

BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI

FILED²

AUG 14 2002

Missouri Public
Service Commission

In The Matter Of A Further Investigation of the)
Metropolitan Calling Area Service After)
Passage and Implementation of the)
Telecommunications Act of 1996)

Case No. TO-2001-391

SPRINT MISSOURI, INC.'S COMMENTS

COMES NOW Sprint Missouri, Inc. ("Sprint") and hereby provides these comments in connection with the proposed MCA-2 plan and related issues addressed at the on-the-record presentation held July 15, 2002.

During the July 15, 2002 on the record presentation, the parties to this case presented the Missouri Public Service Commission ("Commission") with three alternatives regarding Commission Staff's ("Staff's") proposed MCA-2 plan. First, Staff recommended that the Commission proceed directly to contested hearing. Next, Sprint, Verizon and Southwestern Bell Telephone recommended the Commission return the case to the Industry Task Force with a specific set of issues to address. Finally, Alltel Communications, Inc., Lathrop Telephone Company, Cass County Telephone Company, Spectra Communications, Orchard Farm Telephone Company, Choctaw Telephone Company, and MoKan Dial, Inc. suggested that their respective customers are generally happy with the current MCA plan, and recommended the Commission make no changes. All parties expressed concern about the potential risk of altering the status quo and the unintended impact this might have in diminishing the existing MCA service.

Staff has presented a modified metropolitan calling plan proposal commonly referred to as MCA-2. Under MCA-2, only the calling party must be a subscriber whereas, in many situations under the current MCA plan, both the calling party and the receiving party must be MCA subscribers. Under the MCA-2 proposal, participants would be able to call anyone within the entire MCA boundaries as local irrespective of the calling party's subscription status. This results in a participation expansion, as opposed to geographic expansion. For example, under the current MCA plan, if a caller residing in Kansas City¹ places a call to Lone Jack, the called party in Lone Jack must subscribe to MCA in order for that call to be local. If the Lone Jack customer does not subscribe to MCA, the call would be considered toll. With MCA-2, however, the subscription status of the Lone Jack customer would not matter. As long as the calling party subscribes to the MCA service, or is within the mandatory zone, the call would be considered local.

The primary advantage of the proposed MCA-2 plan appears to be number conservation. Under the current MCA plan, all exchanges outside the mandatory zones need at least two separate, dedicated NXX codes for each facilities-based local service provider: one for MCA customers and one for non-MCA customers. With the MCA-2 proposal, there would be no need to separate MCA customers by NXX, eliminating the need for two NXXs by new entrants in the future. Additional numbering resources would not be freed unless subscribers were forced to relinquish their current numbers. Secondary benefits include such elements as an overall simpler plan (i.e., less customer confusion), and the ability to subscribe or unsubscribe to MCA without the need to change phone numbers. There are, however, substantial costs

¹ A Kansas City caller is within the mandatory zone and therefore by default is a MCA subscriber.

associated with the MCA-2 plan. Specifically, the estimated financial impact to be incurred by ILECs from implementing MCA-2 is approximately \$8.5 million.² This amount excludes the impact of lost revenues experienced by interexchange carriers such as AT&T, MCI, Sprint Communication Company, LP, and other long distance providers³.

While there is no doubt that MCA-2 will provide additional number conservation relief at least going forward, Sprint believes that the cost to implement MCA-2 may far outweigh the current need to take steps for additional numbering relief in Missouri *at this time*. This Commission's pro-active efforts, combined with FCC action, have provided substantial number conservation measures that have already been implemented in Missouri. These actions have substantially diminished the risk of immediate number exhaust⁴. Additionally, Sprint notes that the primary catalyst of this case was AT&T's inability to obtain a MCA NXX and a non-MCA NXX for St. Charles. As Staff has acknowledged, a CLEC that has been denied numbering resources such as the second NXX required for MCA, then that CLEC can petition the Commission to overrule the

² See Staff's Final Status Report of the MCA Task Force, issued January 2002, page 7 of 29.

³ Sprint Communications Company, LP is an IXC. The financial impact to only Sprint Missouri, Inc. (the ILEC) is included within the \$8.5 million)

⁴The Commission has already implemented mandatory state number pooling. See Case No. TO-2000-374, Order dated September 25, 2001. This action was taken in advance of the FCC's national roll-out of these procedures and has acted to alleviate numbering resource concerns in Missouri. Sprint notes that the latest projections for Missouri published by NANPA, the code administrator, indicate that these pooling efforts have substantially mitigated earlier numbering resource concerns and have moved projected code exhaust dates well out into the future; in some cases by several years. See NANPA NPA Exhaust Analysis, June 5, 2002, pg. 7-8.

initial denial by the code administrator⁵. Sprint is unaware of any such requests made by a Missouri CLEC to date, but this procedure has already worked well for at least one ILEC⁶. Given the existence of this option and the fact that it is available to all carriers, including CLECs, it should not result in an administrative burden for CLECs, the Staff, or the Commission, and should avoid instances such as the one AT&T had earlier encountered.

