

July 2, 1999

Mr. Jack Leutza
Director, Telecommunications Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

RE: Supplemental Report of the California Numbering Task Force

Dear Mr. Leutza:

The California Numbering Task Force (Task Force) wishes to apprise you of its continued efforts to explore number conservation techniques, including the consideration of whether the consolidation of rate centers is a viable option for California. As described below, Task Force efforts are at a juncture where prompt Commission action is needed if the Task Force is to continue evaluation and development of rate center consolidation. The Task Force urges action by the Commission in order to move forward in creating solutions to California's numbering crisis. To that end, the Task Force requests that the Commission immediately solicit comments on the rate center consolidation issues as described on attachment A. The Task Force particularly urges the Commission particular attention to revenue and customer impact issues.

Background

The Task Force has conducted several meetings over the course of the past four months to evaluate various number efficiency measures, including 555 NXX code and special use NXX code efficiencies, split rate center issues, and the further consideration of rate center consolidation. At the request of the Industry, Pacific Bell and GTEC made presentations concerning specific rate center consolidation scenarios. Pacific's presentation considered San Francisco Bay Area's 415 NPA rate centers and the 213 NPA rate centers. GTEC's scenario described the consolidation of the 408 NPA. Both Pacific and GTEC outlined what they viewed as necessary technical criteria for the consolidation of rate centers and concluded that these are the least troublesome to consolidate. Both companies also emphasized that there are significant non-technical regulatory issues that must be resolved in order to proceed.

Rate Center Consolidation Is Technically Feasible

The Task Force has identified several technical issues concerning rate center consolidation and has concluded that while some of those issues must be more fully

addressed; rate center consolidation appears technically feasible. This conclusion is also based on the successful implementation of rate center consolidation in other states.

Customer and Revenue Impacts Must Be Addressed In Order to Proceed

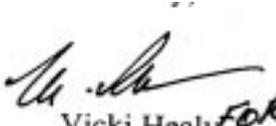
The Task Force has identified a number of constraints associated with rate center consolidation. While the Task Force has addressed most of the technical aspects of rate center consolidation, resolving the associated regulatory issues is far more problematic since those issues directly impact both the consumer and telecommunications provider. Significant constraints are revenue, costs, and other telecommunication provider and customer impacts. Resolution of these issues is required in order to determine consolidation level and location. For example, to determine consolidation location once a candidate area code has been selected, it is necessary to prioritize which customer segments are to receive a positive impact consequent to consolidation, and which will receive negative impacts, such as a less desirable calling area or even an effective rate increase. Another problematic issue concerns whether rate center consolidation should leave all parties revenue neutral. Both those issues require judgements that will benefit some consumers and competitors at the expense of others. Commission guidance is necessary if the Task Force is to conduct any further work on rate center consolidation.

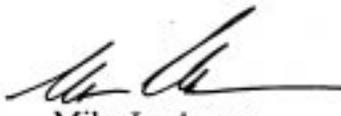
Commission Action Required

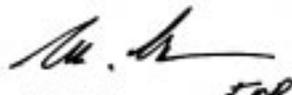
The Task Force therefore seeks Commission action to address the revenue and customer impacts associated with rate center consolidation by the most expedient procedural method available. One possible approach for the Commission to consider is to issue a Ruling that seeks comment on consumer and revenue impact issues as described in Enclosure A.

Thank you for your prompt attention to this matter.

Sincerely,


Vicki Healy *for*
Co-Chair


Mike Lachman
Co-Chair


Julie Petersen *for*
Co-Chair

Enclosure (A)

Cc: ALJ T. Pulsifer

Enclosure (A) to CA Numbering Task Force Co-Chair letter of July 2, 1999

The following is taken from the Carrier Liaison Committee (CLC) Report to the North American Numbering Council (NANC) - Short-term Technical Alternatives to NXX Exhaust dated September 15, 1997:

Rate Center Consolidation proposal suggests that the number of rate centers be reduced by combining or collapsing several existing rate centers into fewer consolidated rate centers. The rate center consolidation proposal assumes that a CO/NXX code will not be used to identify more than one switch. Accordingly, carriers that have more than one switch in a (consolidated) rate center can still be assigned CO/NXX codes, based upon the demand for numbers in any given switch.

This proposal maintains both the current call-routing and call-rating methods; however, changes in the common rate center boundaries used by all Local Service Providers can only be implemented with regulatory consent. The specific time required for implementation will be dependent upon the complexity of the existing rate center structure and the extent of changes made to that structure and associated network elements to accommodate rate center consolidation.

Additional Assumptions:

- In many cases, existing local calling plans are not rate center based. Just as Competitive Local Exchange Carriers request NXX codes to enable them to serve rate centers, they also request NXXs to allow them to match existing local calling plans which are not rate center based. Consequently, local calling plan consolidations may be required to permit rate center consolidation to have the desired effect.
- Service providers which have multiple switches serving a consolidated rate center will be permitted an NXX code per switch, i.e., a CO code will be assigned per rate center per switch.
- CMRS provider local calling areas differ significantly from wireline local calling areas. Nonetheless, CMRS providers are capable of utilizing NXX codes made available by rate center consolidation.
- All local service providers within the area of consolidation will conform to the new rate center boundaries.

