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National Association of Regulatory Utility Commissioners

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

May 9, 2000

Magalie Roman Salas,
FCC Secretary
Office of the Secretary
Federal Communications Commission
445 Twelfth Street, S.W., TW-A325
Washington, D.C. 20554

RE: Ex Parte - Two Copies filed in the Proceedings Captioned:

(A) DEPRECIATION RULEMAKING: In the Matters of 1998 Biennial Regulatory Review – Review of Depreciation Requirements for Incumbent Local Exchange Carriers; CC Docket No. 98-137, Ameritech Corporation Telephone Operating Companies' Continuing Property Records Audit, et. al.; CC Docket No. 99-117; GTE Telephone Operating Companies Release of Information Obtained During Joint Audit. AAD File No. 98-26

(B) NUMBERING DOCKETS: In the Matter of Number Resource Optimization Docket; Connecticut DPUC Petition for Rulemaking to Amend the Commission's Rule Prohibiting Technology-Specific or Service-Specific Area Code Overlays; Massachusetts DTE Petition for Waiver to Implement a Technology-Specific Overlay in the 508, 617, 781, and 978 Area Codes; California PUC and the People of the State of California Petition for Waiver to Implement a Technology-Specific or Service-Specific Area Code, CC Docket 99-200, RM 9258; NSD File No. L-99-17; NSD File No. L-99-36, FCC 99-122 (rel. June 3, 1999)

In The Matter Of the Colorado PUC's Petition For Delegation Of Additional Authority To Implement Number Resource Optimization Measures; NSD File No. L-00-16, 2000 FCC LEXIS 650, (rel. Feb 16, 2000)

In the Matter of the Arizona Corporation Commissions Petition for Delegation of Additional Authority to Implement Number Resource Optimization Measures; NSD File No. L-99-100, 2000 FCC LEXIS 622, (rel. Feb 14, 2000)

In the Matter of the Pennsylvania PUC's Petition For Delegation Of Additional Authority To Implement Number Conservation Measures; NSD File No. L-99-101, 2000 FCC LEXIS 623 (rel. Feb 14, 2000)

In the Matter of the Washington UTC's Petition for Delegation of Additional Authority to Implement Number Conservation Measures; NSD File No. L-99-102, 2000 FCC LEXIS 795, (rel. Jan 31, 2000)

In the Matter of the Georgia PSC's Petition for Delegation of Additional Authority to Implement Number Conservation Measures; NSD File No. L-99-98, 1999 FCC LEXIS 6414, (rel. Dec 20, 1999)

In the Matter of the Tennessee Regulatory Authority's Petition for Delegation of Additional Authority to Implement Number Conservation Measures; NSD File No. L-99-94, 1999 FCC LEXIS 6415, (rel Dec 20, 1999)

In the Matter of the North Carolina Utilities Commission's Petition for Delegation of Additional Authority to Implement Number Conservation Measures; NSD File No. L-99-97, 1999 FCC LEXIS 6416, (rel. Dec 20, 1999)

In the Matter of the Virginia State Corporation Commission's Petition for Delegation of Additional Authority to Implement Number Conservation Measures; NSD File No. L-99-95, 1999 FCC LEXIS 6417, (rel. Dec 20, 1999)

In the Matter of the Utah Public Service Commission's Petition for Delegation of Additional Authority to Implement Number Conservation Measures; NSD File No. L-99-89, 1999 FCC LEXIS 6063, (rel. Dec 1, 1999)

In the Matter of the Missouri PSC's Petition For Delegation Of Additional Authority To Implement Number Conservation Measures for the 314, 417, 573, 636, 660, and 816 area codes; NSD File No. L-99-90, 1999 FCC LEXIS 6064, (rel. Dec 1, 1999)

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List A B C D E

1101 Vermont Avenue, NW, Suite 200, Washington D.C. 20005 • 202.898.2200 • 202.898.2213 *fax* • http://www.naruc.org

In the Matter of New Hampshire PUC's Petition for Additional Delegated Authority to Implement Number Optimization Measures in the 603 Area Code, CC Docket No. 96-98; NSD File No. L-99-71, 1999 FCC LEXIS 6084, (rel. Nov 30, 1999)

In the Matter of Petition of the PSC of Wisconsin for Delegation of Additional Authority to Implement Number Conservation Measures, CC Docket No. 96-98; NSD File No. L-99-64, 1999 FCC LEXIS 6085, (rel. Nov 30, 1999)

