BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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In the Matter of a Relief Plan for the Exhaust of the 612 Area Code

ISSUE DATE: April 6, 1999

DOCKET NO. P-999/M-97-506

ORDER AFTER RECONSIDERATION

PROCEDURAL HISTORY

On December 15, 1998, the Commission issued its ORDER SETTING FURTHER AREA CODE RELIEF, REQUIRING TRAFFIC STUDIES, AND CLARIFYING NUMBER CONSERVATION EFFORTS. In that Order the Commission implemented Phase II of the (612) area code relief plan. The Commission separated Minneapolis and Richfield (by municipal boundaries) and Fort Snelling (by wire center) from the remainder of the current (612) area code, and assigned the three separated areas a new code, (952).[1] The Commission also renewed the current industry prefix rationing/allocation plan--which had proven essential to number conservation efforts--to allow it to continue through the implementation of Phase II.

While Phase II area code numbering relief was clearly necessary, the timing of the Commission's December 15, 1998 area code decision was partly a response to a new Federal Communications Commission order forbidding any state commission from implementing prefix rationing without an associated area code relief decision. Faced with the necessity of proceeding with the area code relief decision, yet aware that further information could be useful to the relief plan process, the Commission ordered the telephone industry to reconvene to discuss the Commission's relief plan and to submit any consensus modifications and comments to the Commission for reconsideration by March 5, 1999. In the meantime, the industry was to conduct traffic studies of the calling patterns into and out of the proposed three area codes (i.e, 612, 651, and 952) and to submit the results of those studies to the Commission by February 16, 1999. The Commission also planned to conduct at least two public meetings on the proposed area code plan to gather public opinion on the merits of alternative relief plans.

[1] The Commission notes that, although the North American Numbering Plan Administrator (NANPA) has reserved this number for use in the Commission's area code relief plan, NANPA has not yet officially assigned the number.

On February 17, 18, and 19, 1999, the Commission held public hearings in Richfield, Eden Prairie, and Minneapolis. In total, approximately 65 members of the public attended the meetings. No clear consensus of opinion emerged from comments at the public hearings. Generally, members of the public attending the Richfield and Minneapolis meetings favored methods of area code relief that would allow them to keep the (612) area code. Public participants in Eden Prairie generally spoke in opposition to the overlay method.

Through March 5, 1999, the Commission received nearly 1200 comments regarding the area code relief proposals. Although 75% of the comments favored the overlay approach, most of those were responding to a US WEST letter urging its business customers to contact the Commission in support of the overlay method.

On March 1, 1999, the Minnesota Business Utility Users Council (MBUUC), a group of major business users of telecommunications service in Minnesota, filed comments supporting a geographic split as the preferred area code relief plan, and opposing the overlay alternative.

On March 3, 1999, the City of Richfield filed its City Resolution No. 8683, urging the Commission to retain the (612) area code for Minneapolis, Richfield, and Fort Snelling, and to split the remaining (612) area into two new area codes.

On March 4 and 5, 1999, Sprint Spectrum L.P. (Sprint), MCI WorldCom (MCIW), and AT&T Communications of the Midwest, Inc. (AT&T) filed comments and/or requests for reconsideration. AT&T and Sprint endorsed an overlay solution for the impending (612) area code exhaust, with appropriate safeguards against anti-competitive effects. MCIW stated that it "may not object to use of an overlay in Minnesota" if such a method were implemented in a competitively neutral manner.

On March 5, 1999, US WEST Communications, Inc. (US WEST) filed its request for reconsideration. US WEST asked the Commission to move to an overlay approach for area code relief. If the Commission continued to require a geographic split along municipal lines--a method US WEST considered unduly burdensome--US WEST requested Commission permission to recover its associated costs from ratepayers. US WEST stated that an overlay is preferable because it is a long-term approach, enhances dialing predictability, and helps preserve geographic identity by avoiding further splits. US WEST noted that the Industry and other cities have accepted the overlay approach. According to US WEST, a geographic split is a fruitless attempt to preserve seven-digit dialing, since over 50% of calls from the (612) area code currently use 10-digit dialing.

The following telephone companies and association stated their support for US WEST's overlay proposal: Bridgewater Telephone Company; Eckles Telephone Company; GTE Minnesota; Lakedale Telephone Company; Minnesota Telephone Association.

On March 5, 1999, the North American Numbering Plan Administrator (NANPA), on behalf of the Minnesota Telecommunications Industry, filed a response to the Commission's December 15, 1998 area code relief Order. The NANPA stated that the Minnesota Telecommunications Industry had met twice to discuss the Commission's area code relief plan.

The Industry members reached consensus that the Commission should modify its December 15, 1998 Order and adopt an "all services overlay" as the means of relief for the (612) area code. The Industry also agreed that, in the event the Commission continues to favor a geographic split, the Commission should reevaluate the Phase II permissive dialing date of January, 2000, in order to alleviate possible Y2K issues.

On March 5 and 10, 1999, the Department of Public Service (the Department) filed comments. The Department recommended the Commission's adoption of a two-way, geographic split along municipal boundaries. Under the Department's plan, Minneapolis, Fort Snelling, Richfield, and St. Anthony would retain the (612) area code and the remainder of the current (612) area would be assigned the new (952) area code. The Department recommended that the Commission allow all wireless service providers in the current (612) area code to retain their area code.

The Department argued that the Commission should accept its geographic split plan because it is readily acceptable to consumers; minimizes confusion and preserves geographic identity; best retains seven-digit dialing; achieves competitive neutrality; and balances the relief period on each side of the split. From traffic studies provided by US WEST, the Department concluded that its recommended geographic split would result in the retention of seven-digit dialing for between 55% and 67% of calls originating in the (612) area code and for between 73% and 90% of calls originating in the new (952) area code. The Department projected an exhaust period of 9.5 years for the Minneapolis (612) area and 9.8 years for the new (952) area. The Department projected an exhaust period of 10.0 years for an overlay alternative.

On March 12, 1999, the Suburban Rate Authority, a joint powers organization of 38 suburban municipalities, filed a response to the reconsideration requests of the Department and US WEST. The Suburban Rate Authority (SRA) supported the Department's proposal, with the clarification that current (612) wireless customers may either retain the (612) area code or choose the (952) area code.

On March 12, 1999, the Metropolitan 911 Board (the 911 Board) filed comments stating that any area code relief measure--whether a geographic split or an overlay--would have a major impact on the 911 emergency response system. The 911 Board asked the Commission to request that US WEST respond to questions regarding the impact of area code relief on 911 service.

On March 15, 1999, US WEST filed reply comments.

On March 22, 1999, the matter came before the Commission for consideration. At the March 22 meeting, US WEST unveiled a proposed "speed calling" promotion for use with the overlay relief method. Under US WEST's proposal, the company would waive the nonrecurring charge for the installation of speed dialing for 90 days for customers within the overlaid area code. US WEST would also waive the monthly service rate for 3 months and reduce the monthly rate thereafter from $2.00 to $1.00 for those customers. US WEST offered the speed dialing proposal to mitigate the FCC requirement that an overlay system include 10-digit dialing for all calls.

FINDINGS AND CONCLUSIONS

I. INTRODUCTION AND SUMMARY OF ORDER

In this Order the Commission reexamines its December 15, 1998 decision in the light of written and oral comments from the public and from parties. The Commission determines that the geographic split still provides the greatest possible relief for pending area code exhaust with the least disruption and confusion for consumers and the least anti-competitive effect on competitive providers. Based upon evidence submitted by parties, the Commission makes two modifications to its previous plan--retaining the (612) area code for Minneapolis and assigning two, instead of one, new area codes to the remainder of the former (612) area. The Commission then provides the details necessary to implement this plan.

Lastly, the Commission recognizes that its request for two new area codes may not be accepted by the NANPA. In that case, it will be necessary for the Commission to reconsider the decision it is making today. Furthermore, the Commission is aware that Industry opinions on area code relief are evolving, that technological numbering advances are on the horizon, and that the FCC is currently examining major numbering and conservation issues. Given all these facts, the Commission waives its rules on reconsideration to allow parties another opportunity to request reconsideration of this decision.[2]

II. THE COMMISSION CONTINUES TO FIND THE GEOGRAPHIC SPLIT METHOD RESULTS IN THE MOST BENEFITS AND THE FEWEST DISADVANTAGES TO CONSUMERS AND PROVIDERS

A. Introduction

On November 13, 1997, the Commission issued its first Order outlining the shape of area code relief for the then-existing (612) area.[3] Since that decision, the Commission has implemented Phase I of its area code relief plan; St. Paul and its suburbs have progressed through the permissive dialing period to mandatory dialing of a new area code. A jeopardy allocation plan has assigned prefixes by lottery since January, 1998.

In its December 15, 1998 decision, the Commission formed a plan for the implementation of Phase II relief through a geographic split and outlined the parameters of the dialing periods. The Commission also provided the public and interested parties the opportunity to express their

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[2] The Commission's decisions in this Order are a reconsideration of the December 15, 1998 Phase II decision. Under the Commission's rules, parties have only one opportunity to request reconsideration of a Commission Order. Waiving the rules will allow parties the opportunity to ask again for reconsideration--in effect, a "reconsideration of a reconsideration."

[3] In the Matter of a Relief Plan for the Exhaust of the 612 Area Code, Docket No. P-999/M-97-506, ORDER ESTABLISHING AREA CODE RELIEF PLAN, SETTING POLICIES FOR NUMBER CONSERVATION, AND ESTABLISHING TASK FORCE.

further views in public meetings, written and oral comments, and an expanded Commission reconsideration period.

Now the Commission has reexamined its December 15 decision in light of further information provided during the reconsideration period. Having done so, the Commission finds no compelling reason to move from its previous geographic split relief plan. The Commission bases this conclusion upon three major findings. First, the history of Phase I implementation lends support for the continuation of the geographic split method. Second, the data and comments provided by the public and parties do not offer a clearly superior alternative to the Commission's geographic split plan. Third, the geographic split method, with two modifications discussed in this Order, best fits the methodology analysis the Commission has previously developed and applied.

The Commission will examine each of these three factors in turn.

B. The Implementation of Phase I Supports the Commission's Continued Use of the Geographic Split Plan

The permissive dialing phase of Phase I area code relief began on July 12, 1998; mandatory dialing of the (651) area code has been in place since January 11, 1999. Since dialing of the (651) area code became mandatory, the Commission's Office of Consumer Affairs has received very few consumer complaints regarding unsatisfactory service or lost calls. The Commission notes that contemporaneous newspaper accounts depicted a quiet and uneventful transition to full implementation of the (651) area code for St. Paul. In short, Phase I--the first phase of the Commission's master plan for (612) area code relief through municipally-drawn geographic splits--has been implemented smoothly and effectively.

As the Department noted, and US WEST confirmed, the company's costs to execute Phase I were significantly lower than US WEST had predicted.[4] US WEST has not yet begun implementing Phase II; the company's projected Phase II costs remain uncertain at this time.

The Commission notes that the smoothness, efficiency, and relatively low cost of Phase I implementation are in large part due to US WEST's efforts. The Commission has every reason to believe that US WEST will approach Phase II with the same efficiency and inventiveness, and the same sense of duty toward ratepayers, shareholders, and the general public. The Commission therefore believes that the successful history of Phase I implementation is a reliable predictor of success for a similar geographic split along municipal lines in Phase II.

C. Comments and Information Presented by the Parties and Public Do Not Point to a Clearly Preferable Alternative to the Geographic Split

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[4] The Commission is aware that US WEST has stated that the lower costs were due to its inventive use of interoffice trunking/remote switching, and that this approach would not be practicable for Phase II.

The Industry "consensus" report favoring the overlay method of area code relief was something less than consensus in the usual meaning of that term. Although the Industry reached NANPA standards for consensus, many telecommunications Industry members did not partake in the consideration of area code relief, and at least one participant at the Industry meetings (MCIW) did not join in the majority view.

The Industry's overlay recommendation was countered by other strong support for the geographic split method of area code relief. The MBUUC reported that there is little support among major business telecommunications users for the overlay method. The SRA, whose members include western suburban municipalities directly affected by the proposed relief plan, favored the geographic split along municipal boundaries. Both the MBUUC and the SRA believed that the Commission is in the best position to decide which of the geographical divisions should retain the (612) area code.

