MCI WORLDCOM

Henry G. Hultquist
Associate Counsel
Federal Law and Public Policy

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

April 1, 1999

Ms. Magalie R. Salas
Secretary
Federal Communications Commission
The Porals
445 12th Street, SW
Washington, D.C. 20554

Re: In the Matter of Emergency Joint Petition of ALTS, ELI, GST, MCI WorldCom, and Winstar for Suspension of Phoenix Area Code Relief Plan or, in the Alternative, Other Relief, CC Docket No. 96-98.

Dear Ms. Salas:

Enclosed herewith for filing are the original and four (4) copies of this Emergency Joint Petition.

Please acknowledge receipt by affixing an appropriate notation on the copy of the Petition furnished for such purpose and remit same to the bearer.

Sincerely yours,

Henry G. Hultquist

Enclosure
HGH

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List A B C D E

1801 Pennsylvania Avenue, NW
Washington, DC 20006
202 887 2502
Vnet 220 2502

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of:	)	
	)	
Emergency Joint Petition of ALTS, ELI, GST, MCI WorldCom, and Winstar for Suspension of Phoenix Area Code Relief Plan or, in the Alternative, Other Relief	)	**NSD File No. 99-___**
	)	
Implementation of the Local Competitions Provision of the Telecommunications Act Act of 1996	)	**CC Docket No. 96-98**
	)	
Administration of the North American Numbering Plan	)	**CC Docket No. 92-237**

Emergency Joint Petition for Suspension of Phoenix Area Code Relief Plan or, in the Alternative, Other Relief

Henry G. Hultquist
Mary DeLuca
MCI WorldCom, Inc.
1801 Pennsylvania Avenue, N.W.
Washington, DC 20006
202-887-2502

Eleanor Willis
Manager, Regulatory Programs
Winstar, Inc.
1146 19th Street, N.W., 2nd Floor
Washington, DC 20036
202-530-7656

Jackie Follis, Director
Government and Industry Affairs
Electric Lightwave, Inc.
4400 N.E. 77th Avenue
Vancouver, Washington 98662
360-816-3228

Barry Pineles
Regulatory Counsel
GST Telecom Inc.
4001 Main Street
Vancouver, Washington 98663
360-356-7104

Emily Williams
Association for Local
Telecommunications Services (ALTS)
888 17th Street, N.W., Suite 900
Washington, DC 20006
202-969-2585

EXECUTIVE SUMMARY

This petition, filed jointly by a group of facilities-based CLECs that operate in the Phoenix area, asks that Commission act swiftly to suspend a discriminatory area code relief plan that was ordered by the Arizona Corporation Commission. The Arizona Commission has ordered a 3-way geographic split that partitions a single rate area into three NPAs. If implemented, the plan would burden CLECs and some of their customers with 10-digit number changes. ILEC customers would, at most, require a new area code. Under the Arizona Commission's order, wireless customers are "grandfathered," and thus none will require any number changes at all. This discriminatory area code relief order exceeds Arizona's delegated authority in that it violates federal rules and guidelines on number administration. Moreover, by requiring the introduction of two new area codes it uses number resources in an extremely inefficient fashion. This Commission should immediately suspend implementation of the plan as ordered, which begins on April 1, 1999, and allow the Arizona Commission an opportunity to substitute a lawful relief plan.

In the event that the Commission does not suspend implementation of the plan, it should order the Central Office Code Administrator to release all NXX codes that are required to prevent 10-digit customer number changes. These changes would extremely burdensome for customers and carriers. However, while the release of these codes would eliminate the need for 10-digit number changes, it would not make this 3-way geographic split a more efficient use of the scarce numbering resource. The Commission should make clear that geographic splits that partition a rate area, are harmful to local competition and violate federal number administration rules and guidelines.

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Emergency Joint Petition for Suspension of Phoenix Area Code Relief Plan or, in the Alternative, Other Relief

The Association for Local Telecommuncations Services ("ALTS"), Electric Lightwave, Inc. ("ELI"), GST Telecom Inc ("GST"), MCI WorldCom, Inc. ("MCI WorldCom"), and Winstar, Inc. ("Winstar"), ("Joint Petitioners"), hereby submit this emergency petition for suspension of the area code relief plan that has been ordered by the Arizona Corporation Commission ("ACC") for the Phoenix area. The ACC has ordered implementation of a 3-way geographic split. The ACC's December 1998 order exceeds the extent of its authority to oversee area code relief, in that it would uniquely burden some customers of facilities-based competitive local exchange carriers ("CLECs") with changes in their 10-digit numbers to accommodate the ACC's decision. No customers of U S West, the incumbent local exchange carrier ("ILEC"), would require more than a change in their area code. Not a single wireless customer would

suffer any number change at all. The relief plan, as ordered, facially violates federal number administration rules and guidelines that require competitively neutral number administration. It also may damage the viability of number portability, directory assistance, and other services. The Commission should immediately suspend implementation of the plan as ordered, and allow the ACC an opportunity to substitute a lawful plan.

Petitioning parties have expended considerable resources explaining these issues to the ACC, and attempting to get relief so that customers would not be required to change their numbers. To date, these efforts have been unsuccessful, and it is as a last resort that we seek the Commission's intervention to ensure that its polices and requirements are enforced.

It is imperative that the Commission suspend implementation of the Phoenix plan, no later than June 1, 1999. In June, CLECs will begin to assign replacement telephone numbers to customers whose numbers must change. If the Commission does not suspend implementation by June 1, CLECs will be forced to take significant and irreversible actions to implement a discriminatory area code relief plan. The Commission has a duty to protect fair competition and must prevent this discrimination from occurring. Also, if the Commission suspends implementation of the plan before June 1, the ACC will have sufficient time to substitute a lawful plan. Commission staff, and most carriers have supported an overlay relief plan that could be expeditiously substituted for the 3-way geographic split.

In the alternative, the Commission should order the Central Office Code Administrator immediately to release to all facilities-based CLECs, NXX codes in the new NPAs that are identical to codes they hold in the existing 602 NPA. Duplicate codes for U S West will also

need to be assigned in certain cases to support local number portability. These actions will be necessary to avoid the unique burden of 10-digit number changes for CLEC customers, if the Commission does not suspend implementation of the plan. While this second-best alternative would eliminate the need for 10-digit number changes, it would not represent the most efficient use of telephone numbers. Except to avoid this discriminatory effect, CLECs do not need these numbers, and their premature assignment will only accelerate the eventual exhaust of the new NPAs.

I. Background

On April 28, 1997, U S West, in its capacity as the CO Code Administrator for Arizona, notified the ACC that the 602 NPA would exhaust in late 1999. In August of that year, the ACC held a Relief Forum, at the conclusion of which the ACC asked the NPA relief coordinator for Arizona to submit a recommendation on a relief plan for the 602 NPA. On September 16, 1997, the relief coordinator recommended the adoption of an overlay. In December of 1997, the ACC opened an investigation and solicited comments from interested parties. In February of 1998, the ACC scheduled a series of public hearings.

On November 5, 1998, the ACC staff issued a memorandum in support of the overlay. However, on December 22, 1998, contrary to the staff's recommendation, the ACC ordered a three-way geographic split.[1] The order further allowed an extension of permissive dialing for

[1] *In the Matter of the Generic Investigation into the Recommendation of the Numbering Plan Administrator for an Area Code Relief Plan in the 602 Area Code*, Order of the Arizona Corporation Commission, Docket No. T-00000F-97-0693, Decision No. 61301 (adopted 12/22/98). Attached as Appendix A. (*Arizona Order*)

alarm companies, and "grandfathered" wireless codes in the 602 NPA.

MCI WorldCom, U S West, and others sought reconsideration of this order.[2] MCI WorldCom pointed out to the ACC the hardship that the split would impose on CLEC customers. U S West sought, among other things, extension of the beginning of implementation from March 1, 1999 to April 1, 1999. On February 26, 1999, the ACC's Chief Hearing Officer granted a delay in implementation until April 1, 1999. However, the Commission has failed to act on requests to reconsider the geographic split. Permissive dialing and network implementation are scheduled to begin on April 1, 1999. Mandatory 10-digit dialing for "split" NPAs will begin on September 1, 1999.

