to another.

What is the long-term telephone number portability end-user charge?

This is a fixed, monthly charge through which local telephone companies may recover certain costs of providing long-term number portability service. Recoverable costs include the costs of creating new facilities, physically upgrading or improving the existing public switched telephone network, and performing the ongoing functions associated with providing long-term number portability. The FCC determined that incumbent local telephone companies may, but are not required to, recover certain costs of providing number portability through a monthly charge on their customers.

Is the long-term telephone number portability charge new?

Yes. The charge may appear on your bill for local telephone service after February 1999.

Will all telephone customers be charged for telephone number portability after February 1999?

No. Telephone number portability will not be available in all service areas by February 1999. Local telephone companies can only charge customers in areas where local telephone number portability is available. The FCC's rules prohibit local telephone companies from passing on to their customers any of the costs they have incurred in establishing telephone number portability until telephone number portability service is actually available in the customers' service area.

Telephone number portability is being implemented first in major metropolitan areas. Telephone number portability must be made available in other areas within six (6) months after a new

telephone company requests that the incumbent local telephone company offer telephone number portability in that service area.

Did the FCC require local telephone companies to bill consumers for long-term telephone number portability?

The FCC allows, but does not require, local telephone companies to pass certain costs of implementing and maintaining long-term number portability on to their customers. The Commission established policies and guidelines on how the long-term telephone number portability charges that may be passed on to consumers are established. For example, the FCC will allow incumbent local telephone companies to recover only costs directly related to providing long-term telephone number portability. This keeps the charges passed on to consumers, if any, as small as possible. New entrants to the local telephone market, wireless telephone service providers, and long distance companies also incur additional costs in handling calls to numbers that are portable. Because the FCC does not regulate the rates of these carriers, which are subject to substantial competition, these carriers may decide to recover their costs of providing long-term telephone number portability in any lawful manner consistent with their obligations under the Telecommunications Act of 1996.

How long will the long-term telephone number portability charge remain on my telephone bill?

Local telephone companies may continue to assess this charge on customers' telephone bills for a period of five (5) years from the date the local telephone company first begins collecting the charge. At the end of the five-year period, the local telephone company must stop assessing the charge.

Why do different telephone companies charge different amounts?

Different telephone companies have various types of network equipment. These companies will incur different costs as they prepare their local telephone networks to provide number portability. The charges that appear on your monthly telephone bill are being collected by your local telephone company to cover certain costs of implementing and providing number portability service.

Does the FCC ensure that the amounts charged by local telephone companies are reasonable?

Yes. The telephone companies are required to file tariffs, or schedules, establishing the rates they will charge end-users before the charges are placed on your telephone bill. The FCC reviews the tariffs to determine whether the charges are reasonable and in accordance with the Commission's rules and orders.

Am I required to pay the long-term number portability charge if I still have the same telephone service provider?

Yes. Even if you have not changed your local telephone service provider, you still may be required to help pay for the costs of local telephone number portability.

The FCC recognized that customers may be required to pay telephone number portability charges even if they have not changed service providers, and that some customers might not feel that they have benefitted. All customers do receive benefits from telephone number portability any time they call someone who has changed local service providers. For example, because number portability enables a telephone customer to change carriers without changing numbers, you will not have to contact directory assistance for his or her new telephone number. In this way, all consumers benefit from number portability.

Congress required telephone number portability because it decided that all telephone customers and telephone companies would benefit from the opportunities it creates. Congress thought that long-term telephone number portability service would increase competition in the local telephone market, and that competition would improve the quality, variety, and prices of telecommunications services available to all consumers. Also, competition lowers prices for everyone, not just those who switch carriers. Congress also required that all telephone companies share in the costs of establishing long-term number portability and directed the FCC to set up rules for recovering the costs of number portability in a way that would not give one telephone company a competitive advantage over other telephone companies.

In setting up those rules, the FCC determined that telephone companies may, but are not required to, pass part of the costs of establishing telephone number portability on to customers and other telephone companies. Before the costs of telephone number portability can be passed on to a telephone company's customers, the FCC's rules require that company to show that the costs are directly related to providing number portability. The FCC also required the telephone companies to spread the costs out over a 5-year period and to charge the same amount each month so that customers would know what to expect on their monthly bills.

What is the maximum long-term telephone number portability charge for residential and business customers?

The long-term telephone number portability charge for single-line residential and business customers should be the same each month. This charge will vary depending upon the costs incurred by your local telephone company.

Why do customers with more than one telephone line have to pay more than one long-term telephone number portability charge?

The FCC's long-term telephone number portability cost recovery system allows incumbent local telephone companies to assess one monthly telephone number portability charge for each telephone line. Customers with more than one line will have the opportunity to "port" each telephone number they have and are, therefore, required to pay for number portability in connection with each number they have.

Are business customers with multiple telephone lines charged more than one long-term telephone number portability charge?

Local telephone companies are allowed to charge business customers that have different kinds of lines more than one long-term telephone number portability charge per line. Business customers

may be charged nine, five, or one monthly long-term telephone number portability end-user charge(s) per line depending upon the customer's business line arrangement. For example, a business customer with a private branch exchange will be assessed nine monthly number portability charges.

Is the long-term telephone number portability end-user charge a tax?

No. The long-term telephone number portability end-user charge is not a tax. Neither the FCC nor any other government agency receives the fees collected. The charges are used by local telephone companies to cover their costs of establishing, operating and maintaining the number portability network.

Does long-term telephone number portability mean that I can keep the same telephone number if I move across town or to another state?

No. The type of telephone number portability that local telephone companies must provide as a result of Congress' mandate is called "service provider portability." Service provider portability allows a customer to change his or her local telephone company without changing telephone numbers. It does not allow customers to take their telephone numbers with them when they move.

Can I keep the same telephone number if I switch my local telephone service to a cellular or personal communications service (PCS) telephone service provider or vice-versa?

Cellular and other wireless carriers are not required to provide telephone number portability at this time. For this reason, customers cannot retain the same local telephone number if they change their local service from a wireline local telephone company to a wireless carrier, like a cellular or PCS service provider. Likewise, customers cannot switch from a cellular or PCS service provider to a local wireline service provider and keep the same cellular or PCS telephone number.

Am I required to pay the long-term number portability charge if I am a Lifeline Assistance Program customer?

No. Carriers may not impose the monthly long-term telephone number portability charge on customers of the Lifeline Assistance Program.

Tips For Consumers

My local telephone company is charging me for number portability. What options do I have?

- If you have questions regarding any charges on your telephone bill, call your local telephone company. A customer assistance telephone number, the telephone number to call for answers to your questions on billing or service, should be listed on your monthly bill. Let the telephone company know if you believe these charges are inappropriate or are too high. It's in the company's best interest to meet the needs of its customers.
- If your local telephone company has placed a long-term number portability end-user charge on your telephone bill, call the company to ask questions about the service and to make certain that long-term number portability is available in your area.
- Look for competition in your local telephone market. As new competitors offer local telephone service, use your available local telephone service provider options wisely and shop around. Local telephone service providers may take very different approaches to whether and how they are charging their customers to cover their costs of providing long-term number portability service.
- If other companies are operating in your local telephone market, call them and ask if they add these types of charges to their customers' bills. If these types of charges are added to customers' bills, ask each company to explain how these charges are calculated and exactly what amount would appear on your bill if you decide to use the company's services. You should make sure that you are getting the best deal for the types of services you require.
- If you have questions or concerns regarding long-term telephone number portability after you talk to your local telephone company, call the FCC's National Call Center at 1-888-Call FCC (225-5322).

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