Public participation in public meetings was helpful but not determinative of a clear preference for area code relief. No consensus on methodology emerged from the approximately 65 members of the public attending one of the three Commission public meetings.

The Department's analysis, particularly its exhaust projections for 15 different relief scenarios, was painstaking and valuable. The Department's recommendation of a two-way geographic split along boundary lines was well-reasoned. The Commission notes, however, that the Department stated at the March 22 hearing that it does not oppose the three-way geographic split alternative (that is, assigning two new area codes), although the Department continues to favor the two-way geographic split. The Department's main concern regarding the three-way geographic split alternative is the fact that NANPA's granting of two new area codes remains uncertain.

Having carefully considered each and every source of information and opinion from parties and public participants, the Commission concludes that no pattern or clear direction emerges to move the Commission from the geographic split method of area code relief first chosen in November, 1997. So long as the latest version of the geographic split plan, including the modifications discussed in this Order, fulfill the Commission's decision criteria, the geographic split remains viable. The Commission will next examine if its latest iteration of the geographic split continues to fulfill the Commission's chosen criteria.

D. The Geographic Split Continues to Satisfy the Commission's Decision Criteria

In 1997, when the Commission first considered its overall method of (612) area code relief, the Commission's decision framework consisted of three major considerations:

- the continuation of high quality service with the least disruption to consumers
- the effect of the relief plan on the competitive balance between incumbents and new entrants
- the effect of the plan on preexisting dialing patterns

Based upon the foregoing decision analysis, the Commission chose a three-way, municipally-drawn geographic split with two-phase implementation.[5]

Two years later, with the first phase of the overall plan successfully in place, the Commission's three decision criteria retain their validity. Measured against those criteria, the Commission's decision to implement Phase II through a municipally-drawn geographic split (with the two modifications the Commission describes below) remains sound. First, as evidenced by the (651) split, the municipally-drawn geographic split allows the continuation of high quality service with a minimum of disruption and confusion. Second, the geographic split is competitively neutral, without the addition of FCC- or Commission-invoked competitive protections.[6] Third, the geographic split method will minimize the disruption of preexisting dialing patterns, and retain seven-digit dialing, to the greatest possible extent.

In its initial (612) area code relief decision, the Commission also examined the following factors to gauge the plan's effects on consumers:

- the retention of geographical identity
- simplicity and ease of understanding
- long-term stability
- retention of seven-digit dialing to the greatest extent
- conservation of numbering resources
- impact of the solution on future renumbering efforts

Based upon these criteria, the Commission continues to find that a geographic split along municipal boundaries is in the public interest. A geographic split for Phase II will retain geographic identity and reduce confusion by mirroring the previous successful split. Unlike the overlay, which can never be reversed once it is implemented, the geographic split will retain all options (hopefully, unnecessary) for future renumbering efforts. The three-way version of the geographic split (described below) will result in long-term numbering stability.

In conclusion, based upon the history of Phase I implementation, information gathered during the reconsideration phase, and the application of the Commission's longstanding decision criteria, the Commission finds that the municipally-drawn geographic split (as modified below) is the best plan for Phase II of (612) area code relief.

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[5] In the Matter of a Relief Plan for the Exhaust of the 612 Area Code, Docket No. P-999/M-97-506, ORDER ESTABLISHING AREA CODE RELIEF PLAN, SETTING POLICIES FOR NUMBER CONSERVATION, AND ESTABLISHING TASK FORCE.

[6] The FCC is currently studying some of the protections--such as Unassigned Number Portability--designed to mitigate possible anti-competitive effects of overlay. Because protections such as Unassigned Number Portability currently are without national guidelines, implementation of such protections may be problematic at this time.

III. THE COMMISSION WILL MODIFY ITS PREVIOUS GEOGRAPHIC SPLIT METHOD TO PRESERVE MINNEAPOLIS' GEOGRAPHIC IDENTITY AND TO PROVIDE BALANCED AND LONG LASTING NUMBER RELIEF

Although the Commission will not alter its basic geographic split relief method, the Commission will apply information gathered in this process to alter the preliminary plan in two major ways: 1) the (612) area code will remain with Minneapolis; and 2) the remainder of the current (612) area will be divided into a northern and southern half and assigned two new area codes instead of the one area code previously envisioned.

A. The Assignment of the (612) Area Code

In its comments, the Department included exhaust projections for 15 different area code relief alternatives. This data convinced the Department that the Commission should assign the (612) area code to Minneapolis rather than to the suburbs to the west. The Department based its recommendation on the fact that assignment of the (612) area code to Minneapolis would result in balanced, long-term projected exhausts for the western suburbs and the Minneapolis core.

Commenting parties and participants, including the City of Richfield, noted that central cities have traditionally been allowed to retain the originally-assigned area codes as those codes have been geographically split. In its deliberations, the Commission also noted that its unique municipal boundary split method has so far allowed Minneapolis (612) and St. Paul (651) to retain their geographic identity. Logic supports allowing Minneapolis--the hub of government, business, shopping, and entertainment in the present (612) area--to retain its area code identity while assigning the new area codes to the more geographically dispersed western suburbs.

Further information presented on assignment of the (612) area code thus persuades the Commission that Minneapolis, rather than the western suburbs, should retain the (612) area code.[7] Through its previous choice of municipal boundary geographic area code splits, the Commission has, to the greatest extent possible, preserved the Twin Cities' geographic identity while providing new codes to prevent number exhaust. Retention of the (612) code in the Minneapolis core will preserve the carefully crafted geographic quality of the plan implemented to date. The Commission will assign the (612) area code to Minneapolis.

B. The Assignment of Two New Area Codes to the Western Suburbs

For three main reasons, the Commission finds that a logical, fair, and long lasting area code relief plan requires a three-way split that divides the (612) region outside Minneapolis into two

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[7] By Minneapolis, the Commission is referring to Minneapolis, Fort Snelling, and Richfield, as previously decided in the Commission's December 15, 1998 Order. The Commission also includes St. Anthony, as recommended by the Department. Inclusion of St. Anthony in the (612) area code rather than the new area code avoids a situation in which St. Anthony would be a geographically isolated "peninsula" surrounded by two other area codes.

parts and assigns two new area codes (instead of one) to the new areas.[8] The three-way geographic split is the better alternative because: 1) it combines the best elements of the geographic and overlay methods; 2) it provides balance between the northern and southern divisions, and between the suburbs and the Minneapolis core; and 3) most significantly, it allows a long-term, perhaps permanent, solution to (612) area code issues. The Commission will analyze these reasons in turn.

First, assignment of two new area codes combines the benefits of the geographic split method with the greater length of relief that an overlay might bring. Consistent with the Commission's overall relief plan to date, the three-way geographic split can be largely effected along municipal boundaries. The plan will thus preserve the geographic identity of numerous communities and avoid the confusion of an overlay alternative. The plan will preserve seven-digit dialing, to the extent possible, for the large portion of the metropolitan region affected by Phase II. At the same time, assignment of three new area codes can provide the long-term solution that overlay proponents tout. The plan thus combines the best of both methods for Phase II of (612) area code relief.

Second, division of the western suburbs into two roughly equal parts allows each to undergo renumbering at one time, on an equal basis, and then to reap the benefits of a long-term solution. In its March 5, 1999 comments, the Department's preliminary analysis indicated that the northern and southern suburbs of Minneapolis would experience approximately equal exhaust periods with the implementation of two new area codes. (With the assignment of (612) to Minneapolis, however, the exhaust period for Minneapolis may prove shorter than the suburbs.) The addition of two new sets of prefixes into the suburban area brings a significant benefit to these communities--a promise of long-term stability that should offset the assignment of (612) to Minneapolis. Thus, each of the three new areas benefits in roughly equal proportions under the plan.

Third, the use of a three-way geographic split for Phase II relief will contribute to the long-term stability of the overall plan. The length of area code relief is a vital concern in any area code numbering relief decision. Even the most well-conceived area code relief measure inevitably brings expense and some degree of temporary inconvenience in its wake. In its series of public meetings and hearings, the Commission has listened to providers and consumers share their deep concerns regarding further area code renumbering. The Commission must choose an area code relief plan that brings a measure of permanence to the solution; a quick-fix plan, no matter how superficially attractive, can only bring an illusory benefit.

The Commission notes that exhaust projections are not yet available for the three areas carved from (612) under a three-way geographic split. (At the March 22, 1999 meeting, NANPA representatives promised to develop such projections as soon as possible.) Even without new projections, however, simple logic shows that the addition of two new sets of prefixes (instead

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[8] The three-way geographic split alternative was suggested by the City of Richfield in written comments and by private citizens in public meetings.

of one) will lengthen the exhaust periods for the western suburbs. Based upon previous *two-way* exhaust projections by the Department (which predicted 9.5 years for the Minneapolis 612 area and 9.8 years for the remaining 952 area) or by NANPA (which predicted 6.6 years for the Minneapolis core and 4.9 years for the western suburbs), it is clear that a *three-way* division with two new area codes will allow long-term relief for all three new areas.

With long-term numbering relief in place for all three new areas, ongoing advances in number porting, thousand block number pooling, unassigned number portability, and other conservation technologies may well create a scenario in which the three new areas created from the (612) area code--Minneapolis; the northern Minneapolis suburbs; and the southern Minneapolis suburbs--never again experience renumbering. At this time, this scenario remains only a possibility--but a possibility that becomes more realistic with the application of three-way numbering. At the very least, a three-way geographic split should forestall renumbering for a significant, and somewhat equal, period of time for each of the three new areas.

IV. THE COMMISSION ADDS FOUR ELEMENTS TO COMPLETE THE GEOGRAPHIC SPLIT PLAN

The Commission's December 15, 1998 decision outlined the major elements of the Phase II split. The Commission is now proceeding with that plan, with the modifications noted above. The Commission at this time must provide the details of the plan as it moves toward reality. In this section of the Order the Commission will decide: the permissive dialing period; treatment of wireless service providers; effect of the plan on dialing in certain extended area service routes; and coordination of the plan with the Metropolitan 911 Board.

A. The Permissive Dialing Period

In its December 15, 1998 Order, the Commission set the permissive dialing period for Phase II to begin in January, 2000. The Industry has noted, however, that initiation of the permissive dialing period in January, 2000, could compound Y2K difficulties the Industry and consumers may already face. The Commission will therefore set the permissive dialing period to begin December 1, 1999. This period should allow providers sufficient time to implement system changes, while avoiding any unnecessary Y2K burdens for providers or consumers.

B. Wireless Service Providers

In a May 15, 1998 Order[9], the Commission allowed Aerial Communications, Inc. (Aerial), a wireless telephone service provider, to retain its (612) prefixes even though Aerial's single mobile switch was located in what was now the (651) area code. The Commission reasoned that a wireless provider, whose switch serves its customers wherever the customers may be (in contrast to landline providers, whose service through switches is geographically based), should be able to serve all customers through the customers' "preferred" area code prefixes, regardless

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[9] In the Matter of a Relief Plan for the 612 Area Code, Docket No. P-999/M-97-506, ORDER GRANTING AREA CODE NUMBERING RELIEF.

of whether the provider's switch happens to be located on one side or the other of a new area code boundary. The Commission stated that Aerial, and other wireless providers, may request prefixes within either the (612) or the (651) area code. The Commission specified that Aerial, and other wireless providers, could choose to retain their existing prefixes in the (612) area code.

Today, wireless providers hold approximately 165 prefixes in the (612) area code. The mobile switches for some wireless providers are located in areas outside of the Minneapolis core which will be designated as (612) in Phase II. The Commission is aware that continuing its policy of allowing all wireless providers to retain their current (612) prefixes, regardless of switch location, will adversely impact the projected exhaust of (612). The Commission is also aware, however, that wireless providers would experience significant expense if they were forced to reprogram all handsets to a new area code. The Commission finds that the significant cost to wireless providers from forced conversion to new area code prefixes outweighs any adverse effects on number conservation from retention of current prefixes. Furthermore, advances in number pooling may significantly mitigate the effects of retention of (612) prefixes by wireless providers.