II. The Phoenix Plan Imposes a Discriminatory Burden on CLECs

The 3-way geographic split ordered by the ACC imposes unique burdens on CLECs and their customers. Specifically, it would require CLECs and some of their customers to suffer 10-digit number changes, while ILEC customers, at most, would see a change in their NPA. Since the plan "grandfathers" wireless codes in the 602 NPA, wireless customers would be unaffected.

The reasons for this discriminatory effect are caused by changes that have occurred with respect to the Phoenix rate areas, and differences between the ILEC and CLEC networks. When a CLEC enters a new market, it must obtain at least one NXX for each rate area in which it intends to offer service. Prior to 1997, the 602 NPA consisted of 18 rate areas. In December of 1996, the ACC ordered rate area consolidation in the 602 NPA. The consolidation order merged

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[2] *See, e.g., MCI WorldCom's Comments in Support of Various Motions to Reconsider*, Before the Arizonz Corporation Commission, Docket #T-0050F-97-693, January 29, 1999. Attached as Appendix B. (*MCI Recon Comments*)

those 18 into a single rate area. Going forward, this consolidation would promote the efficient use of numbering resources by allowing new entrants to serve end users throughout the area with a single NXX. However, any CLEC that requested and obtained numbers prior to that time, may have obtained at least one NXX for each of the 18 rate areas that existed at that time.[3]

A critical difference between CLEC and ILEC networks is the size of the geographic area served by their switches.[4] ILECs typically serve a metropolitan area out of a number of switches and wire centers. A CLEC, however, is likely to serve the entire area with a single switch. After the rate area consolidation order in the 602 NPA, CLECs were able to assign numbers from any of their NXX codes throughout the consolidated rate area. U S West, however, associates NXX codes with particular wire centers, and thus would not disperse numbers from a single NXX code throughout the consolidated rate area.

The result is that, since rate area consolidation occurred, the Joint Petitioners have not associated their assigned NXXs with specific geographic areas within the 602 NPA. Instead, they have dispersed numbers from their assigned NXXs throughout the consolidated rate center. If a 3-way geographic split is imposed on top of this consolidated rate center, CLECs will be forced to associate each of their assigned NXXs with one of the three NPAs. A customer using that NXX in one of the other NPAs will have to be assigned a completely new number -- not just the new NPA, but also a new NXX-XXXX, unless that customer's CLEC is also assigned the

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[3] For example, MCI WorldCom has sixteen NXXs in the 602 NPA.

[4] For a discussion providing additional detail on the technical aspects of the Phoenix area code relief plan, *see, Affidavit of Mitch Kaufman* at paras. 4-6. Attached as Appendix C.

customer's current NXX in the new NPA.[5] Some CLECs may need additional NXX's code in the other two NPAs just for customer number assignment. Customers of U S West will not face this situation, since U S West associates NXXs with individual wire centers, and the split that has been ordered does not divide any of U S West's wire centers. This is not only an unfair burden on CLECs and their customers, but it also wastes precious number resources, not just in Arizona, but throughout all of the U.S. and North America.

III. The Phoenix Plan Exceeds the ACC's Delegated Authority

The Telecommunications Act of 1996, recognized the exclusive jurisdiction of this Commission over the portions of the North American Numbering Plan that pertain to the United States.[6] The Commission, in turn, has delegated limited authority to the states to oversee "the introduction of new area codes subject to the Commission's numbering administration guidelines."[7] Specifically, state commissions:

> may resolve matters involving the introduction of new area codes within their states. Such matters may include, but are not limited to: Directing whether area code relief will take the form of a geographic split, an overlay area code, or a boundary realignment; establishing new area code boundaries; establishing necessary dates for the implementation of area code relief plans; and directing public education and notification efforts regarding area code changes. (47 C.F.R. §52.19(a)).

Although the Commission delegated to the states the authority to direct that area code relief take

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[5] This situation would arise in any case where a geographic split divides a rate center.

[6] 47 U.S.C. §251(e)(1).

[7] *In the Matter of Implementation of the Local Competition Provisions of the Telecommuncations Act of 1996,* CC Docket No. 96-98, *Administration of the North American Numbering Plan*, CC Docket No. 92-237,et al, Second Report and Order and Memorandum Opinion and Order, FCC 96-333 (released August 8, 1996), at para. 281. ("Second Interconnection Order")

the form of a geographic split, it also required them to comply with the Commission's numbering administration guidelines.[8] Arizona has violated those guidelines, and thereby overreached its limited authority.

The Commission's guidelines, first enumerated in the *Ameritech Order*,[9] require that numbering administration should, *inter alia*, "not unduly favor or disfavor any particular industry segment or group of consumers."[10] Arizona's plan clearly violates these guidelines. The plan unduly disfavors CLEC customers by causing those customers alone to suffer 10-digit number changes. The plan unduly disfavors the CLEC segment of the industry by causing CLECs and only CLECs to process 10-digit number changes for some of their customers. Finally, the plan unduly favors the wireless and ILEC carriers and their customers by sheltering them from similar number changes. State commissions should not order a geographic split that has these discriminatory effects.

IV. The Commission Should Suspend Implementation of Area Code Relief in Phoenix and Allow the ACC an Opportunity to Substitute a Lawful Plan

The Phoenix plan plainly violates the Commission's number administration guidelines. The plan unduly disfavors CLECs and their customers by uniquely burdening them with 10-digit number changes. By ordering implementation of this plan, the ACC has exceeded the limits of its delegated authority to oversee area code relief. In order to prevent irreparable harm to CLECs

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[8] *See* 47 C.F.R. §52.19(b).

[9] *See In the Matter of Proposed 708 Relief Plan and 630 Numbering Plan Area Code by Ameritech-Illinois,* IAD File No. 94-102, Declaratory Ruling and Order, FCC 95-19 (1995) (*Ameritech Order*)

[10] 47 C.F.R. §52.9(a)(2).

and their customers, the Commission should exercise its plenary jurisdiction over the numbering plan, by suspending immediately implementation of the Phoenix plan, and allowing the ACC an opportunity to substitute a lawful plan. While the Joint Petitioners recognize that the Commission is chary of overruling state commission relief plans, the situation in Arizona is so prejudicial to CLECs that the Joint Petitioners have no choice but to ask for this extraordinary remedy. A geographic split which divides a rate area in the manner proposed by the ACC, has the effect of causing the premature exhaust of number resources, which in turn will lead to a need for further NPA relief earlier than would be desirable or necessary. In addition to the inconvenience caused to CLECs and their customers by the plan, its implementation as proposed would require CLECs and other new entrants to order up to *three times as many* NXX codes in order to comply with the plan as would be necessary under the original overlay proposal. Even absent arguments about the discriminatory nature of the plan, the inefficiency created by an immediate need for substantial increases in CLEC codes violates both the letter and the spirit of current number conservation efforts. Therefore, the plan, even from a technical standpoint, runs directly counter to the very mission it purports to accomplish.

There can be no question that the Commission has the authority to suspend the implementation of an unlawful area code relief plan. Congress gave the Commission exclusive jurisdiction over the portions of the numbering plan that pertain to the United States. The Commission delegated to the states only limited authority to oversee area code relief. Arizona has exceeded that delegation by ordering relief that would violate the Commission's guidelines. Those guidelines are critical to the establishment of fair competition, and the preservation of

neutral administration and the limited supply of numbering resources. The Commission must suspend implementation of this unlawful plan in order to protect CLECs and their customers from severe and unequal hardship.

Unless the Commission suspends the Phoenix plan, CLECs alone will engage in costly customer education and notification campaigns. Only the customers of CLECs will suffer 10-digit number changes.[11] This discriminatory burden will also entail severe additional harms. These include: damage to the integrity of number portability in Phoenix; white and yellow pages listings for CLEC customers may be rendered worthless; and CLEC directory assistance services will be made unreliable. For example, GST obtains directory assistance from parties other than U S West. Since those providers of directory assistance use databases that might not be updated by June 1, 1999, they will not be able to provide callers with correct telephone numbers. Nor will potential customers of CLEC subscribers be able to rely on the directories published by U S West Dex. Those already have been printed and primed for distribution in April with pre-split numbers. For the reasons already cited in this petition, the published numbers of U S West customers will be correct.