Technical Considerations for Rate Center Consolidation (RCC):

1. Equal availability of numbers

- Method provides equal availability of assignable NXXs to all industry segments

2. Switch/OSS Development and Administration

- Creation of new rate center areas requires new data entries in all industry and service provider databases/tables that use rate centers in their processes including switch translations.
- Network changes may be required (e.g., trunking rearrangements including operator services trunks, local dialing plan, toll recording equipment).
- Billing systems may require modifications, especially if hard coding exists.
- Modification to customer contact operational support systems may be required.

3. User/Services Impacts

- Basic concept of local calling based upon a select set of NPA-NXXs is maintained; size of local area and/or toll boundaries may change.
- Impact on and Customer Provided Equipment (CPE) that is rating-driven (e.g., automatic route selection, "smart" pay phones).
- Rate center names and charges on customer bills may change.
- Carrier specific calling plans may be impacted.
- CPE changes may be required to accommodate dialing plan changes.
- Customer education will be required.

4. Implementation Impacts (Out-of-area, by all, disproportionate)

Out-of-Area

- Other service providers may need to change billing system data to reflect new rate centers.
- Other service providers' individual toll routes between points may change.
- This alternative may precipitate CMRS network rearrangements outside the geographic area where the calling takes place in order to maintain calling areas for mobile-to-land calls.
- Customer education will be required.

Impact if Not Uniformly Implemented by All Service Providers

- An underlying premise of this alternative is that all carriers will conform to the new rate center boundaries.

Disproportionate

- The incumbent local exchange carrier (ILEC) industry segment believes the impact is high because of potential impact on revenue, costs of implementing the changes in embedded support systems and associated network rearrangements.

5. **E911**

- The following concerns are rate center consolidation area-specific and may not be assumed to be universally applicable. Constructive interaction between serving carriers and public Safety Answering Point (PSAP) operators must be undertaken in order to realize the maximum advantages of rate center consolidation. For example:
 - Because PSAP regions fall within the jurisdiction of state/local regulatory authorities, the geographic based issues will vary.

E911

- PSAP provider participation in rate center consolidation activities is voluntary; therefore, the level of PSAP provider cooperation may vary.
 - Modifications for E911 default routing may be required.
 - At the time of the initial rate center consolidation, PSAP-serving boundaries must be considered,
 - Subsequent splitting of E911 tandem boundaries to provide capacity relief will be more complex.
 - The benefits of rate center consolidation may be reduced if E911 routing service requirements continue to require an NXX per PSAP service area.

6. **Other Considerations:**

- Rate Center Consolidation is the only method that assumes physical rate center boundaries will change. As a result, this method has unique technical and regulatory implications.
- Although rate center consolidation reduces future demand for NXXs, it does not supply any additional NXXs. It will allow for more efficient utilization of numbers from existing and future assigned NXXs.
- Rate center consolidations can reduce code requirements now in areas where new entrants have NXX assignments but service has not yet been activated. Inactivated codes could be recovered for reassignment, but would require voluntary return of inactivated codes.
- Rate center consolidation can be used both as a conservation measure to prevent future jeopardy situations and to alleviate some of the impacts of an existing jeopardy situation on certain carriers. However, where jeopardies currently exist, it is not likely that rate center consolidation will eliminate the immediate need for area code relief.
- Rate center consolidation, by expanding rate areas, makes area code splits more complicated because of reduced flexibility in drawing area code split boundaries.
- Rate center consolidation does not require Location Routing Number (LRN) to implement.

CONSTRAINTS IDENTIFIED BY GTE

1. Toll rate centers that are candidates for consolidation should be contiguous and all associated wire centers must be or are scheduled to be capable of local number portability within a rate center.
2. Rate centers that are candidates for consolidation should have identical local area calling scopes, including the same extended calling areas (EAS), unless the calling scope(s) and associated rates may be equalized through the consolidation process.
3. Rate centers should not be consolidated across a LATA boundary or an NPA boundary.
4. Rate centers for consolidation should have identical local exchange service rates, unless the local service rates may be equalized through the consolidation process.
5. The consolidation of two or more existing rate centers into a single larger rate center should not affect the local area calling scopes, associated rates and local service rates of any other rate center unless the ILEC associated with the other rate center can equalize any rate impacts at the time of consolidation.
6. The consolidation of rate centers must not impact the provision of critical emergency services such as E911.
7. Consolidation efforts must not create undue technical implementation complications for service providers without sufficient cost recovery mechanisms that are defined within the context of the consolidation process.
8. Consolidation should be revenue neutral.

OTHER THINGS TO CONSIDER

- ◆ Customer satisfaction.
- ◆ Assess the shift in end-user toll bills
- ◆ Interconnection Agreements
- ◆ Tariff filing and cost studies

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