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September 18, 2000

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RE: Case No. TO-2000-374

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of the **BRIEF OF THE STAFF OF THE MISSOURI PUBLIC SERVICE COMMISSION.**

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Julie A. Kardis

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JAK/lb
Enclosure
cc: Counsel of Record

FILED³

SEP 18 2000

Missouri Public
Service Commission

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

FILED³
SEP 18 2000

Missouri Public
Service Commission

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.)

Case No. TO-2000-374

BRIEF OF THE STAFF OF THE MISSOURI PUBLIC SERVICE COMMISSION

I. Introduction

This case was initiated on December 17, 1999, when the North American Numbering Plan Administrator ("NANPA"), Neustar, filed a petition with the Missouri Public Service Commission ("Commission") requesting that it approve area code relief plans for the 816 and 314 NPAs. Subsequently, in April 2000, NANPA declared the 314 NPA to be in jeopardy. Currently, the projected exhaust dates of the 816 and 314 NPAs are first quarter (1Q) 2002 and second quarter (2Q) 2001, respectively.¹

There are two major issues, identified in the List of Issues, in this case. First, what, if any, action should the Commission take regarding number conservation in the 816 and 314 NPAs. Second, what area code relief should the Commission order implemented in the 816 and 314 NPAs.

II. Number Conservation Measures

- a. The Commission should order the implementation of thousand-block number pooling subject to certain conditions; a number pooling**

¹ <http://www.nanpa.com>

implementation team; utilization thresholds starting at 75%; and rate center consolidation in the 816 NPA.

Staff strongly agrees with the statements made by the Federal Communications Commission ("FCC") in its report and order that number pooling and other administrative measures are strategies that "can and will produce immediate and measurable results; ... can be implemented in a relatively short amount of time; ... and have been implemented with some success." (Ex. 24, *In the Matter of Numbering Resource Optimization*, Report and Order and Further Notice of Proposed Rule Making ("*NRO I*") CC Docket No. 99-200, ¶ 8 at 8-11, Adopted: March 17, 2000; Released: March 31, 2000). In fact, all parties agree that number pooling is necessary to maximize the efficient use of number resources. However, the parties differ as to whether number pooling in the 816 NPA should be federally- or state-sponsored.

Before a state-sponsored number pooling trial could be implemented, the Commission would need, at a minimum, to draft a Request for Proposal ("RFP"), analyze RFP responses, select an administrator through the competitive bids process, establish pooling standards, allow industry time to make necessary changes including modifying their databases and updating their switches, negotiate the acquisition of a database software package that is expected to be available in February 2001, and develop a cost recovery mechanism. (Staff's Response to the Office of the Public Counsel's Motion Requesting Commission to Petition FCC for Number Pooling Authority in the 816 NPA). In addition, implementing a state-sponsored pooling trial may be costly since the pooling administrator will need to be compensated for evaluating and verifying forecasts and requests for NXXs, maintaining the pool of NXXs, and initiating reclamation procedures if necessary. (Ex. 20, Cecil Surrebuttal, page 3). Further complicating the matter is the fact that the FCC has mandated that any state-sponsored number pooling trials must conform

to the federal mandate once the national number pooling roll-out is implemented. (Ex. 20, Cecil Surrebuttal, page 3). This may cause further delays since the FCC has yet to decide many of these issues such as which implementation costs may be recovered and which data base software management system to use. (Ex. 20, Cecil Surrebuttal, page 3).

Clearly, a Commission-sponsored number pooling trial would require the expenditure of considerable amounts of time and resources. If the FCC adheres to its original timeline, which contemplates choosing a national pooling administrator by the end of September, a state-sponsored pooling trial may not be implemented far enough ahead of the national roll-out to justify such costs. (Ex. 20, Cecil Surrebuttal, page 2). However, if the FCC has not chosen a national pooling administrator by the end of December, the likelihood increases that the state-sponsored pooling trial will be implemented sufficiently in advance of the national roll-out to justify the costs. (Staff's Response to the Office of the Public Counsel's Motion Requesting Commission to Petition FCC for Number Pooling Authority in the 816 NPA). In that case, Staff urges the Commission to implement a state number pooling trial in the 816 NPA once the FCC delegates it authority to do so.² Staff notes that, regardless of whether pooling trials are state- or federally-implemented, Staff believes number conservation measures alone will not be adequate relief for the 816 NPA. Indeed, in its *NRO 1* order, the FCC cautions the states:

Conservation methods are not, however, area code relief and it is important that state commissions recognize that distinction and implement area code relief when necessary. (Ex. 18, Cecil Direct, page 13, quoting Ex. 24 at ¶ 21).

In anticipation of either the national pooling roll-out or state-implemented pooling trials, Staff recommends that the Commission establish a number pooling implementation team comprised of representatives from all facilities-based service providers in the 816 NPA as well as

² The Missouri Public Service Commission filed a petition with the FCC on September 13, 2000 requesting authority to implement a state number pooling trial in the 816 NPA.

representatives from the Staff and from the Office of the Public Counsel ("OPC"). The function of the implementation team would be:

to manage the details of pooling as it is deployed and to foreshorten implementation lag of thousand-block number pooling as soon as pooling is allowed under the federal order or under the grant of delegated authority. (Ex. 18, Cecil Direct, page 12).

Staff believes that preparing the 816 NPA for number pooling in advance will result in the most efficient and expeditious implementation possible.

Staff interprets the FCC's July 20, 2000, order³ to delegate implied authority to the Commission to adopt utilization threshold rates in NPAs where state pooling trials are implemented. If the Commission implements a state number pooling trial in the 816 NPA, the Commission should adopt an initial utilization rate of 75%. While several carriers including GTE⁴ and Southwestern Bell Telephone⁵ ("SWBT") have proposed initial rates as low as 50-55%, Staff believes that a 75% threshold rate is necessary to ensure that number resources are used in an efficient manner and to prevent carriers from requesting more numbers than they need. (Ex.19, Cecil Rebuttal, page 5). Staff believes that carriers' concerns over a 75% initial threshold rate are unfounded since multiple states⁶ have adopted this fill rate and no carriers in these states have experienced number shortages. (Ex. 19, Cecil Rebuttal, page 5). Staff also recommends that the Commission consider raising the initial 75% threshold rate in increments of 5% per year until it reaches 80 to 85%. (Ex. 19, Cecil Rebuttal, page 5).

Rate Center Consolidation is another valuable number conservation measure which should be implemented in the 816 NPA. As Staff witness Walt Cecil stated in pre-filed

³ Ex. 26, *In the Matter of Numbering Resource Optimization, Implementation of the Local Competition Provisions of the Telecommunications Act of 1996 ("NRO 2")*, CC Docket No. 99-200 and 96-98, DA 00-1616, ¶ 35.

⁴ Ex. 9, Rollins Direct, page 17.

⁵ Ex. 15, Bell Direct, pages 22-23.

⁶ These states include Maine, California, Massachusetts, New Hampshire, and New York.

testimony, rate center consolidation is an especially effective number conservation tool since it would enhance the effectiveness and viability not only of all other number conservation measures employed but of any area code relief ordered as well. (Ex. 19, Cecil Rebuttal, page 6). Specifically in the 816 NPA, the opportunity exists for consolidation of thirteen rate centers into only five. (Ex. 15, Bell Direct, page 15). SWBT witness, Deborah Bell, stated in pre-filed testimony that SWBT has already initiated an investigation into the potential for consolidating these rate centers. (Ex. 15, Bell Direct, page 15). Staff urges the Commission to order all ILECs and facilities-based CLECs to follow SWBT's lead and make all feasible rate center consolidations in the 816 NPA. (Ex. 19, Cecil Rebuttal, page 6).