Forcing customers to undergo number changes always imposes certain costs upon the customers. However, the costs to customers of 10-digit number changes would be in addition to and greater than the costs of the more conventional NPA change. A significant difference between the two is that when there is a 10-digit number change, parties attempting to call the

[11] For example, MCI WorldCom estimates that approximately 12% of its customer telephone numbers in Phoenix would require a number change. *See* Kaufman Affidavit at paras. 7-16, n.5.

customer have no easy method to determine the customer's new telephone number. If they attempt to merely dial the old number with the new NPA (as the state education process will instruct them), they may reach a recording indicating that the customer is no longer in service or is out of order. In addition, this number change will appear to the customer's long distance carrier as a disconnected customer. The new number will appear as new service. Not only does this potentially leave the customer without long distance service, but the customer may also lose all customer-specific profile information, such as that customer's calling plan, and whether that customer has specific discounts.

In the event that the Commission does not suspend the Phoenix plan, the Commission must order the CO Code administrator to assign to CLECs duplicate NXXs in the 480 and 623 NPAs to the extent that CLECs require them.[12] Duplicate codes for some U S West-assigned NXXs will also have to be assigned, insofar as CLECs have ported-in U S West numbers for customers that have moved outside of the U S West wire center boundaries.[13] Unless these NXX codes are assigned, calls originated by subscribers to non-LNP capable providers, such as CMRS, will fail. These actions are necessary because under the current jeopardy procedures for 602, the CO Code administrator cannot release these codes until two months after the beginning of mandatory 10-digit dialing.[14] Moreover, the Commission has an obligation to see that numbers

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[12] For example, MCI WorldCom would require 9 duplicate NXX codes for one of the new NPAs, and one duplicate code for both of them. *See* Kaufman Affidavit at para.10, n.3 and para 13, n.4.

[13] *See* Kaufman Affidavit paras 17-20.

[14] *See 602 NPA (Arizona) Jeopardy Procedures Extraordinary Code Conservation Measures, December 14, 1998*, North American Numbering Plan Administrator Central Office Code Administration. Attached as Appendix D.

are available on an equitable basis.[15] This minimal relief, while it will not eliminate all inefficiencies of the 3-way geographic split, will at least prevent CLECs and their customers from suffering the discriminatory burden of 10-digit number changes.

Customers have agreed to place their local service with CLECs in the belief that CLECs will provide service that is, technically, as good as or better than the ILECs'. If CLEC customers now need to change their entire 10-digit telephone number, while U S West and wireless customers do not, there is no doubt that, in the future, CLEC offerings will be viewed with greater uncertainty and skepticism by the general public. In the petitioners' view, this amounts to a substantial setback for local competition and not only in Phoenix.

V. Conclusion

For the reasons stated above, the Commission should suspend implementation of the Phoenix area code relief plan, or, in the alternative, order the CO Code Administrator to release all NXX codes that are needed to prevent 10-digit customer number changes.

Henry G. Hultquist
Mary De Luca
MCI WorldCom, Inc.
1801 Pennsylvania Ave, N.W.
Washington, D.C. 20006
(202) 887-2502

[15] 47 U.S.C. §251(e)(1).

Jackie Ellis
Director of Government and Industry Affairs
Electric Lightwave, Inc.
4400 N.E. 77th Avenue
Vancouver, Washington 98662
360-816-3228

Eleanor Willis
Manager, Regulatory Programs
Winstar, Inc.
1146 19th Street, N.W., 2nd Floor
Washington, DC 20036
202-530-7656

Barry Pinales
Regulatory Counsel
GST Telecom Inc.
4001 Main Street
Vancouver, Washington 98663
360-356-7104

Emily M. Williams

Emily Williams
Association for Local Telecommunications
Services (ALTS)
888 17th Street, N.W., Suite 900
Washington, DC 20006
202-969-2585

Appendix A

In the Matter of the Generic Investigation into the Recommendation of the Numbering Plan Administrator for an Area Code Relief Plan in the 602 Area Code, Order of the Arizona Corporation Commission, Docket No. T-00000F-97-0693, Decision No. 61301 (adopted 12/22/98).

To MCI - req. area code

BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission
DOCKETED
DEC 22 1998
DOCKETED BY

JIM IRVIN
COMMISSIONER-CHAIRMAN
RENZ D. JENNINGS
COMMISSIONER
CARL J. KUNASEK
COMMISSIONER

IN THE MATTER OF THE GENERIC INVESTIGATION INTO THE RECOMMENDATION OF THE NUMBERING PLAN ADMINISTRATOR FOR AN AREA CODE RELIEF PLAN IN THE 602 AREA CODE	DOCKET NO. T-00000F-97-0693 DECISION NO. 61301 ORDER

Open Meeting
December 18, 1998
Phoenix, Arizona

BY THE COMMISSION:

Over one-half of all telephone numbers in Arizona are in the 602 calling area. Competition in the local telephone market, and the increasing demand for telephone numbers to provide second lines, fax machines, modems and wireless services has resulted in a projected exhaust of the 602 area code in mid-1999. The last exhaust of the 602 area code occurred only 3 years ago in 1995, resulting in the addition of the 520 area code to all locations outside of the Phoenix metropolitan and suburban area.

FINDINGS OF FACT

BACKGROUND AND PROCEDURAL HISTORY

1. On April 28, 1997, the U S WEST Numbering Plan Administration Center as the Central Office Code Administrator in Arizona filed an Industry Report ("Report") with the Commission projecting that the 602 Number Plan Area ("NPA") would exhaust in late 1999. The Report stated that service providers in Arizona were unable to reach consensus on a relief plan, and therefore, requested the Commission to issue an order adopting a relief plan for the 602 area code. The Industry, after considering all of the relief methods outlined in the Industry Numbering Committee NPA Code Relief

Planning and Notification Guidelines ("Industry Guidelines"), narrowed its choices to either an "Overlay" or a "Geographic Split".[1]

2. On August 13, 1997, in an effort to obtain additional input on the two relief methods and to assist the NPA Relief Coordinator in formulating a specific recommendation, the Commission held a 602 Area Code Relief Forum. At the Forum, the NPA Relief Coordinator, Mr. Jack Ott, presented an overview of the pending exhaust, gave information on NXX code usage in the 602 NPA, and provided a review of the Industry meetings. Representatives from Industry presented the positions in favor of both the Overlay and Geographic Split. At the conclusion of the Forum, the Commission asked the NPA Relief Coordinator for Arizona to submit a recommendation on a relief plan for the 602 Area Code.

3. On September 16, 1997, the NPA Relief Coordinator for Arizona submitted his recommendation to the Commission for the adoption of an Overlay to address the impending exhaust of the 602 area code.

4. On December 8, 1997, the Commission commenced a generic investigation on this issue soliciting written comments from all interested parties and affected carriers in the 602 area code. The Commission set January 8, 1998 as the deadline for initial comments and January 29, 1998 as the deadline for reply comments. Parties filing initial comments included: Southwestco Wireless, L.P., DBA Cellular One ("Cellular One"), U S WEST NewVector ("NewVector"), U S WEST Communications, Inc. ("U S WEST"), AT&T Communications of the Mountain States, Inc. ("AT&T"), MCI Telecommunications Corporation ("MCI"), and the Arizona Payphone Association ("APA"). Parties filing reply comments included: AT&T, Cox Arizona Telcom, Inc. ("Cox"), Cellular One, U S WEST, and TCG Phoenix ("TCG").

5. On February 4, 1998, the Commission issued a Notice scheduling a series of public input hearings around the Phoenix metropolitan area. The Notice also invited members of the public to

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[1] The traditional relief alternatives in the Industry Guidelines include the Geographic Split, an Overlay, or a Realignment of Existing Area Code Boundaries. The Industry considered and rejected several alternatives including a double split and an NPA realignment proposal before recommending either a single Geographic Split or an Overlay. The double split was dropped because it would have resulted in dividing the City of Phoenix. The boundary change which would have moved portions of the current 602 NPA to the 520 NPA was eliminated because it shortened the life of the 520 NPA, required some customers to change their entire telephone number, and provided only limited relief to the 602 NPA.

submit written comment to the Commission on the issue.