The secondary benefit of MCA-2 is an overall simpler plan and the potential for less customer confusion. However, the current MCA plan has been in existence for over a decade, and customers have become accustomed to its unique characteristics. Undoubtedly, there may be limited situations where customers may not know if a certain NPA NXX is inside or outside their own local calling scope. In these situations, the customer simply attempts to dial the number as local and may have to redial the number as a toll call in the event the call is outside the local calling area. This process, while somewhat inconvenient and requiring a few extra seconds, does not warrant the substantial overhaul and additional costs associated with MCA-2. Additionally, customers have ready access to extensive calling scope information, including MCA service, via the information pages contained in telephone directories.

Staff recommends the Commission proceed directly to a contested hearing regarding the MCA-2 proposal. Sprint respectfully disagrees with the Staff position. The substantial costs associated with MCA-2 merits a review of the need for the plan, before

⁵ FCC Third Report and Order and Second Order on Reconsideration in CC Docket No. 96-98 and 99-200, (FCC No. 01-362), released December 28, 2001, para. 57-64.

⁶ See Application of GTE Midwest Inc., d/b/a Verizon Midwest, for Review and Reversal of North American Number Plan Administrator's Decision to Withhold Numbering Resources, Case No. TO-2002-481, Order dated June 20, 2002.

resources and energy are put into a contested hearing. Sprint is not suggesting, however, that the concept of an MCA-2 plan be abandoned. With additional number portability capabilities and other technological changes that may occur in the future, the current NXX-based MCA plan may no longer be functional and a replacement program will need to be implemented at some point. However, geographic number portability continues to be delayed by the FCC and the industry and is not likely within the next several years. When geographic number portability occurs, as it will eventually, Staff's MCA-2 plan may be a viable alternative. Sprint is fully aware of the substantial efforts and resources undertaken by the Staff to develop MCA-2 and Staff should be commended. Sprint and the industry have collaborated with Staff in the MCA-2 discussions and meetings over many months. Sprint is not intending to be critical of the Staff proposal. Sprint is simply suggesting that *now* is not the appropriate time to evaluate for a massive overhaul of the current MCA plan.

As mentioned above, there is substantial cost associated with the proposed MCA-2 plan – approximately \$8.5 million. Undoubtedly, if the Commission chooses to move toward implementation of MCA-2, cost recovery will be the biggest issue. Staff proposed a straight-forward pricing plan where each company would simply increase its current MCA rates by an amount equal to the per-line cost. For example, if the current cost of the MCA is \$12.00 for zone 3, and a company's implementation cost for going to MCA-2 is \$1.00 per MCA customer, the new price would be \$13.00 under Staff's proposal. Staff then argued during the July 15 on the record presentation that MCA-2 be treated as an existing service rather than a new service. Staff stated that no other party has presented any other pricing proposal. Sprint does not dispute this fact, however,

there is a strong consensus by all telephone companies participating in the previous Industry Task Force discussion that pricing proposals were not a part of the discussions and needed to be addressed further. Finalized financial impacts of MCA-2 for each company were not known until late 2001, after the last face-to-face meeting of the Industry Task Force had been held. Therefore, pricing had not yet been addressed by all participants.

Missouri statutes do not provide the Commission with any means to simply increase the price for an existing service for price-capped companies in the manner which Staff has proposed. Consequently, the only statutory avenue in which Staff's pricing plan could be implemented would require that MCA-2 be a new service. Indeed, MCA-2 is considerably different than the current MCA plan due to the participation expansion of customers, as described above. Statutes allow price-regulated companies to establish the initial rates for a new service. See, 392.245.11 RSMo.

While Staff recommended establishing a procedural schedule for a contested hearing for the MCA-2 proposal, there does not appear to be any overwhelming factors that call for the immediate implementation of MCA-2, or hearings. Customers appear generally happy with the current plan. Number conservation measures have successfully curbed potential number exhaust for some time to come and provided the Commission and industry some additional time. And, finally, CLECs attempting to obtain multiple NXX's have access to mechanisms to do so via application for appeal directly to the Commission for adverse rulings made by the code administrator.

Sprint recommends that the Commission defer implementation of MCA-2 at this time and reconvene the Industry Task Force when a bona fide need to revamp the

existing MCA service exists. The Commission can reconvene the Industry Task Force on its own motion or by request of any party at any time to re-evaluate the overall status of numbering concerns. Alternatively, if the Commission prefers to move forward with additional technical meetings or hearings sooner rather than later, Sprint recommends the Commission provide specific guidance regarding the scope of this case by providing specific issues or questions for the parties to address.

WHEREFORE Sprint respectfully requests the Commission to consider its comments and recommendation.

Respectfully submitted,

Sprint

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CERTIFICATE OF SERVICE

Copies of this document were served on the following parties by first-class/electronic/facsimile mail, the 14 day of August, 2002.

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