For these reasons, the Commission will allow wireless service providers to retain their current (612) prefixes (and, if they wish, request prefixes in the new area codes), regardless of the location of the providers' switches. This decision allows the treatment of wireless providers to remain consistent with past Commission decisions.

C. Effect of the Plan on Certain EAS Routes

In an April 15, 1998 Order[10], the Commission identified 11 extended area service (EAS) routes in which customers were able to seven-digit dial from the (612) area code across area code boundary lines to certain parties in the (218), (320), (507), and (715) area codes. In its Order, the Commission allowed subscribers in the 11 EAS routes to retain seven-digit dialing for this EAS toll-free "local calling" even though callers in non-EAS areas who place calls between these area codes would ten-digit dial long distance.

Since the Commission split St. Paul and its suburbs into the (651) area code, only two EAS routes fall between the remaining (612) area and surrounding area codes. Those routes are: 1) Webster/New Market (612) and Lonsdale (507); and 2) Cambridge (612) and Braham (320). The Commission must clarify if those EAS routes will remain seven-digit dialed as the Commission enters into Phase II of the (612) area code relief plan.

The Commission here clarifies that it will continue to allow subscribers in Braham (320) and Lonsdale (507) to seven-digit dial to Cambridge and Webster/New Market, respectively. Customers in the (320) and (507) area codes are accustomed to seven-digit dialing of local calls

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[10] In the Matter of a Relief Plan for the 612 Area Code, Docket No. P-999/M-97-507, ORDER REAFFIRMING PREVIOUS ORDERS, AND APPROVING IMPLEMENTATION PLAN AND CUSTOMER EDUCATION PLAN.

within their area codes and to ten-digit dialing for long-distance calls to locations outside their area codes. Customers in Braham (320) and Lonsdale (507) are currently toll-free dialing to EAS partner exchanges in the (612) area code; the Braham and Lonsdale customers should not be required to give up the benefits of this seven-digit dialing. Furthermore, the (320) and (507) area codes are in no danger of exhaust for the foreseeable future. Requiring ten-digit dialing to "preserve" the prefixes for number conservation fails cost/benefit analysis.

On the other hand, subscribers in Cambridge, Webster, and New Market (612), like other (612) subscribers, will presumably continue to do most of their calling within the current (612) area code. As that area code is further split, however, customers will be required to ten-digit dial their local calls across the new boundaries of the three new area codes. Cambridge, Webster, and New Market subscribers will therefore not be disadvantaged vis a vis other current (612) subscribers if they must now ten-digit dial their calls across area code boundaries to their EAS partners. Furthermore, requiring ten-digit dialing from the (612) side to their EAS partners in (320) and (507) will "preserve" the relevant prefixes for use in the current (612) area code--which does face exhaust issues. For these reasons, customers in Cambridge, Webster, and New Market will henceforth be required to ten-digit dial to their respective EAS partners (Braham and Lonsdale) in the (320) and (507) area codes.

Finally, the Commission will allow customers in Lonsdale and Braham permanent permissive ten-digit dialing to Webster/New Market and Cambridge, respectively. Although Lonsdale and Braham customers can seven-digit dial to these EAS partners, permissive ten-digit dialing is a logical safeguard. Because these EAS routes will henceforward be seven-digit dialed one way and ten-digit dialed the other, the permissive ten-digit dialing should minimize confusion and inconvenience for Lonsdale and Braham customers.

D. The Metropolitan 911 Board

In its March 12, 1999 letter to the Commission, the Metropolitan 911 Board noted that any method of area code relief will require significant changes to the 911 system. The Board also noted that US WEST is the 911 service provider and system integrator for the Twin Cities metropolitan area. The Board stated that it currently has many unanswered questions regarding the degree to which area code relief will impact the 911 system, and the cost and methodology of system changes. The Metropolitan 911 Board asked the Commission to request US WEST to respond to the Board's questions regarding these topics.

The Commission will so order. Furthermore, the Commission will direct US WEST to work especially closely with the Metropolitan 911 Board during the implementation of further area code relief.

V. FURTHER OPPORTUNITY FOR RECONSIDERATION

The Commission has decided upon a three-way geographic split along municipal boundaries, with Minneapolis retaining the (612) area code and the western suburbs acquiring two new area codes. This decision is contingent upon NANPA's granting the Commission's request for simultaneous assignment of two new area codes. NANPA's response to the Commission's

request is presently uncertain. If NANPA rejects the Commission's request, the Commission will need to reopen the present decision to decide upon a different form of area code relief.

Given this unique set of circumstances, the fact that the FCC is currently examining significant numbering conservation issues such as sequential number blocking and unassigned number portability, and that technology and Industry practices are changing with astonishing rapidity, the Commission will vary Minn. Rules, part 7829.3000, subp. 7 (which precludes a second reconsideration petition) to allow parties to request reconsideration of this Order. The opportunity for an extra reconsideration period will allow parties every chance to present their information, data, and opinions and will provide the Commission every chance to reach a well-reasoned relief plan decision in the best interests of consumers, providers, and the general public.

The rule waiver fulfills the three variance criteria of Minn. Rules, part 7829.3200. Enforcement of the rule would impose an excessive burden upon the Commission and applicants by precluding consideration of further information in this unique set of changing circumstances. Granting the variance advances the public interest by allowing the Commission and parties the opportunity to present and examine further information. Granting the variance does not conflict with standards imposed by law.

ORDER

1. The Commission modifies and clarifies its December 15, 1998 Order regarding Phase II of the (612) area code relief plan as follows:

    a. Minneapolis, Fort Snelling, St. Anthony, and Richfield will retain the (612) area code.

    b. The western suburbs of Minneapolis (the remainder of the former 612 area) will be divided and assigned two new area codes as follows:

        i. One area code will be assigned to the suburbs north and west of Minneapolis, down to approximately I-394. This area includes suburbs such as Columbia Heights, Fridley, Moundsview, Blaine, Cambridge, Princeton, Becker, Monticello, Buffalo, Waverly, Montrose, Delano, Independence, Medina, Maple Grove, Plymouth, and Golden Valley.

        ii. One area code will be assigned to the suburbs south and west of Minneapolis, up to approximately I-394. This area includes suburbs such as Bloomington, Burnsville, Apple Valley, Lakeville, Savage, Elko, New Prague, Belle Plaine, Norwood, New Germany, Watertown, Minnetrista, Long Lake/Orono, Wayzata, Minnetonka, and St. Louis Park.

        iii. The line separating the northern and southern areas will be drawn for the most part along municipal boundaries. In the less urbanized area west of the boundary between Medina and Long Lake/Orono, however, the two sections will be divided along wire centers.

c. The permissive dialing period for Phase II will begin December 1, 1999.

d. The Commission clarifies that wireless service providers may choose to retain their current (612) prefixes, and, if they wish, obtain prefixes in the two new area codes, regardless of the location of the wireless providers' switches.

e. The EAS routes between Webster/New Market and Lonsdale and between Cambridge and Braham will be dialed as follows:

   i. Subscribers in Braham and Lonsdale will continue to seven-digit dials to their respective EAS partners in Cambridge and Webster/New Market. Ten-digit dialing will be permissive for these subscribers.

   ii. Subscribers in Cambridge and Webster/New Market will ten-digit dial to their respective EAS partners in Braham and Lonsdale.

f. The Commission directs US WEST to respond to the Metropolitan 911 Board's questions regarding effects of area code relief on the 911 system, and to work especially closely with the Metropolitan 911 Board during the implementation of further area code relief.

g. The Commission varies Minn. Rules, part 7829.3000, to allow parties to request reconsideration of this Order. Parties may request reconsideration of this Order pursuant to the usual time frames of Minn. Rules, part 7829.3000.

2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

This document can be made available in alternative formats (i.e., large print or audio tape) by calling (612) 297-4596 (voice), (612) 297-1200 (TTY), or 1-800-627-3529 (TTY relay service).

DISSENTING OPINION

Chair Garvey and Commissioner Koppendrayer. dissenting.

The goal when introducing a new area code is to inconvenience the least number of people in the least inconveniencing way. The Commission's decision to impose two new and additional area codes in the Minneapolis suburbs violates this goal. Therefore, we disagree with and hereby dissent from this decision. We believe the Commission should adopt the "overlay" solution because it is less disruptive and less expensive.

No Need for Four Area Codes. In January 1999, St. Paul and the eastern portion of the metro area started using the 651 area code. With the current Commission decision, two new area codes will be added in January 2001. This means that in two short years the Minneapolis-St. Paul portion of the state will go from having one area code to four. Put in numerical terms, it will go from 8 million phone numbers to 32 million. The region does not need this many numbers. The metro area does not need four area codes. We hope that the National Numbering Plan Administrator recognizes this fact. Under the Commission's decision, approximately three-quarters of the region's phone users will be given a new area code. It need not be the case. People need not change their area code. They can keep 612 if the Commission adopted the overlay approach.

Seven-Digit Dialing Cannot Be Preserved. There are two primary reasons why the overlay may not be attractive. The first reason is that, under Federal Communications Commission rules, the overlay requires everyone to dial ten digits. This is a legitimate concern and one that correctly led the Commission to adopt the 612/651 geographic split. However, the reality is that 7-digit dialing cannot be preserved when the area is divided into three (let alone) four different area code regions as the Commission proposes. When one subtracts 11-digit dialed long distance phone calls and 10-digit dialed phone calls from the Minneapolis side to the 651 east side, the most optimistic numbers show that 55% of the remaining calls will be 7-digits. The most negative numbers show that 41% of the remaining calls will be 7-digit dialed. We are certain the percentage of 7-digit dialing will go down under the Commission's four-way split decision. Thus, under the Commission's decision, not only will most people have to change their area codes but they will be dialing ten-digits anyway. This is what makes the overlay a better option for us.

Overlay is Not Anti-Competitive. The second drawback is that the overlay may be anti-competitive. Yet, in the Commission's final area code hearing, potential competitors of US West urged the Commission to adopt the overlay approach. These competitors (MCIW and AT&T) concluded that the anti-competitive elements of the overlay could be addressed and the benefits, like a larger geographic area within which numbers can be ported, outweigh the drawbacks.

Geographic Splits Cost Needless Money. Area code introductions cost telephone companies, ratepayers and those who have to change stationery and advertising materials money. Therefore, such introductions ought to be done in the least expensive manner. Geographic splits cost more than overlays because some people definitively have to change their stationery and advertising materials. In an overlay design everyone keeps their 612 area code; there is no need to change stationery or advertising materials.

Wireless Ought Not Be Favored. The Commission's decision allows wireless service providers to keep 612 regardless of where their switches are located. We believe that wireless should be treated just like any other telephone service provider in a geographic split: if their switch is in an area that is getting a new area code, then their subscribers should get the new code. The Commission ought not favor wireless over other providers. Such favoritism is both unfair and contrary to Federal Communication Commission rules. Ironically, this wireless favoritism issue need not occur if the Commission adopted the overlay design. In an overlay, wireless providers and customers would keep their current 612 area code like everyone else.

The Department's Two-Way Split Is Flawed. The Department of Public Service (DPS), the public's chief advocate in telecommunications regulation, urged the Commission to adopt a three-way split, whereby Minneapolis would get the 612 area code, the western suburbs would get 952, and St. Paul and the east would remain 651. While better than the Commission's four-way split design, the DPS proposal has two flaws. First, it is premised on the belief that the overlay is anti-competitive. This, as we indicated above, is not necessarily the case. Second, while it is attractive to allow Minneapolis to keep 612, it could mean that some people in the suburbs might have to change their area code twice. It is unclear how long it will be before the suburbs need another area code under this three-way design. Some predict 4.5 years, others 9 years. In fact, it was this concern of a rapid area code exhaust that led the Commission to pursue the four-way split in the first place. Thus, the problem with giving Minneapolis 612 is that when the suburbs need a new area code they would have already changed once (from 612 to 952), and then some would have to change again (from 952 to the new area code number). We should avoid such double changes at all cost.