6. On August 23, 1998, Dr. Bruce D. Merrill, a professor at Arizona State University whom the Commission hired to conduct a telephone survey of subscribers in the 602 area code, submitted his survey results to the Commission.

SUMMARY OF COMMISSION STAFF RECOMMENDATION

7. Commission Staff, after reviewing all of the comments submitted herein, the responses to data requests sent to affected carriers to determine the impact of the various proposals presented, and the rest of the record before it, recommends that the Commission adopt an all-services Overlay to address the impending exhaust of the 602 area code, and that the Commission seek a waiver of the mandatory 10-digit dialing requirement from the Federal Communications Commission ("FCC").

RELIEF ALTERNATIVES

A. The "Geographic Split".

8. A "Geographic Split" involves splitting the affected area into two or three separate NPA codes. Under this relief method, the geographic significance of area codes is retained since it divides the original area code into two or more separate area codes. The customers in the old area code are least affected since they retain the same 10-digit telephone number. Subscribers in the second area code keep the last 7-digits of their existing telephone number but have a new area code.

9. After considering several different Geographic Split proposals, the Industry agreed to the one contained in Attachment I of Staff's November 5, 1998 Memorandum. Basically, the agreed upon proposal would leave almost all of Phoenix and small parts of Paradise Valley and Glendale in the 602 NPA. The new NPA would cover the remaining parts of Phoenix and the other suburban areas in the existing 602 local calling area. The proposed Geographic Split does not follow geographic lines because customers are served from different wire centers in the Phoenix area. Deviation from the existing wire center boundaries would require affected customers to change their 7-digit telephone number, which is not desirable.

10. The Industry further recommended that if a Geographic Split is chosen, all existing wireless numbers should remain in the 602 NPA so that reprogramming of the wireless phones would not be necessary.

11. Under the Geographic Split, 7-digit dialing would continue within each NPA; however,

10-digit dialing would be required between NPAs or area codes. All calls between the affected NPAs would still be local in nature, which means that customers would not be assessed toll charges for these calls.

B. The "Overlay".

12. With the "Overlay" method of relief, the new NPA or area code would be "overlaid" on top of the existing 602 area code. This means that all existing customers would keep their current 10-digit telephone number with the 602 area code, and most new customers would receive the new NPA or area code. The Industry agreed that if the Overlay method of relief is selected, any 602 NXX codes remaining at the time the new NPA code became available should be evenly allocated to new service providers.

13. Under existing FCC rules and regulations, implementation of an Overlay is subject to the following conditions:

a. Mandatory 10-digit dialing for all local telephone calls in the future in the affected area regardless of whether the calls are within or between NPAs.

b. Provision of at least one Central Office Code (C.O. Code) from the existing NPA to all service providers who have been authorized to provide telecommunications services 90 days prior to the introduction of the new area code.

POSITION OF INTERESTED PARTIES AND AFFECTED CARRIERS

A. Public Input Hearings.

14. The Commission held a series of public input hearings around the Phoenix metropolitan area in an attempt to garner input on the public's preference with respect to the two relief options under consideration. During the months of January and February, 1998, public input hearings were held at the Commission's Offices in downtown Phoenix, in Tempe, Scottsdale, and Sun City. Because attendance was relatively light, the hearings did not provide much insight into which relief method the public preferred.

15. Of the customers present at the public input hearings, opinion was about equally divided between the Geographic Split and Overlay. In addition, representatives from the alarm industry who

were present expressed preference for an Overlay. Many consumers also expressed preference for a service-specific Overlay for wireless services, an option prohibited under current FCC rules and regulations.

B. Written Comments Of Affected Carriers.

16. The Commission also solicited written comment from interested parties and affected carriers. Of the affected carriers or industry associations who filed written comments, the APA, AT&T, TCG, MCI , and Cox supported the Geographic Split. On the other hand, U S WEST, NewVector and Cellular One supported the Overlay.

17. Those commenters favoring an Overlay, generally cited the following factors and concerns:

a. An Overlay minimizes customer disruption by allowing all existing customers to retain their current telephone numbers.

b. A Geographic Split will cause significant costs to be incurred by customers transferred to the new NPA. An Overlay avoids the costs associated with many existing customers having to change their NPA or area code with a Geographic Split.

c. An Overlay avoids the actual introduction of the new area code for as long as possible, since the 602 area code would be completely exhausted before the new area code is assigned.

d. An Overlay is a long-term solution. Once selected, an Overlay is used in the future on all numbering exhausts. New area codes are simply placed over the affected area with each impending exhaust.

e. Future relief planning would be simplified by eliminating the need for another round of workshops, meetings and hearings to decide what approach to take in the future.

f. An Overlay will provide a longer relief period than the Geographic Split method. Based on current estimates, if a Geographic Split is elected, additional area code relief would be required in 2003. If an Overlay is elected, new relief will not be required until 2007.

g. An Overlay avoids splitting communities, cities and political districts. It also avoids the "ever shrinking area code syndrome", and the associated reoccurring consumer disruption, the future division of communities of interest, and constantly changing area code geographic boundaries.

18. On the other hand, proponents of the Geographic Split generally cited the following factors and arguments:

a. A Geographic Split is the traditional method of relief easily understood by customers. According to customer surveys in Washington, California, Colorado, and Connecticut, customers prefer Geographic Splits.

b. A Geographic Split will preserve 7-digit dialing within NPAs and may be less confusing to customers. Commenters claim that an Overlay will be particularly difficult for older citizens and children, given the change to mandatory 10-digit dialing and the presence of different area codes in the same home or neighborhood.

c. An Overlay will destroy the area's geographic identity. It will no longer be possible to determine where a particular home or business is located by reference to its area code. With a Geographic Split, the City of Phoenix would retain its current geographic identification with the 602 area code, and the development of a separate NPA identity for cities such as Scottsdale, Tempe and Mesa would be possible.

d. An Overlay will harm emerging local exchange competition in the affected area. Commenters state that U S WEST now has approximately 90 percent or more of

existing NXXs. Without Local Number Portability ("LNP"), under an Overlay, new entrants would receive the bulk of their telephone numbers from the new area code, which will be unfamiliar and less desirable to most customers. Additionally, U S WEST will continue to have many "warehoused" numbers in the 602 area code, and therefore, it is questionable that U S WEST will soon have to assign its customers to the new area code. Also, U S WEST will benefit from the "churn" of existing numbers which will act to further enrich its supply of 602 numbers.

e. An Overlay will also increase costs to customers. Promotional material which does not include the full 10-digit telephone number will have to be reprinted on business cards, stationery, advertising and signs. The need for changes may be more numerous since there will be no way to identify the area code for a given business from its physical location, as the Overlay removes the "area" from the area code. Finally, there is an additional cost of having to reprogram all phone systems, burglar alarm systems and customer premises equipment for 10-digit dialing.

f. The Geographic Split allows the Commission to maintain flexibility in selecting options for future NPA relief. Once an Overlay is implemented, the Commission is effectively limited to implementing additional Overlays.

C. <u>Customer Preference Survey</u>.

19. Dr. Bruce Merrill, a professor at Arizona State University, conducted a poll for the Commission of affected subscribers to determine customer preference with respect to the Geographic Split or the Overlay. Dr. Merrill contacted 407 registered voters living in Maricopa County. The results of Dr. Merrill's survey are attached as Attachment II of Staff's November 5, 1998 Memorandum. The survey results show that 46 percent of those surveyed favor a Geographic Split, 33 percent of those surveyed do not have a preference as to the relief option chosen, and 21 percent of those surveyed favor an Overlay.

20. The Commission's Consumer Services Division also tallied the results of comments they

received, and while small in number (32), these comments reveal an almost even split in public opinion between the two methods of relief.

RELIEF OBJECTIVES OR GOALS

21. In examining this issue, the Commission must weigh the importance of a variety of factors that affect all or a portion of the telecommunications users in the 602 area code. Compounding the difficulty of this task is the knowledge that regardless of the plan chosen, either option includes attributes that both industry and consumers may find confusing, disruptive, and objectionable.