- b. The Commission should order the implementation of rate center consolidation and a number pooling implementation team, but should not now order the implementation of a state-sponsored number pooling trial in the 314 NPA.**

It appears that there may be less of an opportunity to conserve number resources through rate center consolidation in the 314 NPA. In December 1999, SWBT completed the consolidation of fourteen rate centers into seven rate centers pursuant to the Commission's order in Case No. TO-99-14. (Ex. 15, Bell Direct, page 6). In the Report on Rate Center Consolidation ("Report"), the Technical Committee stated that further rate center consolidation may have severe impacts on customers. These impacts include end-user calling scope changes; end-user customer local rate changes; extensive changes to LECs' operational support systems and network facilities; and cost recovery and revenue considerations. (Ex. 21, Buyak Direct, pages 5-6). After reviewing the Report, Staff does not believe, in the case of some carriers in the 314 NPA, that the benefits of further rate center consolidation in the 314 NPA would justify the

costs and customer impacts at this time. (Ex. 21, Buyak Direct, page 6). However, Staff, along with the OPC, recommends that the Commission order all ILECs and facilities-based CLECs to pursue all feasible rate center consolidations in the 314 NPA. (Ex. 3, Meisenheimer Direct, page 5).

While the FCC's *NRO 2* order⁷ delegated authority to the Commission to implement state-sponsored number pooling trials in the 314 NPA, no party recommends that the Commission do so at this time. In order to significantly postpone area code exhaust in the 314 NPA, a state-sponsored pooling trial would have to be implemented immediately and executed with near-perfection. (Office of the Public Counsel's Positions on the Issues). Since NANPA declared the 314 NPA to be in jeopardy and perilously close to exhaust and since there are numerous factors to be considered and issues to be resolved concerning number pooling as previously discussed, a state-sponsored number pooling trial in the 314 NPA as currently configured could not be implemented with the speed or precision necessary to prevent exhaust in the 314 NPA.⁸ Therefore, at this time, Staff agrees with the OPC and recommends that the Commission wait for the 314 NPA to be pooled along with the national pooling roll-out and, instead, concentrate its pooling efforts on the 816 NPA. (Office of the Public Counsel's Position on the Issues).

However, in the meantime, Staff encourages the Commission to establish a number pooling implementation team in the 314 NPA. (Ex. 18, Cecil Direct, page 12). The team should be comprised of representatives from all facilities-based service providers in the 314 NPA as

⁷ Ex. 26 at 35.

⁸ Tr. 37-38.

well as representatives from the Staff and from the OPC. The function of the team would be analogous to that of the 816 NPA implementation team previously discussed.⁹

II. Area Code Relief

The purpose of area code relief is to prevent central office code exhaust. However, area code relief does not come without a price. Inevitably, any area code relief method chosen will have negative side effects for customers. The two traditional methods of area code relief are a geographic split and an all-services distributed overlay. The Staff believes it has proposed the area code relief method which is the least intrusive to customers, while at the same time providing customers and industry alike with the longest term relief possible.

a. The Commission should order an all-services distributed overlay be implemented in the 816 NPA.

While implementing area code relief generally produces unavoidable and undesirable side effects, Staff believes that it is nevertheless necessary to prevent area code exhaust in the 816 NPA. Staff recommends that the Commission order the implementation of an overlay in the 816 NPA. An overlay will provide the most effective, noninvasive, and long-term method of area code relief for 816 consumers.

Staff's recommendation that the Commission order the implementation of an overlay in the 816 NPA is partially based on the substantially increased life expectancy an overlay would provide. According to NANPA's undisputed figures, an overlay of the 816 NPA will provide an expected life of 6.7 years absent any number conservation efforts. (Ex. 1, Tokarek Direct, page 9). In contrast to Staff's recommendation, the OPC proposes that if the Commission wants to implement area code relief now, then OPC recommends a geographic split along the Missouri River so long as number conservation efforts successfully extend the expected life of the 816

⁹ See *supra* page 3.