Once again, this points out why the overlay design is superior. First, people get to keep 612. No one has to change their area code. Second, the Commission need not decide who gets to keep 612; everyone does. Third, once the overlay approach is adopted, when we need to add a new area code down the line, all that happens is that a new code is adopted and given out with new telephone numbers. It is easy: no changes, no disruption and no additional costs.

To conclude, we dissent from the Commission's four-way geographic split area code decision. We believe an overlay is a much better approach. An overlay allows people to keep 612 and not force anyone to change. Under the Commission's decision people will more often than not be dialing ten digits anyway, thereby negating a key benefit of a geographic split. The economic costs incurred from an overlay is less than the costs incurred in the Commission's geographic split design. The anti-competitive aspects of an overlay are no longer the big deal they once were and can be addressed. Wireless providers ought not be given favored treatment. *The Commission ought to adopt an overlay design to address the exhaust of the 612 area code. The overlay design will inconvenience the least number of people in the least inconveniencing way.*

Edward Garvey, Chair

LeRoy Koppendrayer, Commissioner

April 6, 1999

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Edward A. Garvey	Chair
Joel Jacobs	Commissioner
Marshall Johnson	Commissioner
LeRoy Koppendrayer	Commissioner
Gregory Scott	Commissioner

In the Matter of a Relief Plan for the Exhaust of the 612 Area Code

ISSUE DATE: December 15, 1998

DOCKET NO. P-999/M-97-506

ORDER SETTING FURTHER AREA CODE RELIEF, REQUIRING TRAFFIC STUDIES, AND CLARIFYING NUMBER CONSERVATION EFFORTS

PROCEDURAL HISTORY

On November 13, 1997, the Commission issued its ORDER ESTABLISHING AREA CODE RELIEF PLAN, SETTING POLICIES FOR NUMBER CONSERVATION, AND ESTABLISHING TASK FORCE. In that Order, the Commission chose a three-way geographic split to provide area code relief for the (612) area code. The Commission divided the area code relief plan into Phase One and Phase Two:

> At this time, the Commission will split the (612) area code between Minneapolis and its suburbs and St. Paul and its suburbs. In approximately mid-1999, the Commission will meet again to determine if it is necessary to implement the second phase of the plan--the introduction of a second new area code. Although the exact configuration of this second phase will be decided at that time, the Commission expects that the second split will separate Minneapolis and its nearby suburbs to the south from the rest of the western portion of the current (612) area. The Commission will determine by January 1, 2000, if the second phase is necessary, or if number conservation efforts or other changes have made numbering relief unnecessary at that time. If the Commission determines that the second phase is necessary, it will be implemented by January 1, 2001.
>
> Order at p. 10.

The Commission set a permissive dialing phase until January, 1999, to implement Phase One of the split. The Commission also established a number pooling task force to explore that method of number conservation. The Commission directed the task force to provide a report and recommendations by July 1, 1998, and required the Numbering Plan Administrator to implement number pooling in the existing (612) area by March 31, 1999.

On November 25, 1997, the Commission issued its ORDER DECLARING JEOPARDY STATUS AND SETTING PROCEDURES FOR ADDRESSING IMMEDIATE NUMBERING ISSUES. In that Order, the Commission declared a jeopardy status for the (612) area code and directed the Numbering Plan Administrator to call an industry meeting to develop a central office (CO) code allocation plan.

On January 26, 1998, the Commission issued its ORDER REAFFIRMING NOVEMBER 13, 1997 ORDER WITH ONE MODIFICATION, GRANTING REQUESTS FOR CLARIFICATION, AND ACCEPTING INDUSTRY'S PROPOSED JEOPARDY ALLOCATION PLAN. In that Order, the Commission accepted the industry's plan to allocate the 61 available CO codes through a monthly lottery beginning in January, 1998, and ending in November, 1998. Under the plan, each service provider would submit a primary request for a code if the provider could demonstrate that it would exhaust its available numbers within six months. Providers could also submit secondary requests. Seven CO codes would be assigned each month by lottery to the primary requesters (one of which must be a new provider if such a provider had placed a request that month). Unused codes, if any, would be used to fulfill secondary requests; if any still remained, they would be returned to the general pool. Service providers whose requests were not granted could leave their names in the pool for a second month before they must renew their request.

On August 12, 1998, the Commission issued its ORDER ACCEPTING TASK FORCE REPORT, REQUIRING FURTHER REPORTS, AND REQUIRING THE USE OF SEQUENTIAL BLOCK USAGE. In that Order, the Commission accepted the number pooling task force's July 2, 1998 interim report. The Commission also required the task force to file two further informational reports on November 1, 1998, and March 1, 1999. The Commission adopted the task force's recommendation to require service providers in the (612) and (651) area codes to use sequential block usage in assigning numbers, in order to lay the foundation for effective number pooling in the future.[1]

On July 24, 1998, the Numbering Plan Administrator informed the Commission by letter that a second industry jeopardy allocation conference call had been conducted. The letter stated that the industry had agreed that the current monthly number allocation process should continue until Phase Two of the (612) area code split is completed in approximately January of 2001. The Numbering Plan Administrator noted that Phase One of the area code split is currently freeing approximately 180 CO codes for reassignment in the (612) area code. In order for the 180 CO codes to provide relief for a full 24 months (i.e. from January, 1999, to January, 2001), the industry must continue to activate only seven new codes per month.

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[1] Thousand block sequential usage is used in anticipation of the implementation of thousand block number pooling. Thousand block sequential usage requires providers to assign numbers from a single thousand block, until that block is substantially used, and then to move sequentially through further thousand blocks. With the implementation of thousand block number pooling, sequential number assignment should maximize the number of uncontaminated blocks (i.e. blocks with a small percentage of assigned numbers) available for pooling.

On September 14, 1998, the Commission issued a notice soliciting comments on the industry recommendation to continue the current lottery allocation process for the (612) area code until Phase Two is fully implemented in approximately January, 2001.

On September 28, 1998, the Federal Communications Commission (FCC) issued a Memorandum Opinion and Order and Order on Reconsideration. In that Order the FCC limited the authority of state commissions to implement CO code allocations. The FCC stated that a state commission facing CO code jeopardy may only order CO code rationing if the plan is developed in conjunction with an area code relief decision and if the industry has been unable to reach consensus on a rationing plan. In order to impose a CO code rationing plan, a commission must have decided on a specific form of area code relief and established an implementation date for the relief.

The FCC also stated that it intends to conduct a rulemaking regarding number pooling conservation efforts; it therefore declined to delegate to state commissions the authority to order number pooling. The FCC granted state commissions limited authority to conduct number pooling experiments under certain conditions.

On October 2, 1998, US WEST Communications, Inc. (US WEST) filed comments expressing disagreement with the industry jeopardy allocation plan and urging the Commission to modify it. US WEST noted that it is the primary service provider for approximately 90 percent of the access lines in the (612) area code. US WEST stated that its demand for CO codes exceeds the codes that can be rationed to it under the current plan, which allows only one primary code request per month. US WEST urged the Commission to allow telephone companies to request the number of codes necessary to meet consumer demand. A carrier should be allowed to request an assigned code only if it can demonstrate that it will exhaust its available telephone numbers within three months (instead of the current six months). According to US WEST, a carrier's request should remain in the lottery pool until it is either selected or removed by the carrier.

On October 2 and 12, 1998, MCI Worldcom, Inc. and MCI Telecommunications Corporation (MCI) and AT&T Communications of the Midwest, Inc. (AT&T) filed joint comments regarding the CO allocation plan and reply comments to US WEST. In light of the requirements of the FCC Order, MCI/AT&T recommended that the Commission suspend the lottery when Phase One of the (612) area code split is implemented (that is, by January 10, 1999). The Commission and the Numbering Plan Administrator should begin a process to formalize a plan for further (612) area code relief and to establish a firm schedule for relief. MCI/AT&T recommended that the Commission remove the current prohibition against porting numbers from and to the areas of Minneapolis, Richfield, and Fort Snelling, because such a restriction now falls outside the FCC's perceived scope of state regulatory authority. Finally, MCI/AT&T urged the Commission to consider US WEST's request for a revised CO allocation plan to be outside the scope of state regulatory authority and therefore effectively moot.

On October 19, 1998, the Department of Public Service (the Department) filed comments.

On December 1, 1998, the Commission met to consider the industry request to continue the jeopardy allocation plan and to consider the effect of the FCC's Order on the Commission's area code relief and number conservation efforts.

FINDINGS AND CONCLUSIONS

I. EFFECTS OF INDUSTRY AND FCC ACTIONS ON THE COMMISSION'S AREA CODE RELIEF EFFORTS

The long history of (612) area code numbering issues began in 1995, when the industry informed the Commission that, absent intervention, the (612) area code faced an imminent CO code shortage. Since that time, the Commission has made major efforts to forestall area code exhaust, to minimize disruption to consumers, and to educate the public on the area code issues. Throughout its history of area code relief proceedings, the Commission has conducted a three-pronged effort. First, the Commission has implemented direct (612) area code relief, starting with the creation of the (320) area code in 1995; second, the Commission has facilitated the fair allocation of remaining CO codes by declaring a jeopardy status and refining and approving an industry jeopardy allocation plan; and third, the Commission has expedited number conservation efforts by convening a number pooling task force and requiring sequential number block usage.

The telephone industry and the FCC have not always taken actions consistent with the Commission's vigorous efforts to prevent area code exhaust. The industry has sometimes failed to plan sufficiently for the explosion of access lines or to coordinate efforts to facilitate an equitable and efficient allocation of available codes. Today, the fact that CO codes would soon exhaust without strict rationing is due as much to past allocation inefficiencies as to a true CO code shortage. Even as the (612) area code faces the prospect of CO code jeopardy, absent intervention, the industry has failed to reach complete agreement on an ongoing jeopardy allocation plan.

While pursuing the laudatory goals of fair industry competition and a unified national numbering strategy, the FCC has sometimes promulgated orders and rules that hamper state regulatory area code relief efforts. In order to ensure a level playing field for new entrants, the FCC made ten-digit dialing mandatory for overlay relief efforts--thus in practicality rendering that option less viable. The FCC precluded the option of assigning CO codes by mode of use, such as the burgeoning area of wireless service. Now, the FCC's September 28 Order has significantly limited state commission number allocation/rationing efforts--at a time when those efforts are essential to the prevention of further CO code exhaust--and has created barriers to state number pooling initiatives.

II. THE COMMISSION'S SOLUTION TO ISSUES OF AREA CODE RELIEF

Faced with an area code numbering situation which has been exacerbated by industry inaction and FCC restrictions, the Commission is determined to pursue its goal of achieving an overall numbering policy tailored for the best interests of consumers, industry, and state regulation.

That goal requires the Commission to devise an area code relief plan that is logical and workable, that is concrete enough to satisfy FCC standards for state rationing, that provides notice and information to consumers and industry, and that is flexible enough to allow for further study and for Commission consideration of consumer and industry input. In order to prevent the present prospect of CO code exhaust from moving to reality, the Commission must propose the area code relief plan immediately.

The Commission will order the following plan for area code numbering relief:

- the Commission will implement Phase II of the (612) area code relief plan by separating Minneapolis and Richfield (by municipal boundaries) and Fort Snelling (by wire center) from the remainder of the new (612) area code (i.e., what remains of the (612) area code after the split off of the (651) area code) and assigning Minneapolis, Richfield, and Fort Snelling to a new (952) area code

- the permissive dialing period for Phase II will begin in January, 2000; the new (952) area code will formally go into effect in January, 2001

- the Commission will require the industry to reconvene to discuss the relief plan outlined in this Order and, by March 5, 1999, to submit any consensus modifications and comments to the Commission's area code relief plan to the Commission for reconsideration

- in order to accommodate the lengthy period allowed for reconsideration in this matter, the Commission will waive the usual deadlines for reconsideration requests

- the Commission orders the industry to conduct traffic studies of the calling patterns into and out of the proposed three area codes (i.e. 612, 651, and 952) and to submit the results of those studies to the Commission by February 16, 1999

- the Commission orders the current, ongoing industry plan for prefix rationing/allocation to continue through the implementation of Phase II

- the Commission delegates to the Executive Secretary the authority to arrange at least two public meetings on the proposed area code relief plan to be held prior to March 5, 1999

The proposed plan fulfills several important functions. First, because it is a specific area code relief plan with set implementation dates, it fulfills the FCC criteria to allow state commission number rationing in a time of impending area code jeopardy.[2] Second, it puts the public and the industry on notice that further area code relief is necessary and that the Commission at this time plans a further geographic split. Third, it provides a set framework upon which further study and input from participants can be based. Fourth, the projected permissive dialing and implementation time frames allow sufficient time for consumers and industry to prepare for the next phase of area code relief.