22. The following four considerations or objectives are either identified in Industry Guidelines or FCC Orders on NPA exhaust, and thus it is important that the Commission consider them in making its decision. First, the plan selected should maximize the time frame before another disruptive NPA relief action is necessary. Second, the relief method selected should be competitively neutral. Third, the plan should minimize the total costs to all affected parties. Fourth, the relief option chosen should be the least confusing and disruptive to customers and take into account customer preferences. The following comparative analysis will examine the issues with these four goals in mind.

ANALYSIS

A. Maximizes Time Before Additional Relief Is Required.

23. A common concern, and one expressed by many parties herein, relates to the relief planning process in general and the length of the relief period under both alternatives. It is important to try to avoid another exhaust situation for as long as possible because of the disruption and confusion to the public caused by changes in telephone numbers.

24. Industry Guidelines recommend that the Commission not adopt any relief measure that is estimated to last less than five years. According to Industry estimates, the proposed Geographic Split will result in the need for relief in the Phoenix core area in just four years and the suburban area in 12 years. This means that under the Industry's own Guidelines, the proposed Geographic Split would not be sanctioned as a relief option in this instance, since a large portion of the affected area is projected to exhaust again in four years.

25. Cox counters that an Overlay cannot provide a greater relief period than the Geographic Split method since exactly the same number of telephone numbers will become available under both

methods. Staff finds this argument to be meritless. To the contrary, the periods of relief can be expected to vary greatly under the two relief options, because each NPA will grow at a different rate and will have a different amount of numbers available to it.

26. Other commenters point out that the boundaries of the proposed Geographic Split could be changed to even out the lives of the codes in old NPA and new NPA. The Staff has not examined this option because the proposed Geographic Split now before the Commission was the product of Industry consensus. In addition, in order to equalize the relief periods between NPAs, the City of Phoenix would have to be split, an option which the Industry has rejected.

27. From a relief planning perspective, the Overlay is a particularly attractive option for the Phoenix market because it is used in predominantly high growth areas, since it is a long-term method which simplifies the relief planning process in the future. As such, it is also less disruptive than a Geographic Split on an ongoing basis. The Phoenix metropolitan area has experienced tremendous growth in recent years, a trend which is expected to continue well into the next decade. High growth areas tend to experience what is known as the "ever shrinking area code syndrome", where the recurring need for relief results in an ever expanding number of area codes. It has been only three (3) years since the 602/520 split in this area. With the continued high levels of growth projected in the 602 NPA over the next decade, the Commission can expect to address this issue at least this often in the future, if not more often if the Geographic Split method of relief is chosen.

28. The recent experience in Texas is instructive. The Texas Commission adopted a Geographic Split for the Dallas and Houston areas which, while originally projected to last much longer, is now projected to exhaust again a mere two years later because of the tremendous growth in the area. This is a good example of what can happen in high-growth markets such as Phoenix. The "ever shrinking area code syndrome" or presence of multiple area codes in a large urban area also results in a slow erosion of many of the benefits generally associated with a Geographic Split.

29. In summary, an Overlay will maximize the time before further relief is necessary and will

simplify future relief planning in the Phoenix metropolitan area.[2]

B. **The Relief Option Chosen is Competitively Neutral.**

30. Another important objective identified in FCC Orders on NPA Exhaust should be to minimize any adverse impact upon emerging competition in the local telephone market in the affected area. Many telephone providers, particularly competitive local exchange carriers ("CLECs"), oppose an Overlay because they claim it places them at a competitive disadvantage.

31. Regardless of the plan selected, NPA relief will have some effect on competition. The crux of this issue centers on the new service providers' ability to have access to the supposedly more desirable NXX codes in the 602 NPA. In this regard, a Geographic Split (particularly in the absence of LNP) may be the most equitable means of assigning code resources to both the new service providers and U S WEST. This is because the Geographic Split method duplicates the NXX codes in each geographically bound NPA, giving new service providers access to those codes on an equal basis with U S WEST.

32. However, many of the anti-competitive concerns of an Overlay identified by parties have been substantially alleviated with the implementation of LNP in the Phoenix MSA in August of this year. Those parties opposing an Overlay were primarily concerned that LNP would not be available in the 602 area code by the time the Overlay was implemented. For instance, Cox urged the Commission not approve the Overlay option until LNP had been fully implemented in the Phoenix metropolitan area. Without LNP, CLECs would be competitively disadvantaged because a customer would have to change his or her existing telephone number to take service from a CLEC. With LNP, existing telephone subscribers may change carriers and keep their existing telephone numbers. In other words, with LNP it is easier to port 602 numbers, and thus more 602 numbers will be available to the CLECs and their customers.

33. Even with LNP, however, opponents of the Overlay argue that its anti-competitive effects will not be mitigated in two instances. The two instances involve a new customer who did not

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[2] The feasibility of implementing a service-specific Overlay in the 602 area code was also examined because of the expressed preference for this option at the public input hearings. Based upon the data received, a service-specific overlay would only prolong the need for additional relief in the 602 area code by approximately 3-4 years. In addition, the service-specific overlay is currently prohibited under FCC rules and regulations, and it would be difficult to demonstrate "special circumstances" which would be necessary to obtain a waiver of the rule.

previously have service with another carrier, and an existing customer who orders an additional line. In each instance, the CLEC argues it would have to assign the customers a new area code.[3] However, under both of these examples, this is true only to the extent that the CLEC has already utilized all of its existing 602 NXX codes. Moreover, this is equally true with respect to U S WEST. While U S WEST has "warehoused" numbers in the 602 area code, all facilities-based CLECs also have assigned NXX codes that are not fully utilized at this time.

34. Staff finds that the record demonstrates that with the implementation of LNP in the Phoenix MSA, many of the anti-competitive concerns of an Overlay identified by parties in this Docket have been eliminated. Therefore, while competitive issues continue to be a significant consideration in the Commission's determination, such factors no longer tip the scales in either direction. With LNP, the playing field has been leveled to a significant degree.

35. However, to further alleviate any remaining concerns in this regard, if an all-services Overlay is chosen as Staff recommends, Staff proposes: (1) adoption of the Industry's recommendation to retain the remaining 602 numbers for new service providers, and (2) adoption of a voluntary take-back program of unused NXXs, which may result in the availability of more 602 NXXs for all carriers. While Staff believes that number pooling would be the best solution to the concerns identified, it is not expected to be available until the year 2000, when some consensus is achieved at the Federal level and the FCC addresses the issue.

C. **Minimizes Costs to Both Consumers and the Industry.**

36. The next consideration relates to the costs to both Industry and consumers under the two alternatives. Since either method of NPA relief comes with a price tag to Industry and consumers alike, the focus must be to select the method that will minimize the overall cost to consumers and Industry.

37. With a Geographic Split, costs will be incurred by approximately 40 to 50 percent of existing 602 customers to change their existing NPA code to the new NPA. The costs to businesses

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[3] Several CLECs suggest that customers may prefer to do business with "established " companies that utilize the existing 602 area code. This assumes that a "new business" stigma attaches to companies that utilize the new NPA. It is likely, however, that if there is such a stigma, it will be short-lived as the new area code becomes more prevalent. Additionally, under a comprehensive education program, familiarization of the new NPA should occur quickly.

will include changing vehicle markings, stationery and other promotional materials. The costs to many other subscribers in addition to businesses transferred to the new NPA will include reprogramming of customer premises equipment and alarm systems. Any future NPA Geographic Splits would result in the same costs every time additional relief is needed.

38. On the other hand, there are also substantial costs associated with an Overlay. Businesses will bear the costs of printing all 10-digits of their number on stationery, vehicles and other promotional materials. All phone systems, burglar alarm systems and customer premises equipment will also have be reprogrammed to accommodate mandatory 10-digit dialing. In addition, there are central office reprogramming costs under both relief methods.

39. The record demonstrates that substantial costs will be incurred in the short-term under either the Overlay or the Geographic Split. However, in the long-term, costs should be lower with an Overlay because it will simplify the decision-making process in the future since it is a long-term permanent solution.