In the Matter of Petition of the PUC of Texas for Expedited Decision for Authority to Implement Number Conservation Measures, CC Docket No. 96-98; NSD File No. L-99-55, 1999 FCC LEXIS 6086, (rel. Nov 30, 1999)

In the Matter of Connecticut DPUC's Petition for Delegation of Additional Authority to Implement Area Code Conservation Measures, CC Docket No. 96-98; NSD File No. L-99-62, 1999 FCC LEXIS 6087, (rel. Nov 30, 1999)

In the Matter of Petition of the Ohio PUC for Delegation of Additional Authority to Implement Number Conservation Measures, CC Docket No. 96-98; NSD File No. L-99-74, 1999 FCC LEXIS 6088, (rel. Nov 30, 1999)

In the Matter of Petition of the Nebraska PSC's Petition Delegation of Additional Authority to Implement Number Conservation Measures for the 402 Area Code; NSD File No. L-99-83, 14 FCC Rcd 18672; 1999 FCC LEXIS 5593, (rel. Nov 4, 1999).

In the Matter of Petition of the Indiana Utility Regulatory Commission's Petition Delegation of Additional Authority to Implement Number Conservation Measures; NSD File No. L-99-82, 14 FCC Rcd 18674; 1999 FCC LEXIS 5594, (rel. Nov 4, 1999)

Dear Ms. Salas:

On May 2 and 3, 2000, representatives of the National Association of Regulatory Utility Commissioners (NARUC) had a series of meetings with FCC personnel. This letter is to comply with the FCC's regulations concerning ex parte contacts. NARUC respectfully requests any waivers needed to file this notification out-of-time.

On May 2, 2000, Washington UTC Commissioner Bill Gillis, the current Chair of NARUC's Consumer Affairs Committee, joined by Brad Ramsay, NARUC's General Counsel, met with the following FCC representatives:

12:00 JORDEN GOLDSTEIN, OFFICE OF COMMISSIONER NESS
3:00 SARAH WHITESELL, OFFICE OF COMMISSIONER TRISTANI
5:15 CAROL MATTEY, COMMON CARRIER BUREAU
4:15 CONSUMER INFORMATION, CCB & ENFORCEMENT BUREAU STAFF: DAVID SOLOMON, CATHY SEIDELL, KURT SCHOEDER, IRENE FLANNERY, COLLEN HEITKAMP, PETER FRIEDMAN, LORRIANE C. MILLER, AND MICHELE WALKER.

Subsequently, on May 4, 2000, Montana PSC Commissioner Bob Rowe, NARUC's current President, joined by Brad Ramsay, NARUC's General Counsel, met with the following FCC representatives:

9:00 Commissioner Ness, Jorden Goldstein
10:00 Commissioner Tristani, Sarah Whitesell
11:00 Dorothy Attwood, Office of the Chairman
11:30 Commissioner Powell, Kyle Dixon

During both President Rowe's and Commissioner Gillis' visits, the items discussed subject to the FCC's ex parte rules are listed on the attached handout, which was distributed to the participants of each visit. (except for the generic meeting on FCC-NARUC activities with CIB, Enforcement, and CCB).

Specifically, as outlined in more detail in the attachments, NARUC representatives discussed the following:

I. DEPRECIATION:

(a) ***NARUC believes this rulemaking should be abandoned and the FCC should proceed with the case specific waiver process outlined in the Depreciation Order, which requires below-the-line treatment of the write-off amount in exchange for permitting use of accelerated depreciation rates.***

(b) ***NARUC strongly urges that the difference between the financial reserve position and the regulatory reserve position should be recorded as a one-time below-the-line adjustment to ensure there is no customer rate affect.*** The ILECs comments ambiguously "specify" that they will not seek intrastate rate increases based on "interstate" amortizations. NARUC is concerned about the harmful impact that this unusual above-the-line treatment will have on ratepayers. *Accounting for an expense above the line creates the rebuttal presumption that the expense will be allowed in the revenue requirement charged to ratepayers.* The proposed amortization would give the ILECs a powerful new argument for increasing local rates. Any amortization of the reserve difference between the regulatory and financial reporting books, should be below the line. ***Contrary to the ILEC initial comments, there is no FCC precedent for an above-the-line adjustment of this difference***. This difference cannot be construed as a reserve deficiency, as the ILECs claim.