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[2] The other criterion for Commission action--failure of the industry to agree upon an allocation plan--has also been fulfilled in this case.

The Commission is extending the period for possible reconsideration requests in order to allow sufficient time for traffic studies to provide important information regarding actual calling patterns and the likely effects of the future geographic split. As the Commission stated in its September 3, 1997 Order requiring traffic studies prior to the original (612) area code decision,

> Further traffic data should provide essential pieces of information for the Commission's consideration: who is presently calling whom; to what extent (if any) do current dialing patterns reveal important communities of interest; how much disruption various alternative [relief methods] will bring; and the extent of relief the [methods] would provide.

The Commission is also extending the reconsideration time in order to allow input from interested parties. The Commission will conduct at least two public meetings on the proposed plan. Through these meetings and the industry discussion sessions, the Commission expects to garner important feedback from consumers and industry representatives alike.

A lengthy reconsideration period is only useful if the Commission remains open to new facts or arguments. Therefore, while the Commission at this time finds that its proposed relief plan is the most logical and workable plan available, the Commission remains open to the possibility, upon reconsideration, that an adjusted "carve out" area may be preferable, or even that a delayed overlay or other overlay may in the end prove the best choice for further area code relief.[3]

Finally, the Commission notes that the proposed plan will not remove the prohibition against porting numbers into or out of Minneapolis, Fort Snelling, or Richfield. The Commission disagrees with MCI/AT&T's contention that the continued prohibition is beyond the Commission's authority. The FCC has clearly given state commissions the authority to select and implement area code relief plans. The Commission has responded to the projected jeopardy situation by proposing Phase Two of the (612) relief plan, which would carve out Minneapolis, Fort Snelling, and Richfield from the remainder of the (612) area code. Porting numbers across those boundaries would significantly weaken the plan, resulting in a hybrid situation which would lack the benefits of either an overlay or a geographic split. Although the Commission has stated that it remains open to the possibility of a modification of the proposed plan upon reconsideration, the Commission believes at this time that Phase II, as proposed, will remain the most logical and workable plan. The Commission will not allow the porting of numbers to weaken or dilute the plan.

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[3] An overlay would layer the new (952) area code over the existing (612) area. A delayed overlay would layer the (651) area code over the existing (612) area and add the (952) area code to the same geographic area when CO codes in the (651) area code exhaust.

III. FURTHER NUMBER CONSERVATION EFFORTS

A. The Number Pooling Task Force

In its August 12, 1998 Order, the Commission made the following determination regarding the ongoing efforts of the number pooling task force:

> The Commission will therefore adopt the task force recommendation to extend the life of the task force, to accept the July 2, 1998 task force report as an interim report, and to require two further task force reports, to be filed by November 1, 1998, and March 1, 1999. The November 1, 1998 report should cover national number pooling activities, including the NANC Numbering Resource Optimization Task Force report to the FCC and the INC number pooling assignment guidelines (if available at the time of the report). The March 1, 1999 report should cover the thousand block pooling trial in the (847) Illinois area code, including information on the effectiveness of Release 1.4, and any other state number pooling trials.

Since the August 12 Order, the issuance of the FCC's September 28, 1998 Order has impacted the Commission's treatment of the number pooling process. In its Order, the FCC stated that it intends to conduct a rulemaking regarding number pooling conservation efforts; it therefore declined to delegate to state commissions the authority to order number pooling. The FCC granted state commissions authority to conduct number pooling *experiments* if the experiments were in conformity with previous FCC decisions and if carrier participation in the trials were voluntary. The FCC encouraged state commissions contemplating a number pooling trial to request a limited delegation of authority from the FCC. The state commissions should present their proposals to the North American Numbering Council (NANC) first, then to the FCC for the proposed delegation of authority.

Given the impact of the FCC's ruling, the Commission must decide what further direction it should give the number pooling task force.

In previous Orders, the Commission has found that it must vigorously pursue any reasonable number conservation methods in order to avoid the disruption of area code number exhaust. The Commission has noted that number pooling is likely to be a cornerstone of number conservation activities. The Commission has also found that convening a number pooling task force is the best way to coordinate and facilitate industry and regulatory efforts toward the goal of achieving effective number pooling.

Because these findings still hold true, the Commission will continue to require the number pooling task force to submit its previously assigned reports. Those reports--once due November 1, 1998 and March 1, 1999--will now be due February 1, 1999, and May 1, 1999.

The Commission will carefully study the recommendations of the task force before developing a trial plan to implement thousand number block pooling. Once the Commission has developed a plan, the Commission will conform to the FCC's Order by presenting the proposal to the

NANC. Assuming the NANC recommends approval of the Commission's number block pooling proposal, the Commission will then present the plan to the FCC, along with a request for a limited delegation of authority to implement the proposal.

B. Sequential Block Usage

In its August 12, 1998 Order, the Commission made the following determination regarding the implementation of sequential block usage:

> The Commission will also adopt the task force recommendation to require service providers in the (612) and (651) area codes to use sequential block usage in assigning numbers. This measure seems a sensible means of easing the future implementation of thousand block number pooling.

In the FCC's September 28 Order, however, the FCC limited state commission authority over number pooling to voluntary plans implemented on a trial basis. Since sequential block usage is part and parcel of number pooling issues, the FCC is presumably stating that sequential block usage must also be voluntary and not state-mandated.

In order to conform to the FCC's Order, the Commission will modify its previous decision on sequential block usage to make this measure voluntary for Minnesota service providers.

ORDER

1. The Commission orders the implementation of the following area code relief plan for the (612) area code:

    a. The Commission will implement Phase II of the (612) area code relief plan by separating Minneapolis and Richfield (by municipal boundaries) and Fort Snelling (by wire center) from the remainder of the new (612) area code (i.e., what remains of the (612) area code after the split off of the (651) area code) and assigning Minneapolis, Richfield, and Fort Snelling to a new (952) area code.

    b. The permissive dialing period for Phase II will begin in January, 2000; the new (952) area code will formally go into effect in January, 2001.

2. The Commission requires the industry to reconvene to discuss the relief plan outlined in this Order and, by March 5, 1999, to submit any consensus modifications and comments to the Commission's area code relief plan to the Commission for reconsideration.

3. The Commission waives the deadlines for reconsideration to allow requests for reconsideration to be filed by March 5, 1999.

4. The Commission requires the industry to conduct traffic studies of the calling patterns within, into and out of the proposed three area codes (i.e. 612, 651, and 952) and to submit the results of those studies to the Commission by February 16, 1999.

5. The Commission orders the current, ongoing industry plan for prefix rationing/allocation to continue through the implementation of Phase II.

6. The Commission delegates to the Executive Secretary the authority to arrange at least two public meetings on the proposed area code relief plan, to be held prior to March 5, 1999.

7. The Commission continues to require the number pooling task force to file the reports required in the August 12, 1998 Order. The deadlines for those reports are extended to February 1, 1999, and May 1, 1999.

8. The Commission reconsiders the provision of its August 12, 1998 Order that required service providers in the (612) and (651) area codes to use sequential block usage in assigning numbers. The Commission now orders sequential block usage to be on a voluntary basis.

9. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

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BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Edward A. Garvey	Chair
Joel Jacobs	Commissioner
Marshall Johnson	Commissioner
Gregory Scott	Commissioner
Don Storm	Commissioner

In the Matter of a Relief Plan for the Exhaust of the 612 Area Code

ISSUE DATE: November 13, 1997

DOCKET NO. P-999/M-97-506

RECEIVED
NOV 14 1997

ORDER ESTABLISHING AREA CODE RELIEF PLAN, SETTING POLICIES FOR NUMBER CONSERVATION, AND ESTABLISHING TASK FORCE

PROCEDURAL HISTORY

On September 3, 1997, the Commission issued its ORDER REQUIRING FILINGS AND INITIATING TASK FORCE in the above-captioned matter. In that Order, the Commission stated that it lacked the necessary telecommunications traffic data to reach a final decision on (612) area code numbering relief. The Commission ordered interested parties to file traffic data which would provide information the Commission considered essential for its consideration: who is presently calling whom; to what extent (if any) do current dialing patterns reveal important communities of interest; how much disruption various alternative split methods will bring; and the extent of relief the split methods will provide.

In the Order, the Commission stated that it already had sufficient information to support the viability of two numbering relief alternatives: the "doughnut" split advocated by the Department of Public Service (the Department) and the three-way split option. The Commission stated that it would probably eventually choose one of these two numbering relief options. However, the Commission remained open to the possibility that the traffic data might support a third option--the overlay method.

In the September 3 Order, the Commission also initiated a task force to explore issues of number conservation. Lastly, the Commission ordered US WEST and other affected telephone companies to provide information on the issues raised by the burglar and fire alarm industry.

On September 12, 1997, the burglar and fire alarm division of Honeywell, Inc. submitted a letter to the Commission. The letter asked the Commission to order US WEST to provide free automatic call-forwarding from the seven-digit numbers currently used by alarm companies to new seven- or ten-digit numbers necessitated by any area code relief method. Alternatively, burglar and fire alarm companies could be offered the opportunity to purchase the same seven-digit numbers in the new area code that they currently hold in the (612) area code.

On September 16, 1997, the Commission issued a notice to interested parties, requesting comments regarding Honeywell's proposed solutions to the concerns raised by the burglar and fire alarm industry.

On October 15, 1997, the Commission received the following filed documents:

- the Department's revisions to its original "doughnut" split proposal
- traffic data submitted by the industry and compiled by the Department
- the Telecommunications Industry Report on Central Office Code Conservation Methods
- the Telecommunications Industry Report on Burglar and Fire Alarm Issues
- the Numbering Plan Administration Center's Update on Years of Relief and Impacts on Major Business Customers
- comments filed by US WEST Communications, Inc. (US WEST), Contel of Minnesota, Inc. d/b/a GTE Minnesota (GTE), and the Residential and Small Business Utility Division of the Office of Attorney General (RUD-OAG)
- the Department's comments on code conservation measures

On October 21, 1997, the Suburban Rate Authority (SRA) filed comments in favor of the Department's revised "doughnut" split proposal.

On October 27, 1997, the Metropolitan 911 Board filed a letter regarding the cost effects of various numbering relief methods on the provision of 911 service. The Board stated that preliminary cost information indicated that the overlay would be the most costly and the geographic, two-way split based on municipal boundaries would be the least costly.

On October 27, 1997, US WEST and the SRA filed supplemental comments.

On October 28, 1997, the matter came before the Commission for consideration.

FINDINGS AND CONCLUSIONS

I. INTRODUCTION; SUMMARY OF COMMISSION ORDER

Recent changes in the telecommunications industry have caused a dramatic rise in use of central office codes (the three-digit prefixes of seven-digit telephone numbers) in Minnesota. Increasing use of cellular and paging services, second lines for fax machines and other home office purposes, and wireless Personal Communications Services is driving the need for central office codes. Local exchange competition, introduced in 1996, is also accelerating the use of the available numbers.

In January, 1997, the Numbering Plan Administration Center informed the Commission that updated industry projections indicated a (612) area code central office code exhaust approaching as early as the third quarter of 1998.

Responding to that alert, the Commission gathered comments on the exhaust issue from affected parties. Between July 9 and 31, 1997, Administrative Law Judge Allan W. Klein, on behalf of the Commission, held seven public hearings to allow public comment on a resolution

of the number exhaust issue. The hearings were held in Forest Lake, Minneapolis, Elk River, St. Paul (two), Red Wing, and Eden Prairie. Members of the Commission attended each of the seven hearings.