NPA. (Ex. 3, Meisenheimer Direct, page 32). However, OPC does not state what life expectancy this geographic split would provide either with or absent successful number conservation measures. According to OPC's testimony, there are 366 NXXs assigned south of the Missouri River and only 171 NXXs assigned north of the river. (Ex. 3, Meisenheimer Direct, Schedule BAM-5, page 4). Clearly, given these figures, a geographic split along the Missouri River would not result in balanced relief between the new NPAs. (Ex. 19, Cecil Rebuttal, page 3). In addition, Staff is concerned that, if such a split were implemented, the reduction in the number of available NXXs would prevent the area south of the Missouri River from realizing the maximum benefits of number pooling. (Ex. 9, Rollins Direct, page 19).

While Staff acknowledges that customers would need to dial ten digits if an overlay were implemented, Staff believes that since customers in this area are already required to dial ten-digit local calls between Kansas and Missouri on a regular basis, customers would adapt quickly to the change. Staff believes the far more intrusive and disruptive alternative to customers would be to force many customers to change their telephone numbers by implementing a geographic split. Customers whose numbers change must notify all friends and relatives of the new number. The process is even more burdensome and costly to business customers who not only have to notify each of their customers of the number change but also have to incur costs associated with reprinting stationery, signage, and advertising materials. The fact that geographic splits are disruptive to customers is especially true since the life expectancy of such a geographic split is uncertain and new area code relief, which could entail the implementation of an overlay, may be just around the corner for these customers.

In addition to an extended life expectancy, there are numerous reasons why the Commission should order the implementation of an overlay instead of a geographic split in the

816 NPA. First, Staff believes that OPC's proposal to split the 816 NPA along the Missouri River will divide a community of interest. In support of this argument, Staff witness Walt Cecil stated the following in pre-filed testimony:

Various civic and business groups in the affected areas presented testimony at the public hearings in Kansas City and St. Joseph stating the communities north of the Missouri River desire to be considered part of the greater Kansas City metropolitan area. Those communities recognize they are economically interdependent with the communities south of the river. To impose a geographic split would impede local efforts to bring about a stronger sense of community in the region. (Ex. 19, Cecil Rebuttal, page 4).

In addition, an overlay of the 816 NPA is much less confusing for customers because they are not forced to learn new boundaries for ten-digit calls. This confusion is multiplied by the fact that a geographic split along the Missouri River would divide the Kansas City Metropolitan Calling Area. (Ex. 19, Cecil Rebuttal, page 2). Any calls between customers in the old and new NPAs would change from seven digits to ten digits. Thus, a geographic split would actually increase the need to dial ten digits when making a local call in these NPAs. (Ex. 19, Cecil Rebuttal, page 2). The confusion created by such a change could cause customers to resort to dialing ten digits regularly to avoid the potential frustration of redialing. Since avoiding ten-digit dialing is the only appreciable advantage for implementing a geographic split, Staff urges the Commission to consider whether the negative impacts on customers and carriers created by a geographic split are justified when many customers may choose to dial ten digits anyway to avoid confusion. Also, the implementation of an overlay instead of a geographic split results in much greater ease of implementing any necessary subsequent area code relief. In her pre-filed direct testimony, SWBT witness Deborah Bell testified that once an overlay is implemented, there are significant benefits when implementing future area code relief:

... subsequent relief in the form of an overlay has proven to cause less confusion, disruption, and inconvenience than earlier splits. Customer education for

subsequent overlays is minimal. Also, from a network technical perspective, subsequent overlays can provide relief in a significantly more abbreviated implementation period (3 months) than a split (6 to 9 months). (Ex. 15, Bell Direct, page 6-7).

Finally, Staff is concerned that the geographic split proposed by OPC may be found to violate requirements for area code relief set forth in Section 5.0, Subsections A, F, and H of the NPA Code Relief Planning and Notification Guidelines ("Guidelines").¹⁰ Subsection A states area code relief options "shall cover a period of at least five years beyond the predicted date of exhaust." Subsection F states "customers who undergo number changes shall not be required to change again for a period of eight to ten years." Subsection H states "severe imbalances, for example, a difference in NPA lifetimes of more than fifteen years shall be avoided." NANPA's witness, Sandra Tokarek, testified at the hearing that NANPA had not yet performed an analysis of OPC's proposed geographic split to determine if the proposal violates any of these subsections.¹¹ Staff believes that the requirements set forth in these guidelines are necessary to ensure that customers are spared, to the greatest extent possible, the negative side effects of area code relief.

b. The Commission should order an all-services distributed overlay be implemented in the 314 NPA.