(c) ***FCC must continue oversight and maintain annual reporting requirements***. A prerequisite for the FCC's ability to update its life and salvage ranges to use when calculating forward-looking economic costs for universal service high cost loop support purposes as well as for States to use for interconnection and UNE prices, is that the carriers submit plant life information on an annual basis. NARUC believes that it is critical for the FCC to continue depreciation oversight as long as the ILECs have dominant carrier status. It is clear from the ILEC comments that the carriers intend to use "financial" depreciation lives for all reporting purposes including future cost studies, if their requests are granted by this rulemaking. If that is allowed, there will be adverse consumer impacts. *The FCC must make clear that this rulemaking does not presume that the carriers' financial depreciation rates are valid for determining USF cost support, increases in the interstate subscriber line charge, or for states determination of interconnection and UNE price, or for any purpose affecting customer rates.*

(d) ***Questions arising from the CPR audits should be resolved independent of the decision in this docket.*** The potential impacts on depreciation expense and universal support levels, because of overstated investment levels, have no relation to the amortization amount or the fact that it is non-recoverable.

II. NUMBERING ISSUES:

(a) ***Outstanding State Requests for Authority:*** The FCC should complete action on the outstanding state requests for additional delegated authority as quickly as possible. NARUC appreciates all the hard work and close coordination of both the FCC and the hard-working FCC staff on these numbering issues. However, both Commissioners emphasized that *time is running out in many area codes and the States' need for authority to take action cannot be postponed.* For that reason, as the national pooling approach is to be further delayed to assure the appropriate selection of a national pooling administrator, Both Commissioners *Gillis and Rowe urged the FCC to grant the remaining outstanding state petitions as soon as possible,* perhaps as a group in a single order.

Commissioner Gillis also briefly discussed a recent Washington UTC request on numbering issues in several of the offices. A copy of the Washington UTC pleading is also attached. Commissioner Rowe's handout was identical to the attached except it did not include the first three [I. – III.] talking points.

(b) ***N11 Guidelines Request:*** A March NARUC resolution urges the FCC to immediately develop guidelines for use of all N11 service codes and suggests the FCC reserve 211 from any other new assignment until the FCC develops guidelines for the use of N11 service codes conceding that the FCC may wish to grandfather currently assigned uses of 211 for valid public interest services.

(c) ***Numbering FNPRM:*** On the outstanding NPRM, NARUC representatives pointed out that

- ***FCC needs to establish a utilization rate for non-pooling carriers that: (1) compels efficient numbering practices; (2) provides carriers with timely access to number resources when they have demonstrated a proven need; and (3) comports with state experience.*** NARUC has not yet approved proposed comments, but State experience suggests immediate adoption of a 75% utilization rate with an increase to an 80-85% range within the next two years will met all these objectives. Maine, California, Massachusetts, New Hampshire, and New York have already adopted a 75% fill rate for all carriers; AND

- ***The FCC should continue to require wireless carrier participation in pooling by November 24, 2002.*** Wireless carriers must be given every incentive to devote the necessary resources to accomplish this task; they must not be allowed to continue to delay implementation.

.If you have any questions or comments concerning this correspondence, please do not hesitate to contact me at 202.898.2207 or jramsay@naruc.org.

Sincerely

James Bradford Ramsay
NARUC General Counsel

Enclosures

NARUC ISSUES/AREAS OF CONCERN:

I.	SLAMMING:	PROCEDURAL DISCUSSIONS ONLY (STILL IN SUNSHINE).
II.	RURAL TASK FORCE:	PROCEDURAL STATUS UPDATE ON RTF ACTIVITIES.
III.	COORDINATED ACTIVITIES:	DISCUSSION OF SNAP AND CONSUMER AFFAIRS ACTIVITIES.
IV.	DEPRECIATION:	DISCUSSION OF NARUC COMMENTS.