D. <u>Minimizes Confusion and Disruption to Customers</u>.

40. The final concerns expressed by parties relate to the adverse impacts upon consumers under both relief methods. The impact upon customers is perhaps the single most important factor that the Commission must consider when making its decision. The disruption and confusion caused by changes in telephone numbers affect not only callers located in the Valley, but these changes also affect callers in other parts of the country who place calls to the Phoenix area. Neither the Geographic Split nor the Overlay will be completely transparent to customers in the affected area.

41. Examination of the record reveals that both methods of relief have advantages and disadvantages as far as their impact upon end-users. The Geographic Split has been in existence longer and has been successfully implemented in many metropolitan areas across the country. Consumer preference surveys indicate that more customers prefer the Geographic Split for a variety of reasons. However, this may be due to the fact that an Overlay is still a relatively new concept which appears to just now be gaining acceptance. The use of Overlays has grown from two in 1996 to seven in 1998.

42. A Geographic Split will require between 40 to 50% of the existing 602 customers to change their current telephone numbers. The Overlay does not require any existing customers to

change their telephone numbers, and therefore, avoids this considerable initial disruption to almost half the customers in the affected 602 area code.

43. The Geographic Split, however, may be less confusing to customers when one considers that the geographic identity of area codes remains intact. Thus, if a customer wants to call a friend in Tempe, he or she should be able to associate that location with a particular area code. However, with LNP, this may not be true in the future because LNP provides location and service provider portability within a rate center and the 602 area has only one rate center. Nonetheless, a primary concern mentioned in conjunction with an Overlay is the potential confusion created by having different area codes in the same neighborhood or at the same customer location.

44. Dialing patterns is the other large concern raised by opponents of both relief methods. Seven-digit dialing is left intact within NPAs with the Geographic Split option. Many commenters believe that 7-digit dialing on local calls within an NPA is less confusing to customers. However, at the same time, concern is expressed that it may actually be more confusing to customers to have a combination of 7-digit and 10-digit dialing on local calls.

45. Those opposing an Overlay, however, argue that mandatory 10-digit dialing for all local calls in the future will be confusing to customers and extremely inconvenient. They argue that mandatory 10-digit dialing will be particularly difficult for older citizens and children and could pose a safety concern, particularly in Arizona, given its large senior citizen population.

46. The customer survey for Arizona could also be interpreted to suggest that more customers chose the Geographic Split because of the inconvenience associated with mandatory 10-digit dialing for all local calls with an Overlay. While the survey sample was extremely small, and this must be taken into account in determining the weight to be accorded it, other surveys across the country also suggest that mandatory 10-digit dialing may be confusing and burdensome to customers.

47. The Commission must attempt to find a reasonable balance for consumers, weighing all of the concerns just discussed and taking into account the consumer preference surveys. From a customer standpoint, an all-services Overlay with 7-digit dialing on calls to the same NPA most closely achieves the balance desired. Customer surveys demonstrate a strong customer preference for retention of 7-digit dialing for calls within the same NPA, and the conditions within the 602 area code

are particularly favorable for waiver of the mandatory 10-digit dialing requirement.

48. The FCC has imposed this requirement due to anti-competitive concerns. The consolidation of all rate centers into one in the 602 area code, together with LNP implementation in the affected area in August of this year, greatly minimizes any anti-competitive impact associated with the maintenance of 7-digit dialing within NPAs. In addition, Staff is recommending a voluntary take-back program of NXX codes which have not been utilized at the time the Overlay is implemented.[4] Together, all of these factors alleviate the need for mandatory 10-digit dialing in conjunction with Overlay implementation in the 602 area code.

NUMBER CONSERVATION MEASURES

49. The Commission and Industry have already taken substantial steps to prolong the life of the existing 602 area code. For example, rate center consolidation, which significantly reduces the number of NXX codes new service providers need to compete within a given calling area, has already been implemented in the Valley. In Decision No. 59311, the Commission took certain actions to help conserve NXX codes in both the 602 and 520 NPAs.

50. Additional number conservation procedures that were considered which would be viable for the future, but which would not necessarily help the current exhaust, include mandatory NXX reclaim and number pooling. Staff completed an analysis of the number of clean and contaminated (10% or less numbers assigned) 1,000 number blocks in the 602 NPA in June 1998. The analysis determined that even if every NXX code could be reclaimed, it would only postpone the relief date by six months. While number pooling holds great promise, the NPA Relief Coordinator and others estimate that number pooling will not be available prior to the year 2000, when the FCC has had an opportunity to consider the matter.

51. However, most parties in their written comments support further examination of various number conservation measures. Staff, therefore, recommends that the Commission Staff continue to monitor developments concerning number pooling at the federal level and that the Commission address this issue once national direction is received.

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[4] Current FCC orders only permit states to institute "voluntary" take-back programs at this time, until the issue is the subject of more analysis at the federal level.

IMPLEMENTATION ISSUES

A. Permissive Dialing Periods.

52. The Numbering Administrator for Arizona recommends that a four-month permissive dialing period begin on the first of February and end the first of June, 1999, at which time the new NPA code could be activated.

53. Staff notes that a four-month permissive dialing period is the shortest period recommended in the Industry Guidelines; however, the Numbering Administrator for Arizona has indicated that more flexibility is available with an Overlay. Staff supports the Numbering Administrator's proposal for a four-month permissive dialing period to commence the first of February and end on the first of June, 1999, at which time the new NPA would be activated. However, such support is qualified so that adjustments may be made for any changes in the projected exhaust date or to accommodate other factors, at the discretion of the Commission Staff.

B. Future NXX Code Allocation.

54. On September 11, 1998, Staff met with the NPA Relief Coordinator for Arizona to determine the current projected exhaust date and to obtain a suggested course of action to prevent NXX code depletion in the 602 NPA. On that date there were 75 NXX codes available and NXX code assignments were averaging seven new codes per month. The Coordinator projected that the exhaust date would be mid-1999. The present usage of seven codes per month compares to an average NXX code usage per month of nine in 1996 and six in 1997.

55. Staff recommends that NXX code usage be closely monitored, as any spike in usage could make it necessary for Lockheed-Martin, the current NXX code administrator for the 602 NPA, to declare the 602 in jeopardy. A jeopardy situation is serious because it indicates that the forecasted and/or actual demand for NXX codes will exceed the known supply during the planning/implementation interval for NPA relief.

56. In general, during a jeopardy situation the NXX Code Administrator attempts to prevent NXX exhaustion by obtaining Industry consensus on a method of NXX code allocation. If the Industry fails to reach consensus, the Code Administrator would request the Commission to establish an allocation procedure. Staff recommends that the Commission require prior notification and consultation before any declaration of jeopardy in the 602 area code and before any new allocation

procedure is implemented.

CONSUMER EDUCATION AND TECHNICAL ISSUES

57. The Numbering Administrator for Arizona proposes that two implementation committees be established at this time, one to address customer education and the other to address technical issues.

58. Staff supports this action and recommends that the Commission require the Industry to work with Commission Staff to develop a comprehensive customer education program similar to the program used in Colorado in conjunction with the implementation of an Overlay in the Denver metropolitan area, and to address other technical issues associated with implementation of an Overlay in the 602 area code.

59. Staff believes that customer education is a key element in the successful implementation of either the Geographic Split or Overlay. Further, since everyone, including the wireless and new wireline entrants, benefits from the successful introduction of the new NPA, all service providers should pay a share of the customer education program based on the number of NXX codes they control.