The information gathered was sufficient for the Commission to establish certain facts in its September 3, 1997 preliminary Order:

> First, the need for area code numbering relief is clear. Without immediate attention to the pending numbering crisis, the (612) area code could face prefix exhaustion by mid-1998. The Commission has the duty to address this situation with the greatest speed that is consistent with careful consideration and fairness.
>
> Second, all commenting parties seem to agree that there are two viable alternatives for numbering relief--the overlay method and some form of geographic split.
>
> Order at p. 5.

The Commission ordered supplemental traffic data necessary to reach a final decision on numbering relief. Since the issuance of the September 3 Order, the Commission has received the supplemental traffic data, further comments from interested parties, and reports from the telephone industry and the Numbering Plan Administration Center. This further information has enabled the Commission in this Order to reach informed decisions on numbering relief, code number conservation, and burglar and fire alarm industry issues.

In this Order, the Commission will first address the Commission's choice of a two-step, geographic split solution to the area code exhaust issue, and the means of implementing this method. The Commission will next establish a multi-faceted plan for conserving code numbers to prevent or delay further number exhaust. Lastly, the Commission will explain its further treatment of any burglar and fire alarm industry concerns on a case by case basis.

II. THE COMMISSION'S PRELIMINARY DECISION PROCESS

All parties commenting throughout this process have agreed that there are two viable alternatives for area code numbering relief: the overlay; and some form of geographic split. The Commission explained the two alternatives in its September 3, 1997 Order:

> The overlay method is a fairly new procedure for area code relief. In this system, a new area code is introduced to the same geographic area currently served by the area code facing prefix exhaust. Nearly all existing customers retain their area codes and telephone numbers. New customers, customers requesting additional lines, and customers changing to a new local service provider are assigned the new area code. As soon as numbers with both the old and the new area code are in use in the same local calling area, ten-digit dialing is necessary for all local calls.
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> *******
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> Under the geographic split method of numbering relief, the (612) area code is divided along some obvious line of demarcation. A new area code is assigned to one portion of the split and the other section retains the (612) area code.
>
> Order at p. 3.

Under either the overlay or the geographic split method, calls within the present (612) area remain local calls, even when ten digits are required to call between area codes.

In the September 3 Order, the Commission reached a preliminary decision favoring the Department's "doughnut" geographic split and the three-way split. Under the Department's "doughnut" option, most of the area within the city limits of Minneapolis and St. Paul, plus most of their nearby suburbs, would have a separate area code. Another area code would be assigned to the outer suburbs of both cities and the outlying areas of the current (612) area. Under the three-way split, the Commission would create not one but two new area codes. The current (612) area would be divided relatively equally among three groups of exchanges, two of which would receive new area codes: 1) Minneapolis and all or portions of its suburbs to the immediate south; 2) the northern and western suburbs of Minneapolis, and its surrounding suburbs to the south of those included in the first group; and 3) St. Paul and its surrounding suburbs.

The Commission acknowledged the possibility that the supplemental traffic data it ordered in the September 3 Order could support the choice of the overlay method of numbering relief.

III. INFORMATION SUBMITTED SINCE THE COMMISSION'S PRELIMINARY DECISION

A. The Traffic Study

In response to the Commission's September 3, 1997 request for supplemental traffic data, all wireline carriers in the (612) area code measured outgoing traffic over a seven-day period during the month of September.[1] The Department gathered and compiled the data and issued the report interpreting it.

The study measured the proportion of telephone calls that could be completed through the use of seven-digit dialing and ten-digit dialing for the Commission's preferred alternatives: the Department's "doughnut" and the three-way split. Because it is not possible to determine a destination address for calls handled through US WEST's St. Paul tandem switch, calls handled through that switch were presented in three ways: the calls excluded; the calls presumed to require ten-digit dialing; and the calls presumed to require seven-digit dialing. As a result of these study variables, the final traffic data showed the results as a range of figures.

The traffic study showed that, in a "doughnut" split, between 61.66% and 79.68% of calls would be seven-digit-dialed and between 20.32% and 38.34% would be ten-digit-dialed. For a three-way split, between 59.13% and 77.02% would be seven-digit-dialed and between 22.98% and 40.87% would be ten-digit-dialed.

B. The Numbering Plan Administration Center's Update on Years of Relief and Impacts on Major Business Customers

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[1] Two small telephone companies had problems measuring and collecting their data. In the first instance, the Department substituted dialing patterns of a neighboring company with very similar characteristics. In the second instance, the Department did not include any data for the telephone company. Since both companies are very small, the Department felt that these inaccuracies did not significantly affect the traffic study.

The Numbering Plan Administrator submitted updated projections on the numbering relief that would be provided by three alternatives: the overlay; the "doughnut"; and the three-way split. The projections did not include the effects of any possible conservation methods or number pooling.

According to the report, the overlay would offer numbering relief until mid-2005. The "doughnut" method would offer relief to the Core Area until mid-2007 and to the Ring Area until late 2003. The three-way numbering relief method would prevent exhaust in the Minneapolis area until late 2008: it would offer relief to St. Paul and its suburbs and the suburbs west and north of Minneapolis for a minimum of 12 years.

The Numbering Plan Administrator's report stated that there would be adverse impacts on businesses with any of the three methods of numbering relief. Effects will include the need for telephone feature changes, the need to inform customers, and the necessity for changes in letterhead and advertising. With an overlay, the change notifications would be primarily local in nature and would focus more on the addition of the (612) area code to the seven-digit telephone number.

C. The Department's Revision of Its Original "Doughnut" Proposal

The Department's original "doughnut" relief plan proposed dividing the current (612) area into a Core Area consisting of Minneapolis, St. Paul and most of their surrounding suburbs and a Ring Area consisting of the remaining portion of the (612) area. In the original plan, the demarcation line would conform to the boundaries of US WEST's wire centers. Where the boundary of the wire center and the boundary of the municipality diverge, the line would align with the wire center.

In the September 3, 1997 Order, the Commission noted that a geographic split's inevitable discrepancy between geographic boundaries and telephone boundaries may cause customer confusion. Since the issuance of that Order, the Department has attempted to eliminate this disadvantage by revising its proposal. Under the Department's revised "doughnut" plan filed on October 15, the Department would align the area code boundary with municipal boundaries instead of wire center boundaries. The revised version would reduce the division in the communities of Edina, St. Louis Park, Golden Valley, Robbinsdale, Columbia Heights, Maplewood, Roseville, Oakdale, Lake Elmo and Woodbury. The new plan would largely eliminate the prior division of small areas in Brooklyn Center and Newport.

The Department declared that the alignment of area code boundaries to municipal boundaries rather than wire center boundaries is both technically and financially viable. The Department stated that a wire center switch can usually be partitioned and reprogrammed to serve more than one area code. Of the ten US WEST switches affected by the Department's revised plan, two (Penn and Beach) would require reprogramming at a cost of approximately $180,000 each and two (Beard and Bryant) would require replacement at a cost of approximately $3.2 million each. In the latter cases, however, the switches have already been fully depreciated and the Beard switch is scheduled for replacement in 1998. The remainder of the affected switches could be partitioned at nominal cost. The Department therefore concluded that cost should not be a problem if the "doughnut" split aligns area code boundaries with municipal boundaries.

The Department noted that municipal boundary alignment would require the duplication of approximately 50 central office codes currently assigned to a wire center in the (612) area code. Those central office codes would be assigned to the same wire center for the new area code. The Department did not believe that this duplication would unduly hasten number exhaust because the future implementation of local number portability and single number pooling will allow use of many of the unused numbers within the duplicated central office codes.

D. Comments of the Parties

1. Parties Advocating the Overlay Method

US WEST, GTE, and the Minnesota Telephone Association (a trade association of incumbent Minnesota telephone companies) advocated the overlay method of numbering plan relief. According to these parties, the traffic study showed that the limited benefit of greater retained seven-digit dialing for the split methods did not outweigh their disadvantages. US WEST and GTE stated that any geographic split would result in customer confusion because customers would need to know the area code of the location they are in and the area code of the location they are calling before they could decide if they should use seven- or ten-digit dialing. In contrast, all customers would know that they must dial ten digits with the overlay system. The split methods would also exhaust in the relatively near future, requiring a further disruptive geographic split. In contrast, the overlay method would be a one-time fix upon which further relief plans could be overlaid. The MTA stated that the overlay method would be the least disruptive to current, rate-paying customers.

US WEST and GTE noted the competitive protections required by the Federal Communications Commission when the overlay method is adopted: customers of incumbents and new entrants must all use ten-digit dialing; and each new entrant will be allowed a central office code in the (612) area code. US WEST and GTE argued that these protections would sufficiently protect new entrants if the overlay were chosen.

US WEST disagreed with the Department's proposed alignment of area code demarcation lines with municipal boundaries instead of wire center boundaries. US WEST noted that the industry has previously aligned geographic splits by wire center boundaries rather than municipal boundaries. US WEST stated that the Department's plan would not only force US WEST to replace switches and purchase software, but would also require US WEST to perform onsite inspections to determine exact customer locations and municipal boundaries, at an undetermined but significant cost. US WEST disagreed with the Department's position that the central office code duplication required by the proposed realignment would not hasten number exhaust.

2. Parties Advocating a Geographic Split

Sprint/United Telephone Company, MCI Telecommunications Corporation (MCI), and Teleport Communications Group (TCG), all competitive local service providers, advocated the geographic split method over the overlay method. The geographic split method was also supported by the Minnesota Business Utility Users Council (MBUUC), an association of major business utility users, the Suburban Rate Authority (SRA), an association of municipalities, the Minnesota Senior Federation--Metro Region (Senior Federation), the Department, and the RUD-OAG.

The competitive local service providers argued that the overlay method is innately anti-competitive. Although the FCC requirements may mitigate the anti-competitive nature of the overlay plan, they cannot eliminate it.

The parties stressed the retention of seven-digit dialing and community identity for most customers with the geographic split. Although ten-digit dialing for all may be slated for the future, the fact is that seven-digit dialing for most customers can and should be preserved while possible. The Senior Federation noted the difficulties with ten-digit dialing for some elderly callers. While acknowledging that any relief plan will carry some disadvantages, the MBUUC argued that the geographic split brings the least harm to business customers. With a split plan, businesses will retain their community identity and avoid the need to take on new area codes with additional phone lines. The SRA favored the Department's revised "doughnut" plan, or in the alternative, a three-way split with boundaries aligned to municipalities. The SRA stated that the split method, in contrast to the overlay, would enhance the sense of community within municipalities. Most city offices would not have to suffer the disruption of ten-digit dialing.

IV. THE COMMISSION'S DECISION ON NUMBERING PLAN RELIEF

A. Policy Framework for the Commission's Decision Process

1. Impact on Competition

In 1995, the Minnesota legislature directed the Commission to facilitate a regulatory environment which will allow "fair and reasonable competition for local exchange telephone services." Minn. Stat. § 237.16. The Commission is thus charged with the duty to reach policy determinations which do not adversely impact competitive entry.

At this point in time, local telephone service has been opened to competitive entry under Minnesota and federal law. The Commission has approved various interconnection agreements between incumbent providers and new entrants, some new providers have infrastructure in place, and the industry is poised to enter the era of local competition. Significant local competition has not been effected, however; the process must still be carefully monitored as the industry moves to true competition. Decisions on the use of numbering systems must be viewed through this lens.

2. Effect on Customers

The legislature has also directed the Commission to oversee the duties of telephone companies "...to furnish reasonably adequate service and facilities for the accommodation of the public..." Minn. Stat. § 237.06. Under Minn. Stat. § 237.081, the Commission has the authority to require telephone service which is nondiscriminatory and of sufficient quality, and which is reasonable in its effect on the consumer. The Commission must therefore develop policy on numbering relief which allows the continuation of high quality service with the least possible disruption to residential and business users.

Since the Commission first dealt with the problem of prefix exhaust in the (612) area code in 1995, the Commission has developed specific policy standards with which to judge the disruptive effect of relief alternatives on customers:

- the retention of geographical identity
- simplicity and ease of understanding
- long-term stability
- retention of seven-digit dialing to the greatest extent
- conservation of numbering resources
- impact of the solution on future renumbering efforts

In the current proceeding, the Commission continues to use these policy standards to measure the effect of numbering plan alternatives on customers.