A. Generic Rulemaking vs. Case Specific Waivers:

In our initial comments, NARUC pointed out that the CALLS -ILECs, Proposal, with minor modification, could satisfy the criteria set forth in the Depreciation Order. Those comments point out, however, that before the proposal is applied to other price cap ILECs, the FCC should obtain similar commitments as received from the CALLS ILECs, and, before making a final determination in this docket, the FCC should quantify the overall change that will result from moving to financial depreciation rates for all carriers. On reply, after review of the initial comments filed in this case, NARUC pointed out that this rulemaking was apparently initiated based on the FCC's perception of a need for rules that would apply to the industry as a whole. NARUC believes that the hesitation of the ILECs to endorse such a rule, as indicated by their initial comments, indicates this rulemaking should be abandoned and the FCC should proceed with the waiver process outlined in the Depreciation Order.

B. Below the Line Treatment:

NARUC STRONGLY URGES THAT THE DIFFERENCE BETWEEN THE FINANCIAL RESERVE POSITION AND THE REGULATORY RESERVE POSITION SHOULD BE RECORDED AS A ONE-TIME BELOW-THE-LINE ADJUSTMENT TO ENSURE THERE IS NO CUSTOMER RATE AFFECT. However, if an above-the-line adjustment decision is made, we believe a one-year amortization is appropriate as it does not appear that such action will have an adverse impact on reported earnings. NARUC is concerned about the very harmful impact that above-the-line treatment will have on ratepayers. We agree with MCI's comments that accounting for an expense above the line creates the rebuttal presumption that the expense will be allowed in the revenue requirement charged to ratepayers. *The proposed amortization would give the ILECs a powerful new argument for increasing local rates.* Recall the FCC concluded in the Depreciation Order that the ILECs have not sufficiently demonstrated the validity of the assumptions underlying their proposed shorter lives for plant equipment categories other than digital switching. We reiterate that any amortization of the reserve difference between the regulatory and financial reporting books, should be below the line. Contrary to the ILEC initial comments, there is no FCC precedent for an above-the-line adjustment of this difference. This difference cannot be construed as a reserve deficiency, as the ILECs claim. Further, if these rules are adopted, NARUC is concerned that the ILECs will be given depreciation freedoms while they are still considered dominant carriers while the FCC did not grant such action to AT&T until it was considered a nondominant carrier.

C. Continued FCC Oversight/Annual Reporting Requirements:

A prerequisite for the FCC's ability to update its life and salvage ranges to use when calculating forward-looking economic costs for universal service high cost loop support purposes as well as for states to use for interconnection and UNE prices, is that the carriers submit plant life information on an annual basis. Regardless of the outcome of this rulemaking, NARUC believes that it is critical for the FCC to continue depreciation oversight as long as the ILECs have dominant carrier status. It is clear from the ILEC comments that the carriers fully intend to use financial depreciation lives for all reporting purposes including future cost studies, if granted the depreciation freedom by this rulemaking. If this is allowed, there will be adverse consumer impacts. The FCC must make clear

that this rulemaking does not presume that the carriers' financial depreciation rates are valid for determining universal service cost support, increases in the interstate subscriber line charge, or for states determination of interconnection and UNE price, or for any other purpose affecting customer rates. NARUC strongly urges the FCC to reiterate the public interest need to continue to use depreciation ranges in such proceedings.

D. CPR Audits:

QUESTIONS ARISING FROM THE CPR AUDITS SHOULD BE RESOLVED INDEPENDENT OF THE DECISION IN THIS RULEMAKING. The potential impacts on depreciation expense and universal support levels, because of overstated investment levels, have no relation to the amortization amount or the fact that it is non-recoverable.

V. NUMBERING ISSUES:

A. Outstanding State Requests for Authority:

The FCC should complete action on the outstanding state requests for additional delegated authority as quickly as possible.

B. N11 Guidelines Request:

At our March meetings NARUC passed a resolution urging the FCC to immediately develop guidelines for use of all N11 service codes. Specifically, the resolution states that NARUC

- Supports the States' use of 211 to allow *interim*-deployment for social service purposes, but believes the FCC should reserve 211 from any other new assignment until the FCC develops guidelines for the use of N11 service codes;

- Recognizes the FCC may grandfather currently assigned uses of 211 for valid public interest services with universal benefit to continue until it has developed guidelines for the use of all N11 service codes, and

- Urges the FCC to immediately develop guidelines for the use of N11 service codes on a nationwide basis for public services because of increased requests for public interest use and the scarcity of N11 numbers.