60. Finally, Staff filed a memorandum on December 17, 1998 outlining potential options available for a geographic split.

STAFF RECOMMENDATION

Based upon findings of fact 1-60, Staff recommends:

a. That the Commission adopt the all-services Overlay method of relief to address the impending exhaust of the 602 area code.

b. That the Commission immediately seek a waiver from the FCC of the mandatory 10-digit dialing requirement for all local calls within each NPA.

c. That the Commission Staff work with Industry to develop a comprehensive customer education program similar to the program used in Colorado in conjunction with the

introduction of a new area code in the Denver metropolitan area, and to address technical issues relating to implementation of an all-services Overlay.

d. That the Commission order that the costs of any customer education program be paid by all service providers based on the number of NXX codes that they control.

e. That the Commission adopt the Industry's recommendation to retain all remaining 602 NXX codes for new service providers, to the extent codes are available after permissive dialing.

f. That the Numbering Administrator's proposal for a four-month permissive dialing period be adopted, which shall commence February 1, 1999 and end June 1, 1999, at which time the new NPA will be activated; subject to potential adjustments for any changes in the projected exhaust date and other factors, at the discretion of the Commission Staff.

g. That the Commission adopt a voluntary take-back program of unused NXXs, which should result in the availability of more 602 NXXs for new service providers.

h. That the Commission require prior notification and consultation before any declaration of jeopardy in the 602 area code and implementation of a new allocation procedure.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the subject matter of this investigation.

2. The recitals of fact and conclusions of law set forth above are supported by the record and are hereby adopted as findings of fact and conclusions of law.

3. The record in this proceeding supports adoption of the geographic split as identified as Figure 2 from Staff's memorandum dated December 17, 1998.

ORDER

IT IS THEREFORE ORDERED that the geographic split as identified as Figure 2 in Staff's memorandum dated December 17, 1998 is hereby adopted.

IT IS FURTHER ORDERED that permissive dialing be extended for the alarm industry until November 30, 1999.

IT IS FURTHER ORDERED that all wireless NXX codes assigned through October 31, 1999 in the 602 NPA will be grandfathered.

IT IS FURTHER ORDERED that after November 1, 1999, any new prefixes assigned to wireless carriers shall come from the appropriate area code dependant upon the location of the switching center.

IT IS FURTHERED ORDERED that the costs of any customer education program shall be paid by all service providers in the 602 area code based upon the number of NXX codes which they control.

IT IS FURTHER ORDERED that 2 (two) years prior to any NPA exhaust, that a Task Force be established to analyze and provide input and recommendations to the Commission regarding additional area codes that will be required in the future.

IT IS FURTHER ORDERED that the Numbering Administrator's proposal for a six-month permissive dialing period shall commence March 1, 1999 and end September 1, 1999, at which time the new NPA will be activated.

IT IS FURTHER ORDERED that Staff will work with the industry to assist in minimizing customers financial hardships created by the changing of their NPA.

IT IS FURTHER ORDERED that within 120 days of the date of this order all present wireline and wireless providers working together will develop and present to the Commission a numbering pooling plan for the State of Arizona that is flexible in its capability to be modified to meet the national number pooling guidelines when adopted by the FCC.

IT IS FURTHER ORDERED that the East Valley will acquire the 480 area code and the West Valley will acquire the yet to be assigned area code.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

COMMISSIONER-CHAIRMAN COMMISSIONER COMMISSIONER

IN WITNESS WHEREOF, I, JACK ROSE, Executive Secretary of the Arizona Corporation Commission, have hereunto set my Hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 22nd day of Dec, 1998.

JACK ROSE, EXECUTIVE SECRETARY

DISSENT

RTW:DS:LS:mas/MAS

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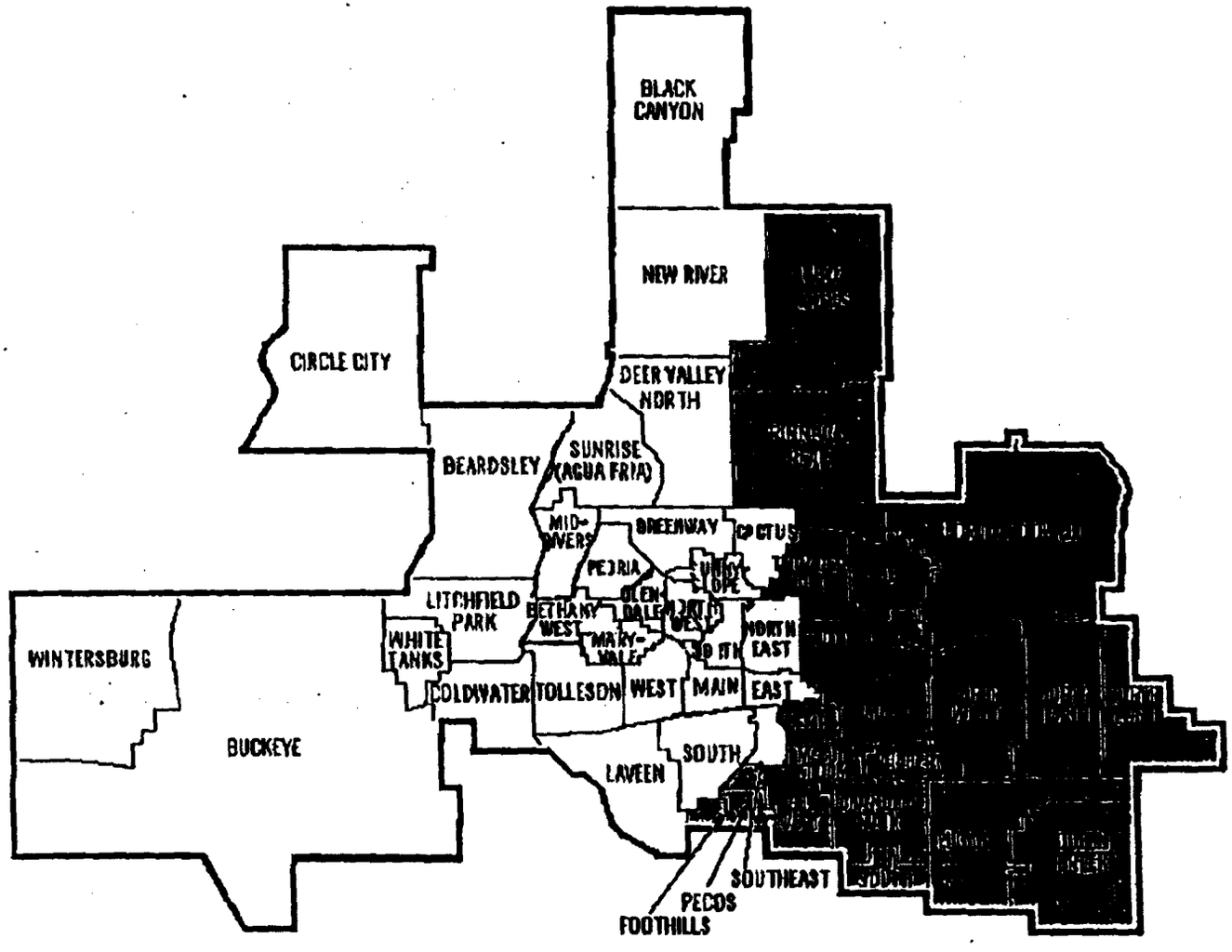
FIGURE 2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NEW RIVER
CIRCLE CITY
DEER VALLEY NORTH
BEARDSLEY
SUNRISE (AGUA FRIA)
MID-RIVERS
GREENWAY
CACTUS
PEORIA
GLEN-DALE
LITCHFIELD PARK
BETHANY WEST
WHITE TANKS
MARY-VALE
NORTH EAST
WINTERSBURG
COLDWATER
TOLLESON
WEST
MAIN
EAST
BUCKEYE
SOUTH
LAVEEN
SOUTHEAST
PECOS
FOOTHILLS

Appendix B

MCI WorldCom's Comments in Support of Various Motions to Reconsider,
Before the Arizona Corporation Commission, Docket #T-0050F-97-693
January 29, 1999

LEWIS AND ROCA LLP LAWYERS

BEFORE THE ARIZONA CORPORATION COMMISSION

JIM IRVIN
CHAIRMAN

CARL KUNASEK
COMMISSIONER

TONY WEST
COMMISSIONER

GENERIC INVESTIGATION ON RECOMMENDATION OF THE NUMBERING PLAN ADMINISTRATOR FOR AN AREA CODE RELIEF IN THE 602 AREA CODE	Docket #T-00050F-97-0693 MCI WORLDCOM'S COMMENTS IN SUPPORT OF VARIOUS MOTIONS TO RECONSIDER

MCI WorldCom files these comments to support those motions for reconsideration seeking an overlay approach and to provide an additional reason why the Arizona Corporation Commission (the "Commission") should reconsider the overlay. The three-way split ordered by the Commission will inadvertently cause greater hardship to CLEC customers than ILEC customers in the Phoenix area. The resulting impact may require many MCI WorldCom customers to take a full ten-digit numbering change to satisfy the split requirements rather than the normal three-digit NPA change typical in split scenarios.

