

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
JEFFERSON CITY
December 18 , 2001**

CASE NO: TO-2000-374

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Enclosed find certified copy of a ORDER in the above-numbered case(s).

Sincerely,

A handwritten signature in black ink that reads "Dale Hardy Roberts". The signature is written in a cursive, slightly slanted style.

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a Session of the Public Service
Commission held at its office in
Jefferson City on the 18th day of
December, 2001.

In the Matter of the Petition of the North
American Numbering Plan Administrator, on
Behalf of the Missouri Telecommunications
Industry, for Approval of NPA Relief Plan for
the 314 and 816 Area Codes

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) **Case No. TO-2000-374**
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**ORDER REGARDING COST ALLOCATION AND COST RECOVERY
FOR STATE NUMBER POOLING TRIALS**

Syllabus:

This order addresses Staff's Motion to Establish Cost Allocation Method and to Set Deadline for Industry to File a Proposed Cost Recovery Plan filed on November 21, 2001. The Commission determines a cost allocation method for costs associated with state number pooling trials and sets a deadline for the industry to file its proposed cost recovery plan as well as a deadline for a Staff report and for replies.

Staff Position and Responses:

On September 25, 2001, the Commission ordered state number pooling trials in the 314 and 816 NPAs. On October 25, 2001, the Commission issued an order granting a motion filed on behalf of various industry participants resetting the implementation dates for number pooling from January 2, 2002, and February 1, 2002, for the 314 and 816 NPAs respectively to January 22, 2002, and February 22, 2002, respectively.

Staff filed its motion regarding cost allocation and cost recovery on November 21, 2001. Nextel West Corp. (Nextel) and Southwestern Bell Telephone Company (SWBT) each filed responses on December 3, 2001. No other parties responded to Staff's motion.

Staff states that NeuStar, the number pooling administrator, requires a cost allocation method to be established in order to bill its costs to carriers. Staff also recommended that a deadline be set for the industry to submit a cost recovery plan. Staff cited the Federal Communications Commission in support of its recommendations.¹

Cost allocation refers to a method of distributing joint costs of implementing and sustaining number pooling over carriers requiring and benefiting from the allocation of numbering resources. Cost recovery refers to identification and recovery of carrier specific costs to implement and sustain number pooling.

For cost allocation Staff recommended that there should be a pro rata allocation to all carriers in the state in proportion to each carrier's interstate, intrastate and international telecommunications revenues irrespective of whether carriers are participating in the pooling trial.

SWBT supported the Staff recommendation for cost allocation citing the same FCC orders presented by Staff. SWBT cited FCC findings that even those carriers that cannot participate in number pooling benefit from the more efficient use of numbering resources that pooling will facilitate. *Id.* CC Docket Nos. 99-200 and 96-98. SWBT

¹ *Report and Order and Further Notice of Proposed Rulemaking in the Matter of Numbering Resource Optimization*, CC Docket No. 99-200 and *In the Matter of Numbering Resources Optimization*, CC Docket Nos. 99-200, 96-98.

stated that Staff's proposal was consistent with the authority the FCC granted to state commissions.

Nextel did not oppose Staff's recommendation for cost allocation but suggested that it lacked adequate detail and could present issues of confidentiality of competitively sensitive carrier information. Nextel suggested use of existing revenue databases such as those used by the FCC for national Local Numbering Portability (LNP) cost recovery. Nextel presented this procedure with state specific data, as recently adopted in Michigan for the allocation of joint industry costs, as an example.²

With respect to cost recovery, Staff simply recommended that the Commission set a deadline of March 22, 2002, for filing of an industry proposal, as previously directed in the Commission's September 25, 2001 order. SWBT indicated that it would work with the industry on a proposal and believes that a proposal could be submitted much earlier than March 22, 2002. Nextel questioned the Commission's jurisdiction to address the costs of wireless carriers and noted that carrier specific costs for number pooling are only one of myriad costs incurred and carriers recover their costs through various mechanisms or procedures available to the carrier.