C. Numbering FNPRM:

- **NUMBER UTILIZATION RATES:** The FCC needs to establish a utilization rate for non-pooling carriers that: (1) compels efficient numbering practices; (2) provides carriers with timely access to numbering resources for which they have demonstrated a proven need; and (3) comports with state experience in the rate of number utilization. NARUC has not yet approved proposed comments to be filed later this month in this proceeding, but discussions with member commissions suggests immediate adoption of a 75% utilization rate with an increase to an 80-85% range within the next two years will met all these objectives. A 75% utilization rate will minimize the number of stranded resources and encourage more efficient numbering practices. Maine, California, Massachusetts, New Hampshire, and New York have already adopted a 75% fill rate for all carriers.

- **DEADLINE FOR WIRELESS POOLING SHOULD NOT BE EXTENDED.** The FCC should continue to require wireless carrier participation in pooling by November 24, 2002. The wireless industry has had more than sufficient notice of the need to make their systems not only LNP-capable but also pooling-capable. There are two years left before the deadline occurs. Wireless carriers must be given every incentive to devote the necessary resources to accomplish this task; they must not be allowed to continue to delay implementation. Wireless participation could have an enormously positive impact on the effectiveness of pooling.

APPENDIX A - FULL TEXT OF NARUC'S 4/27/00 DEPRECIATION REPLY COMMENTS:

Pursuant to Sections 1.49, 1.415, and 1.419 of the Federal Communications Commission's ("FCC" or "Commission") Rules of Practice and Procedures, 47 C.F.R. Section 1.49, 1.415, and 1.419 (1998), the National Association of Regulatory Commissioners ("NARUC") respectfully submits these reply comments on the FCC's Further Notice of Proposed Rulemaking adopted March 31, 2000, and released April 3, 2000 [FCC 00-119] ("FNPRM"). NARUC (1) believes the FCC should abandon this rulemaking in favor of the waiver process outlined in its original depreciation order, (2) reiterates its position that any amortization of the reserve difference between the regulatory and financial reporting books should be below-the-line to, inter alia, assure no intra-state rate impacts, and (3) urges the FCC to continue depreciation oversight as long as the ILECs have dominate carrier status.

In support of these positions, NARUC states as follows:

II. BACKGROUND

The Calls Filing:

On March 3, 2000 the Coalition for Affordable Local and Long Distance Service ("CALLS") submitted an ex parte alternative proposal ("Ex Parte Letter") to the FCC to eliminate the existing disparity between the regulatory and the financial accounting for depreciation expense and associated reserve balances over five years.

The proposal suggests that the CALLS participants intend to file a joint request for waiver of the FCC's depreciation requirements to (1) use the same depreciation factors and rates for both Federal regulatory and financial accounting purposes, and (2) commit to submit, under a request for confidentiality, information concerning their depreciation accounts when significant changes to depreciation factors are made.

Additionally, the proposal includes a five-year amortization, to begin with and be contemporaneous with the timing of the CALLS access charge/universal service reform proposal, of the difference between the regulatory reserve balances and the corresponding external financial reserve balances. The amortization expense would be an above-the-line expense. However, the amortization would have no effect on interstate price caps or interstate rates and the carriers commit not to seek recovery of the amortization expense through a low-end adjustment, an exogenous adjustment, or an above-cap filing.

Further, the CALLS carriers commit not to seek recovery of the interstate amortization expense through any action at the state level, including any action on UNE rates.
NARUC's Initial Comments:

NARUC, in its April 17, 2000 initial comments, stated that before rendering a decision in this proceeding the FCC should quantify the overall change that will result from moving to financial depreciation rates for all carriers. Further, the difference between the financial reserve position and regulatory reserve position should be recorded as a one-time below-the-line adjustment to ensure there is no customer rate affect. Additionally, to assure the FCC can update its life and salvage rates to use to calculate forward-looking economic costs for universal service high cost loop support purposes, as well as to provide States with information needed to approve interconnection and Unbundled Network Element ("UNE") prices, carriers should submit plant life information on an annual basis pursuant to the FCC's Report and Order in CC Docket No. 98-137 and Memorandum Opinion and Order ("Depreciation Order") in ASD-98-91, adopted on December 17, 1999 and released December 31, 1999. Also, questions arising from the Continuing Property Records ("CPR") audits should be resolved independent of the decision in this rulemaking. The potential impacts on depreciation expense and universal support levels, because of overstated investment levels, have no relationship to the amortization amount or the fact that it is non-recoverable.