Rate centers were originally established in response to a need for a fixed point within each exchange that ensures consistent mileage measurements. Numbering assignment guidelines for companies choosing to perform call rating consistent with the traditional ILEC rate center configuration requires the assignment of one Central Office (CO) NXX code per rate center. Consolidation of rate centers is an alternative that

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minimizes the demand for NXX codes within an NPA. In 1997, the Commission ordered a rate center consolidation ("RCC") for the Phoenix local calling area. MCI WorldCom complied with this order by allowing our NXX resources to be assigned to customers anywhere within the rate center (the entire 602 Numbering Plan Area or "NPA"). As a result, different customers have been assigned MCI WorldCom's 586 NXX throughout the 602 area code. See Exhibit 1, Figure 1. The split that was ordered essentially breaks the single rate center into three different NPA regions causing customers to have numbers with the same NXX assignment in each of the NPA's. See Exhibit 1, Figure 2.

When discussing the need to retain existing NXX assignments in the two new NPAs with the code administrator, MCI WorldCom was told that the current jeopardy procedures do not allow code assignments in the new NPA any earlier than two months after the split has completed. Therefore, MCI WorldCom will be forced to change customer's telephone numbers to other NXXs allocated to the correct NPA assignments corresponding to the customer's service address prior to the split, thereby forcing a ten-digit number change to a large portion of MCI WorldCom customers. Further complications are caused by the existence of local number portability ("LNP") which requires additional analysis for customers who have ported into MCI WorldCom.

It appears that US West does not share the same split impacts as MCI WorldCom. Since US West NXX assignments do not cross the boundaries of the split, their customers will only require a three-digit NPA change at most which is characteristic of a usual split scenario.

The unique situation in Phoenix, resulting in a split of a rate center, causes MCI WorldCom to favor the overlay as less egregious than the proposed split.[1] Even though ten-digit dialing is not desirable by the public, the three-way split that was ordered will

[1] On November 6, 1998, MCI WorldCom filed supplemental comments in which it explained that it did not oppose an overlay.

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require the phone user in Phoenix to always be aware as to when to dial the area code and when not. As a result of this split, the Phoenix area consumer will already have a high incidence of ten-digit dialing.

The split of the rate center also inadvertently reverses the original intent of the rate center consolidation by requiring CLECs to have at least three NXX codes in order to operate in the Phoenix rate center rather than a single NXX code prior to the proposed split. A CLEC who wants to operate in the Phoenix area, under the overlay approach, would only require a single NXX code to begin serving customers within the rate center. Thus, the proposed split at least partially will undo what this Commission sought to do with the 1997 rate center consolidation.

The least objectionable relief method for expanding the numbering resources of the 602 area code for all consumers is the overlay due to the large consolidated rate center in the area. The FCC Second Report and Order 96-333, ¶ 281, on number administration states that "numbering administration should . . . not unduly favor or disadvantage any particular industry segment or group of consumers." The three-way split proposed does not meet this criteria.

If the Commission fails to reconsider the split and adopt an overlay, MCI WorldCom asks the Commission to support allocation of MCI WorldCom matching NXX assignments in each of the new NPA's so that our customers will not be subject to a ten-digit number change as a result of the split and will at lest be able to retain the seven-digit portion of their number assignments. MCI WorldCom is aware that this action utilizes many NXX assignments, but without the overlay, this is the only way to mitigate impacts to our customers to the same extent the current plan insulates U.S. West's customers.

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If one of the two above alternatives (overlay or additional codes) are not made available, MCI WorldCom believes the FCC should review this matter.[2] It is important that customers do not perceive that they may obtain more favorable treatment from one provider than another in the area of number resource availability.

RESPECTFULLY SUBMITTED this 29th day of January, 1999.

LEWIS AND ROCA

Tom Campbell

Thomas H. Campbell
40 N. Central Avenue
Phoenix, Arizona 85004

- AND -

Thomas F. Dixon
MCI Telecommunications Corporation
707 N. 17th Street, Suite 3900
Denver, Colorado 80202

Attorneys for MCI WorldCom

ORIGINAL and ten (10) copies
Of the foregoing hand-delivered this
29th day of January, 1999, to:

Arizona Corporation Commission
Docket Control – Utilities Division
1200 W. Washington Street
Phoenix, Arizona 85007

[2] The FCC Second Report & Order 96-333, Para 291, states "if a state acts inconsistently with Federal Number Guidelines designed to ensure the fair and timely availability of numbering resources to all telecommunications carriers, parties wishing to dispute a proposed area code plan may file a petition for declaratory ruling, rulemaking, or other appropriate action with the commission."

630933.01

LEWIS AND ROCA LLP
LAWYERS

COPY of the foregoing mailed
this 29th day of January, 1999, to:

Timothy Berg
Fennemore Craig P.C.
3003 N. Central Avenue
Suite 2600
Phoenix, Arizona 85012-2913

Pat vanMidde
AT&T Communications
2800 N. Central Avenue
Phoenix, Arizona 85004

Michael Patten
Brown & Bain
2901 N. Central
P.O. Box 400
Phoenix, Arizona 85001-0400

Betty J. Griffin

530/33.01

EXHIBIT 1

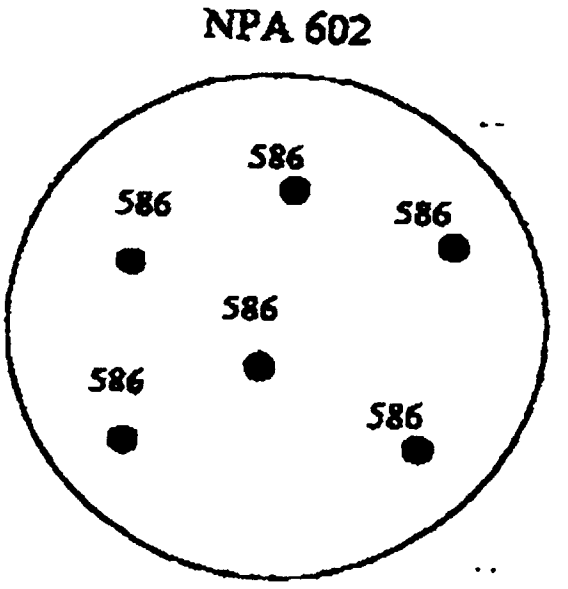

FIGURE 1

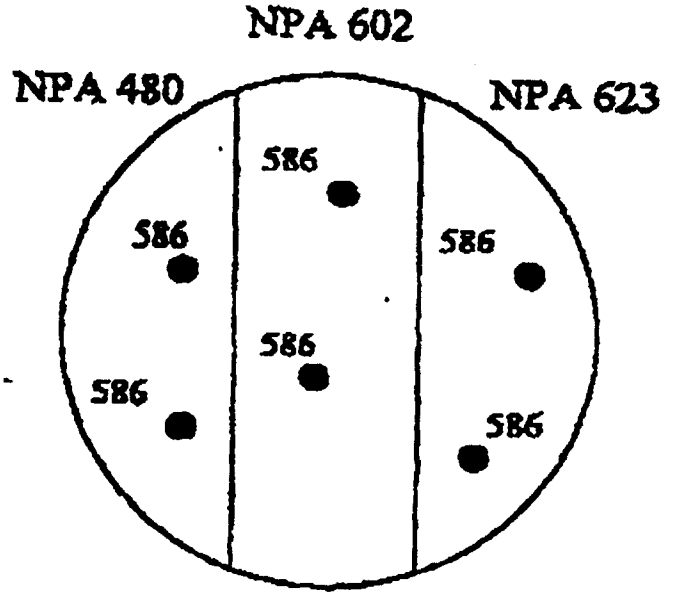

FIGURE 2