No party in this case is recommending that the Commission implement a geographic split in the 314 NPA. Staff believes that a geographic split would not be feasible since a split would not significantly extend the lives of the resulting NPAs. (Ex. 21, Buyak Direct, page 11). However, Staff recommends that the Commission reject industry's two-phased proposal and, instead, order the implementation of an overlay in the 314 NPA only. (Ex. 21, Buyak Direct, page 11). Industry's proposal would, first, extend the current 636 NPA boundary to encompass

¹⁰ Ex. 23.

the 314 NPA and second, introduce a third, new NPA which would overlay the newly-combined 314 and 636 NPAs. (Ex. 21, Buyak Direct, page 8). This plan would require customers in both the 314 and 636 NPAs to dial ten-digit local calls. In contrast, Staff's proposal would involve the overlay of a new NPA onto the 314 NPA only and would avoid unnecessarily involving 636 customers. Thus, under Staff's plan, 636 NPA customers would be allowed to retain seven-digit local dialing. (Ex. 21, Buyak Direct, page 10). As the Commission is aware, in the previous area code relief case,¹² the Commission ordered a geographic split of the 314 NPA. In that case, the current 636 customers had to change their 314 telephone numbers to reflect the new 636 NPA. The introduction of the new NPA went into effect February 2000 causing 636 NPA customers to undergo the expense and inconvenience of changing their numbers. As Ms. Buyak stated in pre-filed testimony, "customers in the 636 NPA have had to bear the lion's share of the cost of NPA exhaust in the 314 NPA." (Ex. 21, Buyak Direct, page 10). The thought of imposing further area code relief on the 636 customers is particularly disturbing given that the 636 NPA is not scheduled to exhaust until first quarter (1Q) 2008. Staff acknowledges that industry's two-phased proposal provides a greater life expectancy than an overlay of the 314 NPA only.¹³ However Staff believes this increase in life expectancy is not great enough to justify the imposition of further area code relief on 636 customers. (Ex. 21, Buyak Direct, page 10). Therefore, Staff believes that it is imperative that the 636 customers be spared further disruption and inconvenience resulting from the imposition of additional area code relief.

¹¹ Tr. 64-65.

¹² TO-98-212, In the Matter of the Investigation Into the Exhaustion of Central Office Codes in the 314 Numbering Plan Area.

¹³ According to NANPA's projections, if both phases of industry's proposal were implemented, the life expectancy would be 10.2 years. (The life expectancy of the initial phase extending the 636 area code to encompass the 314 area code would be 4.4 years. The second phase overlaying a new area code over the newly-combined 314 and 816 NPAs would increase the life expectancy of the NPA by another 5.8 years). (Ex. 1, Exhibit A, Attachment 2, page 3). If an overlay of the 314 NPA were implemented, the life expectancy of the 314 NPA would be 6.3 years. (Ex. 1, Exhibit A, Attachment 2, page 2).

III. Conclusion

For these reasons, Staff requests that the Commission implement the following number conservation measures in the 816 NPA: thousand-block number pooling if the FCC has not chosen a national pooling administrator by the end of December; a number pooling implementation team; utilization thresholds starting at 75%; and rate center consolidation. In the 314 NPA, Staff requests that the Commission order the implementation of rate center consolidation and a number pooling implementation team but requests that the Commission not now order the implementation of a state-sponsored number pooling trial in the 314 NPA. Staff further requests that the Commission implement all other number conservation measures for which the Commission has been delegated authority to implement in the 816 and 314 NPAs.¹⁴ Finally, Staff requests that the Commission order the implementation of all-services distributed overlays in both the 816 and 314 NPAs.

Respectfully submitted,

DANA K. JOYCE

¹⁴ See Staff's Supplemental Statement of Position.

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 18th day of September 2000.

Julie A. Kardis

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