III. DISCUSSION

A. ILEC Comment Overview:

NARUC appreciates the opportunity to offer reply comments to the first round of comments offered in response to this FNPRM. Not surprisingly, all of the CALLS-affiliated Incumbent Local Exchange Carrier

("ILECs'") initial comments support the FCC's proposed rulemaking. However, it is interesting to note the number of pleas for this rulemaking, if adopted, to be discretionary rather than mandatory for all ILECs. Most of the ILEC comments claim that an above-the-line treatment of the proposed amortization adjustment is in line with previous FCC actions.

A particularly disturbing clarification made by these carriers is that while they may commit not to seek recovery of the interstate portion (25%) of the amortization difference, they will not make any such commitment with respect to the intrastate portion (75%). Further, these carriers object to the Commission continuing to set depreciation ranges to be used in cost models that determine USF support and UNE and interconnection prices. In addition to the concerns the NARUC raised in its initial comments, these caveats made by the ILECs in their initial comments, raise serious concerns for the NARUC.

B. Mandatory versus Discretionary:

If the FCC concludes its proposed rulemaking is appropriate, US WEST Communications, Inc. ("US WEST"), BellSouth Corporation ("BS"), Bell Atlantic telephone companies ("Bell Atlantic"), the United States Telecom Association ("USTA"), and Cincinnati Bell Telephone Company ("CBT") argue that all price cap carriers should be given the option to voluntarily operate under such rules.

U S WEST claims that a mandatory requirement could be unlawful in that price cap ILECs would be precluded from the opportunity of recovering prudently invested capital during the proposed five-year amortization period through any lawful means. Further, U S WEST says the conditions set forth in the CALLS Ex Parte Letter to allow use of the same depreciation rates for regulatory purposes as for financial reporting purposes are unreasonable and states that it does not care to join in this act of supposed self-sacrifice.[1] According to U S West, any possibility that shareholders might be able to recover the costs of their investments would be eliminated under this plan.

SBC states that the actions contemplated in this proceeding are conditioned on the FCC's acceptance of the CALLS entire access charge/universal service reform proposed package. This infers that without Commission approval of the entire CALLS package, the CALLS ILECs would not agree to the commitments proffered in the Ex Parte letter.

U S WEST claims that the CALLS ILECs Ex Parte Letter's proposal, if made mandatory by the Commission, would raise the issue of whether ILEC property has been taken without either specific authority or just compensation. Along with BS and CBT, U S WEST also states that this depreciation plan should be an optional election for ILECs that are not currently CALLS participants. Further, these carriers state that price cap ILECs electing the CALLS Plan after its adoption by the Commission should not be required to participate in the depreciation process outlined in the Ex Parte Letter. They believe that carriers should have the opportunity to evaluate their participation in the depreciation plan in light of the final CALLS proposal and their particular circumstances at that time.

The reason the FCC issued this FNPRM was because it perceived a need for rules that would apply to the industry as a whole. Otherwise, it could have continued under the waiver process set out in the Depreciation Order. Given the ILECs hesitation to endorse a rule that would apply to the industry as a whole, and indeed their recommendation to apply any rules adopted in this proceeding on a company by company basis, the FCC should abandon this rulemaking and proceed with the waiver process as outlined in the Depreciation Order.

C. Amortization of Financial/Regulatory Reserve Differences:

SBC Communications, Inc. ("SBC"), BST, Bell Atlantic, CBT, U S WEST, and GTE Service Corporation (collectively, "GTE") all support an above-the-line amortization of the difference between the financial and

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[1] Indeed, US West, which is currently not a signatory to the CALLS proposal, claims that "[a]ny attempt to condition interstate relief on "firm commitments" at the State level would be . . . unlawful." And points out that it "fully intends to seek recovery of all expenses lawfully incurred in the provision of intrastate service, including depreciation expense and any applicable depreciation reserve deficiency." US West April 17, 2000 Comments at 6-7.

regulatory reserve positions. Indeed, the carriers collectively proffer that above-the-line treatment is appropriate because the amortized expenses represent expenses that should have been recorded in past years.