3. Existing Traffic Patterns

In this proceeding, the Commission has also had the benefit of traffic data to guide its policy determination. The traffic information reveals that approximately 60% to 80% of calls remain seven-digit-dialed in either a "doughnut" split or a three-way geographic split. Thus, the data clearly shows that most telephone users dial to locations relatively *close to their premises*. The majority of users are *not* placing calls between widely separated geographic locations within the metropolitan calling area. This pattern must be taken into account as the Commission chooses a numbering relief plan.

4. Summary

The Commission's numbering plan policy framework therefore consists of the following major considerations: the continued provision of high quality service with the least disruption to consumers; the effect of the relief plan on the competitive balance between incumbents and new entrants; and the effect of the plan on preexisting dialing patterns.

B. The Choice of a Geographic Split over an Overlay

Having considered the full record and the parties' comments, and having applied the Commission's policy framework to the facts, the Commission finds that the geographic split is the clear choice over the overlay method for the renumbering plan.

The geographic split has a proven track record. In 1995, the Commission split the (612) area between the Twin Cities metropolitan area and the remainder of the (612) area.[2] After the division was accomplished, the Commission received very few complaints from customers. With the proper customer education and an appropriate permissive dialing period (both of which will be discussed later in this Order), another geographic split can be accomplished in a similarly satisfactory manner.

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[2] In the Matter of the 612 Area Code Numbering Plan Area Exhaust Case, Docket No. P-999/M-95-357, ORDER SETTING METHOD FOR INTRODUCING NEW AREA CODE IN MINNESOTA (August 23, 1995).

The geographic split method is simple, straightforward, and easy for consumers to understand. As the Commission stated in its Order establishing the previous (612) area split, the overlay method is innately more confusing than the geographic split method:

> In contrast to the split method, the overlay system is initially confusing to customers *and likely to remain so*. For example, overlay will result in different apartments in the same building, and different lines in the same residence, carrying a different area code. While under the split method certain customers will have to adjust to a new area code (and in a relatively small number of cases, new telephone numbers), the adjustment will be one-time and may be largely alleviated by customer education, a permissive dialing period, and recorded renumbering information for incoming calls. The overlay system, on the other hand, results in increasing duplication of area codes in the same area, with the possibility of future overlays if congestion continues. The picture is one of escalating confusion rather than of a temporary adjustment followed by a clear calling pattern.
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> Order at p. 8.

Traffic data supports the geographic split method over the overlay. The traffic study shows that, for most customers, a significant percent of seven-digit dialing can be retained in a geographic split. The retention of seven-digit dialing is a convenience for all customers and may be a significant accessibility issue for children, disabled persons, and elderly customers. With the possibility of preserving seven-digit dialing for a majority of local calls, there is no reason to turn to the overlay, with its universal mandatory ten-digit dialing, at this time. Even if ten-digit dialing is the way of the future, a position which is debatable, it is not the way we dial now. The great benefit of the geographic split is time: time to develop number conservation strategies to slow further exhausts; time for the evolution of new developments, such as location number portability and number pooling, which may prevent future numbering crises.

Traffic data also shows that a significant community of interest still remains among the dialing public. Most telephone calls are not made to locations across the metropolitan region, but to destinations far closer to home. Commenting parties noted the significance of geographic identity to the public and to the business community. The SRA stated that municipalities favor a dialing pattern which enforces a sense of community. These parties favored the geographic split, particularly along municipal boundaries. They opposed the overlay method, which eliminates geographical identity with one area code and diminishes community identity.

The geographic split is competitively neutral, while the overlay method is innately anti-competitive. The anti-competitive characteristics of the overlay can be mitigated by the FCC's requirements--mandatory ten-digit dialing for all, and assignment of one prefix to each new entrant--but they cannot be eliminated. Simple logic shows the reason the geographic split is more competitive. If an overlay system were in place, a homeowner ordering a second line would have good reason to choose the incumbent provider over a competitor. The incumbent currently holds the vast majority of the prefixes in the area code and will continue to be able to access unused numbers and numbers "freed" by customers who relocate. The incumbent is therefore likely to be able to provide the homeowner a new number with the same area code. In contrast, a new competitor will only receive one prefix, which must be dedicated to just one rate center in the area code. The new competitor is therefore much less likely to be able to give the homeowner a number with the same area code as the homeowner's current line. The choice of the incumbent for the homeowner seems clear; the anti-competitive implication of overlay seems equally clear.

At this time, when the telecommunications industry is on the brink of achieving the competitive policy endorsed by our federal and state government, it is important that the Commission not choose a numbering policy that adversely impacts competition.

For these reasons, the Commission will choose a geographic split over the overlay.

C. The Choice of a Two-Step, East-West Geographic Split

Having chosen the geographic split method of numbering relief, the Commission must choose the manner in which the split is implemented. The Commission will choose an East-West geographic split. The plan will be a three-way split, with two new area codes added in two phases. The line of demarcation will align with municipal boundaries rather than wire center boundaries, to the extent possible.

1. The East-West Split

The Commission prefers a boundary dividing the western and eastern portions of the (612) area over the Department's "doughnut" proposal. Although the "doughnut" plan has merit, the traffic study supports retaining community between Minneapolis and its suburbs and St. Paul and its suburbs, to the extent possible. Since most calls are to nearby locations, the slight harm of separating customers in the western suburbs from customers in the eastern suburbs (or customers in Minneapolis from customers in St. Paul) is outweighed by the benefit of retaining community of interest among each set of suburbs and its metropolitan hub. The East-West split will also be easy to visualize geographically and will dovetail for the most part with Minneapolis and St. Paul telephone directory listings.

2. The Three-Way Split in Two Phases

The Commission will choose a three-way split with two new area codes rather than a two-way split involving one new area code. The use of two new area codes will significantly delay a further number exhaust. Under the Department's "doughnut" proposal, the Core Area would reach exhaust in 2007 and the Ring Area would exhaust in 2003. In contrast, under a three-way split, the Minneapolis area would reach exhaust in 2008, while St. Paul and its suburbs and the area surrounding Minneapolis would have numbering relief for a minimum of 12 years. Because numbering exhausts bring disruption and uncertainty, and drain both regulatory and private resources, a plan offering significantly longer relief is clearly preferable.

On the other hand, the Commission recognizes that exhaust figures are only approximations, subject to a number of variables. Most significantly, new developments in telecommunications technology may change the relief period offered by any plan. Number pooling and other conservation measures, discussed later in this Order, may significantly lengthen the relief periods. The advent of number portability in 1998, with location number portability to follow, may also profoundly affect the exhaust calculations. It is possible that further numbering relief may not be necessary, beyond a two-way split that all agree must be put into place without delay.

The Commission will therefore implement the three-way split in two steps. At this time, the Commission will split the (612) area between Minneapolis and its suburbs and St. Paul and its suburbs. In approximately mid-1999, the Commission will meet again to determine if it is

necessary to implement the second phase of the plan--the introduction of a second new area code. Although the exact configuration of this second phase will be decided at the time, the Commission expects that the second split will separate Minneapolis and its nearby suburbs to the south from rest of the western portion of the current (612) area. The Commission will determine by January 1, 2000, if the second phase is necessary, or if number conservation efforts or other changes have made numbering relief unnecessary at that time. If the Commission determines that the second phase is necessary, it will be implemented by January 1, 2001.

In the initial phase of the geographic split the Commission is implementing in this Order, the Commission will assign the new area code to St. Paul and its surrounding suburbs. The Commission has chosen this assignment in order to minimize the disruption of any further renumberings. St. Paul and its suburbs have fewer access lines than either Minneapolis and its ring communities or the area surrounding Minneapolis.[3] For that reason, any further splits will doubtless involve Minneapolis and the western suburbs. Assigning St. Paul the new area code at this time prevents the necessity of splitting the same area more than once and requiring customers to take a new area code twice within a few years.

The Commission will require the industry to initiate a permissive dialing period, in which customers may dial either the new area code or the old area code and reach the desired number. The permissive dialing period will end and use of the new area code will be required on the same date (as yet undetermined) during the week of January 1, 1999.[4]

The demarcation line of the initial split will follow municipal boundaries to the extent possible. The Commission agrees with the Department that this alignment will enhance community identities and lessen confusion for customers. The Commission also agrees with the Department that US WEST did not produce convincing evidence that alignment of a geographic split along municipal rather than wire center boundaries would be either unduly burdensome or unduly costly.

The three-way geographic split chosen by the Commission will therefore be implemented as follows:

<u>Phase One</u>

The Commission will split the (612) area between St. Paul and its suburbs and surrounding areas (shown in blue on the map attached as Exhibit A), and Minneapolis and its suburbs and surrounding areas (shown in light red on the map attached as Exhibit A). The blue area will be assigned a new area code. The demarcation line will follow municipal boundaries to the extent possible and will place the following borderline municipalities in the new area code: Lino Lakes, Shoreview, Arden Hills, New Brighton, Roseville, St. Paul, Mendota Heights, Eagan, Burnsville, and Lakeville.

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[3] Minneapolis and its inner suburbs have 239 prefixes; the suburbs to the north, west, and south of Minneapolis have 228 prefixes; St. Paul and its suburbs have 198 prefixes.

[4] Due to the length of the permissive dialing period, and the possibility of number exhaust occurring before its end, the Commission will direct the Numbering Plan Administrator to ration or allocate available central office codes as necessary so that existing codes will last until the permissive dialing period ends during the week of January 1, 1999.

To the north of Lino Lakes, and to the south of Lakeville, the (612) area consists of townships rather than municipalities. There is therefore less need to preserve a localized, geographic identity in these areas than in municipalities. For this reason, and because the Commission recognizes that aligning area code boundaries along wire center lines is a more straightforward process for US WEST, the Commission will place the area code boundary line along wire center boundaries north of Lino Lakes and south of Lakeville.

The industry will initiate a permissive dialing period which will end on a date in the week of January 1, 1999. On that same date, the split will be implemented with the initiation of mandatory dialing for the new area code.

Phase Two

In mid-1999, the Commission will meet again to determine if it is necessary to implement a second phase of the plan--the introduction of a second new area code. Although the exact configuration of this second phase will be decided at the time, the Commission expects that the second split will separate Minneapolis and its nearby suburbs to the south from the rest of the western portion of the current (612) area. The Commission will determine by January 1, 2000, if the second phase is necessary, or if number conservation efforts or other changes have made numbering relief unnecessary at that time. If the Commission determines that the second phase is necessary, it will be implemented by January 1, 2001.

Implementation Issues

In order for the Commission to monitor the implementation of the new area code, the Commission will require the Numbering Plan Administrator and all local service providers in the (612) area code to submit to the Commission a proposed implementation time line, including the start and end date of the permissive dialing period. The filing should also include proposed customer education methods for implementing the new area code. Finally, the filing should include a new date certain for the publication of telephone books in the new area code area and the remaining (612) area.

V. NUMBER CONSERVATION MEASURES

All parties involved with the central office code exhaust issue agree that number conservation efforts can significantly affect the future need for numbering relief. Permanent number portability (due to be implemented in Minnesota in the first quarter of 1998), more sophisticated methods of number allocation and pooling, and the development of location number portability should lessen the need for further numbering relief.

In the Commission's September 3, 1997 Order, the Commission initiated a task force to explore ways to forestall further numbering crises. The Commission ordered the task force to provide information on: allocation of telephone numbers in blocks of 1,000 or less; full utilization of all telephone numbers in all blocks allocated to all carriers; number pooling by wireline carriers of all blocks of 1,000 numbers that have utilization rates of less than 95%; and any other reasonable methods of number preservation.

The industry submitted a report detailing various conservation methods. The report recommended that the Commission address the issue of central office code assignment for E-911 routing and establish a permanent numbering task force in Minnesota to address the issue of number pooling and other potential code conservation measures.