The Commission notes that the Michigan case (see footnote 2) cited by Nextel determined that carrier specific costs, including the joint costs allocated to carriers, were a cost of doing business not requiring a special cost recovery mechanism. The Michigan Public Service Commission found this treatment to be competitively neutral and compared the costs of number pooling to costs of common

² *In the Matter, on the Commission's Own Motion, to Consider the Implementation of Limited Number Pooling Trials.* Case No. U-13086 Michigan Public Service Commission (November 20, 2001)

updates and improvements of a company's operating systems. The Michigan Commission also suggested these costs result in numerous benefits to the carriers that can ultimately reduce overall costs.

Cost Allocation Method and Cost Recovery Proposal Filing Date:

The Commission finds that all carriers benefit from the more efficient use of numbering resources and that Staff's proposal presents a fair allocation of the joint costs incurred for number pooling. Staff, NeuStar and the industry shall allocate costs according to the LNP model on a state specific basis with a pro rata allocation to all carriers in the state in proportion to each carrier's interstate, intrastate and international telecommunications revenues irrespective of whether carriers are participating in the pooling trial. Joint costs shall be promptly allocated against data from the most recent reporting period that is available and billed at intervals or times that minimize administrative costs. Joint costs, allocation and billing data shall be reported to the Commission Staff

The Commission finds further that the industry shall submit a proposal for recovery of carrier specific costs, including joint costs allocated to a specific carrier, no later than March 22, 2002. Staff shall submit its report and recommendation to the Commission regarding the industry proposal no later than April 22, 2002. And further, Staff's report shall evaluate and present arguments supporting the position that carrier specific costs, including the costs allocated to carriers, present a cost of doing business not requiring a special cost recovery mechanism. Any party may file a response to the industry proposal or to Staff's filing within 15 days of the respective filing.

IT IS THEREFORE ORDERED:

1. That Staff, NeuStar and the industry shall allocate costs according to the LNP model on a state specific basis with a pro rata allocation to all carriers in the state in proportion to each carrier's interstate, intrastate and international telecommunications revenues irrespective of whether carriers are participating in the pooling trial. Joint costs, allocation and billing data shall be reported to the Commission Staff

2. That the industry shall submit a proposal for recovery of carrier specific costs, including joint costs allocated to a specific carrier, no later than March 22, 2002.

3. That Staff shall submit its report and recommendation to the Commission regarding the industry proposal no later than April 22, 2002. And further, Staff's report shall evaluate and present arguments supporting the position that carrier specific costs, including the costs allocated to carriers, present a cost of doing business not requiring a special cost recovery mechanism.

4. That any party may file a response to the industry proposal or to Staff's filing within 15 days of the actual filed date for the respective filing described in paragraphs 2 and 3.

5. That this order shall become effective on December 28, 2001.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Simmons, Ch., Murray, Lumpe, Gaw and Forbis, CC., concur

Thornburg, Regulatory Law Judge



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ALJ/Secretary:

Thornburg/Boyce

Date Circulated

12-13

CASE NO.

TD-2000-374

Simmons, Chair

KS

Murray, Commissioner

CM

Lumpe, Commissioner

LL 12-13

Gaw, Commissioner

7/16

Forbis, Commissioner

PK

Agenda Date

12-18

Action taken:

S-O AS

Must Vote Not Later Than

STATE OF MISSOURI

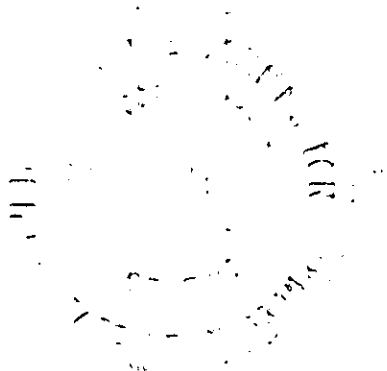
OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and
I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City,
Missouri, this 18th day of Dec. 2001.

Dale Hardy Roberts

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge



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