The Department also submitted detailed comments on central office code conservation measures. Most commenting parties expressed agreement with the Department's recommendations. The Commission finds that the Department's recommendations are sound and practical methods of forestalling as far as possible further numbering crises. The Commission will adopt the Department's recommendations, with some slight modifications.

The seven central office conservation measures adopted by the Commission are as follows:

1. The Commission will direct the Numbering Plan Administrator to implement number pooling in the existing (612) area by March 31, 1999. The Commission will establish a task force to provide the Commission with a report and recommendations on number pooling by July 1, 1998. The Commission Staff will convene the first meeting of the task force. At the first meeting, the group members will elect a chair to convene further meetings.

The Commission notes that the implementation of permanent number portability in the first quarter of 1998 will bring the technical ability to assign prefix numbers in blocks of fewer than 10,000 numbers in specified wire centers. Because numerous administrative issues will still remain to be addressed, the Department recommended that number pooling be required within a year after number portability is achieved.

The number pooling task force's report should cover at least the following issues: 1) whether a number pooling administrator is necessary; 2) qualifications and responsibilities of a pooling administrator; 3) record storage capacity limitations; 4) guidelines for assigning numbers; 5) treatment of previously assigned unused numbers; 6) issues specific to single number pooling; 7) issues specific to wireless service providers; 8) interaction between methods adopted in Minnesota and methods implemented in other states; and 9) operational support system modifications.

2. The Commission will direct incumbent local service providers with two or more contiguous wire centers in the existing (612) area code to consolidate rate centers. Filings to effect consolidations must be submitted by March 31, 1998. If there are legitimate reasons why certain rate centers should not be consolidated, the provider should request a waiver from this requirement by January 2, 1998.

With fewer rate centers, fewer central office codes are necessary to identify each central office code with a unique rate center. In March, 1997, US WEST consolidated 21 of its rate centers in Minneapolis and St. Paul into one single rate center. A competitive local service provider entering the market may now serve the entire consolidated area with one central office code rather than 21.

The Commission will now require other incumbent local service providers to consolidate contiguous rate centers unless there are legitimate reasons for the Commission to waive the requirement.

3. The Commission will direct the Numbering Plan Administrator in the State of Minnesota to assign a carrier a separate prefix to route 911 calls only if there is a Commission finding that an additional prefix is required.

US WEST has been assigning carriers separate prefixes for default routing of 911 calls. The Metropolitan 911 Board has indicated that there are several other ways of default routing 911 calls without assigning separate prefixes. In the interests of conserving central office codes, the Commission will now direct the Numbering Plan Administrator not to assign separate prefixes for default routing of 911 calls. However, if a carrier believes for any reason that it needs a separate prefix for its 911 default routing, the carrier may come before the Commission to request the assignment of an additional prefix or additional prefixes.

4. The Commission will direct the Department to conduct central office code utilization audits to monitor the use of central office codes that have been assigned.

The data collected will be used by the Commission to manage numbering resources in Minnesota, to reclaim central office codes that are unused, and to determine which prefixes have either numbers or blocks of numbers that could be used for number pooling.

5. The Commission will require all local service providers to return all unused central office codes that are no longer needed to the Numbering Plan Administrator within 60 days of the date of this Order. The Numbering Plan Administrator should advise all code holders in the (612) area code of the Commission's effort to recover unused central office codes.

Due to rate center consolidation, a reduction in the number of public safety answering points that receive defaulted 911 traffic, and other factors, some assigned codes may no longer be needed by the service providers. The Commission will require that all code holders return the unused codes for use in the number conservation effort.

While wireless providers may hold central office codes, they are not under Commission jurisdiction and will not receive or be subject to this Order. The Commission therefore will require the Numbering Plan Administrator to inform all code holders in the (612) area code of the Commission's effort to recover unused central office codes, so that wireless providers may voluntarily coordinate their return of unused numbers.

6. The Commission will direct the Numbering Plan Administrator to require a service provider requesting an additional central office code within a rate center to include a Part B–Months to Exhaust Form.

Part B is a worksheet included in the CENTRAL OFFICE CODE (NXX) ASSIGNMENT GUIDELINES. Part B is designed to enable code holders to calculate historical growth rates and project the exhaust of existing codes in their central offices. Currently, service providers are required to complete Part B's to calculate the exhaust dates of existing central office codes, but are not required to include Part B's with requests for additional codes.

A Colorado report on central office code conservation measures noted that requiring the submission of Part B's to support central office code requests cut down on the number of code requests. The Commission will therefore add this requirement for providers who are requesting additional codes for a particular rate center and would therefore be required to complete a Part B anyway. Providers will still not need to complete Part B's for initial requests for a code within a rate center.

7. The Commission will include consideration of the following issue in its current proceedings on universal service, Docket No. P-999/R-97-609: whether contributions to the universal service fund should be based, in part, on the numbering resources held by the individual carriers.

The Department noted that telephone numbers are a scarce resource with economic value. The Department reasoned that contributions to a universal service fund based on telephone numbers could encourage efficient use of this scarce resource.

Although the Commission takes no position on this issue at this time, the Commission agrees that this issue should be addressed in the universal service docket.

VI. ISSUES RAISED BY THE FIRE AND BURGLAR ALARM INDUSTRY

The burglar and fire alarm industry raised concerns regarding the need to replace older technology automatic dialing equipment if the assignment of a new area code necessitated ten-digit dialing. The burglar and fire alarm industry also stated that they would need to make premises visits to modify existing alarm dialing equipment. The industry asked for free automatic call forwarding, or in the alternative, the opportunity to duplicate their numbers in the new area code.

The incumbents, US WEST and GTE, stated that providing automatic call forwarding without charge to the burglar and fire alarm industry would be both unduly costly and discriminatory. Duplication of numbers in the new area code would hasten central office code exhaust and would cause customer confusion. Normally, central office codes are not duplicated in contiguous area codes until all other codes are used up.

The Commission appreciates the concerns raised by both the burglar and fire alarm industry and the incumbent local service providers. Clearly, the creation of a new area code, no matter how necessary and how carefully chosen, will cause inconvenience and some economic hardship to customers and providers alike. The Commission's goal must be to provide the best possible overall numbering relief plan, to mitigate harm to the extent possible, and to monitor the plan to ensure that it is clearly understood, swiftly implemented, and fairly applied.

In this case, the Commission believes that the long permissive dialing period included in its geographic split plan should provide the burglar and fire alarm industry with sufficient time to make most premises visits and adjustments necessary to accommodate the new area code without undue cost or disruption. If any member of the burglar and fire alarm industry believes that his or her incumbent local provider has discriminated against the company, or failed to conform to the requirements of this Order, the company may bring a complaint before the Commission. The Commission will deal with any such complaint allegations on a case by case basis.

ORDER

1. US WEST, as the Numbering Plan Administrator in Minnesota, shall request a new area code for Minnesota from Bellcore. The new area code shall be placed in use at the start of the permissive dialing period, with mandatory use beginning in the week of January 1, 1999, under the geographic split method as described in this Order.

2. The Commission adopts the seven central office code conservation methods described in this Order. Although the conservation methods are fully described in the text of the Order, the Commission notes the following time lines contained in the measures:

- The Numbering Plan Administrator shall implement number pooling in the existing (612) area by March 31, 1999.

- The number pooling task force shall provide the Commission with a report and recommendations by July 1, 1998.

- Incumbent local service providers with two or more contiguous wire centers in the existing (612) area code shall consolidate rate centers. Filings to effect consolidations must be submitted by March 31, 1998. If there are legitimate reasons why certain rate centers should not be consolidated, the provider should request a waiver from this requirement by January 2, 1998.

- Within 60 days of the date of this Order, all local service providers shall return all unused central office codes that are no longer needed to the Numbering Plan Administrator.

3. The Commission directs the Numbering Plan Administrator to ration or allocate available central office codes as necessary so that existing codes will last until use of the new area code is mandated in the week of January 1, 1999.

4. Within 60 days of the date of this Order, the Numbering Plan Administrator and all local service providers in the (612) area code shall submit to the Commission a proposed implementation time line, including the start and end date of the permissive dialing period. The filing should also include proposed customer education methods for implementing the new area code. Finally, the filing should include a new date certain for the publication of telephone books in the new area code and the remaining (612) area.

5. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

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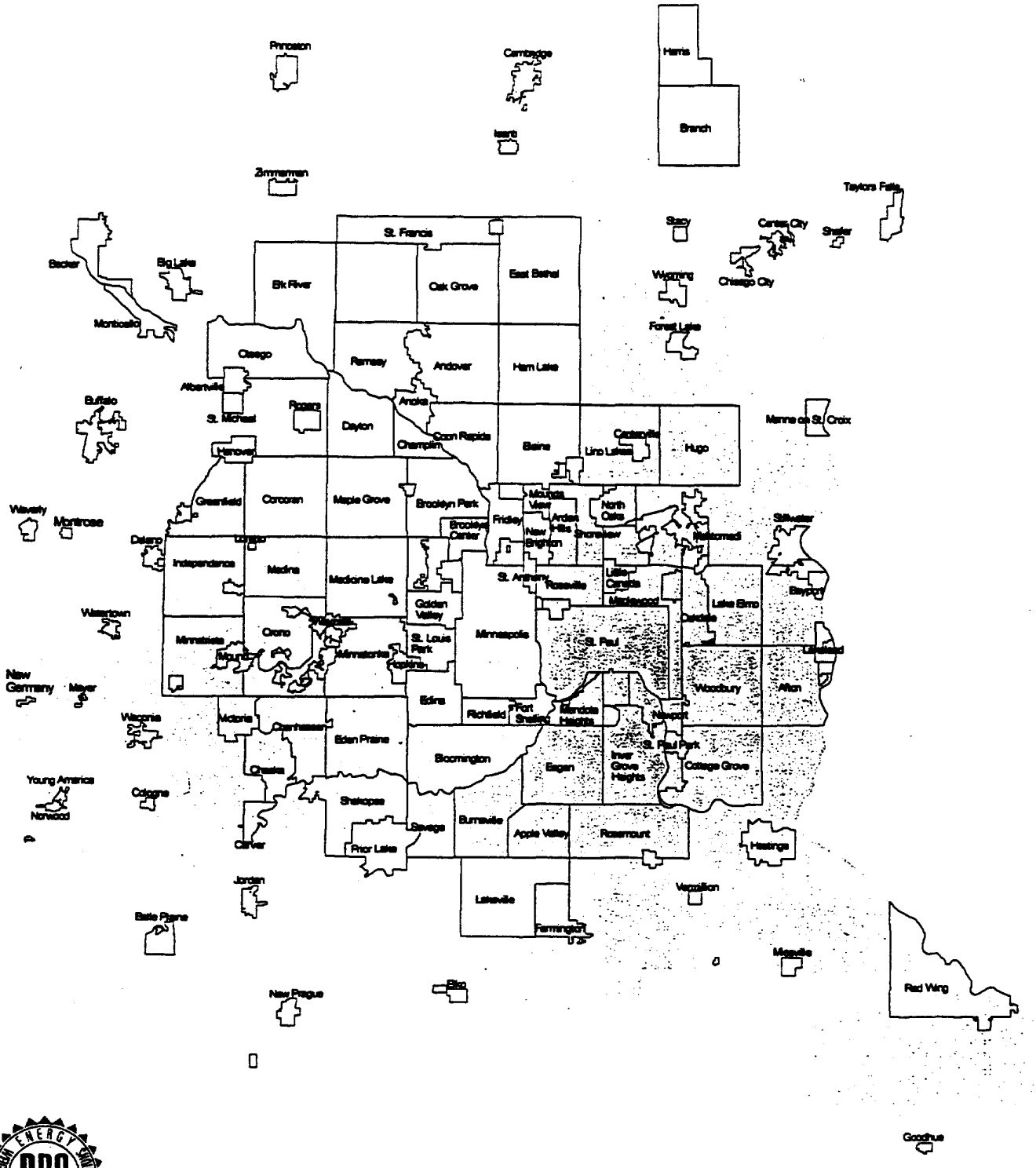
Phase I Geographic Split



This map was prepared by the Minnesota Department of Public Service at the request of the Public Utilities Commission.

MINNESOTA DEPARTMENT OF PUBLIC SERVICE