NARUC urges the FCC to review its previous orders cited in the carriers' comments. Contrary to ILEC claims that the Commission permitted AT&T Corp. ("AT&T") to reflect its write-down in above-the-line accounts, the fact is that the Commission never did this. While it is true that the FCC has allowed above-the-line reserve amortizations, these amortizations related to reserve deficiencies defined as the difference between the book reserve and the calculated theoretical reserve. The theoretical reserve calculation assumes that current estimates of life and salvage had historically been in effect and, under those conditions, determines the reserve balance theoretically correct today. The difference between the calculated theoretically correct reserve amount and a carrier's book reserve relates to a reserve imbalance. To the extent plant assets do not live in accord with the assumed life and salvage parameters used in the theoretical reserve calculation, a reserve surplus or deficiency can occur. Such reserve imbalances are indicative of past ratepayers not paying their fair share; that is, an intergenerational inequity exists. NARUC asserts that a reserve deficiency is not an issue in this proceeding. The difference between the financial and regulatory reserve positions cannot be construed as a reserve deficiency. It is simply the difference between the two sets of books. The Commission clearly states in paragraph 30 of its Depreciation Order that it does not agree that the ILEC's plant is under depreciated. For this reason, the FCC's precedent of above-the-line amortizations for reserve deficiencies is not relevant.

Furthermore, the carriers' references to the FCC's actions taken with AT&T in 1989 is taken out of context. First, the FCC never allowed an above-the-line amortization of the difference between the financial and book reserve positions as is being contemplated in this proceeding. Indeed, in its Memorandum Opinion and Order ("AT&T Depreciation Practices Order"), adopted November 22, 1989 and released December 15, 1989, in AAD 9-1935, the FCC denied AT&T's request to set its depreciation rates for regulatory purposes based on the depreciation rates it used for financial reporting purposes. The reserve amortization approved related to a reserve deficiency based on the life and salvage parameters the FCC concluded to be appropriate for AT&T, not those used for financial accounting purposes. Second, the AT&T Depreciation Practices Order is clear that any write-down AT&T took would be for financial reporting purposes only and would have no effect on its regulated investment or depreciation rates. The FCC concluded explicitly that AT&T's asset value and depreciation expenses were determined separately for financial reporting and regulatory purposes. The FCC prescribed depreciation rates for AT&T did not reflect the write-down AT&T took on its financial reporting books. Third, the FCC continued prescribing depreciation rates for AT&T as long as it was considered a dominant carrier. As MCI WorldCom, Inc. (MCI) points out in its comments, the Commission still denied AT&T nondominant status in 1993 even though AT&T's market share had fallen to 58.1%. NARUC shares MCI's concern with the FCC providing the ILECs depreciation freedoms while they are still considered dominant carriers with more than 95% market share.

D. Impact on Local Rates and Competition:

In the FNPRM, the Commission explicitly asked carriers to clarify whether their commitment not to recover any portion of the amortized amount extended to the intrastate portion. The record is clear that no ILEC is making a commitment not to seek recovery of the intrastate portion of the amortized amount (75%). While it is not clear that the Commission could enforce or impose a condition that the carriers not seek recovery of the intrastate portion, it is disconcerting to the NARUC that signatories to the Ex Parte Letter neglected to include any assurances that intrastate rates will not be increased due to actions the Commission would take to provide them with freedom from depreciation requirements. In fact, U S WEST strongly admits in its comments that it has no intention of waiving recovery of these amounts on an intrastate basis. The ILECs made only a cursory statement that the interstate portion (25%) will not be used to increase rates at the state level. This commitment has little meaning to state commissions. NARUC is concerned about the very harmful impact the Commission's above-the-line treatment will have on ratepayers. We agree with MCI's comments that accounting for an expense above the line creates the rebuttal presumption that the expense will be allowed in the revenue requirement charged to ratepayers.

The proposed amortization would give the ILECs a powerful new argument for increasing local rates. NARUC reminds the FCC of its conclusion in the Depreciation Order that the ILECs have not sufficiently demonstrated the validity of the assumptions underlying their proposed shorter lives for plant equipment categories other than digital switching.

Not surprisingly, the ILECs oppose the FCC's continued updating of its life and salvage ranges. GTE argues that if these ranges were valid, there would be no discrepancy between the regulatory and financial books. By the FCC modifying its rules to permit price cap ILECs to set their own depreciation rates, SBC, BST, and GTE state that the carriers would be authorized to use their proposed economic depreciation rates for all reporting purposes. According to SBC, this would include any future cost estimates or studies required to support increases in the interstate subscriber line charge above $5.00 and for any other purpose. The ILECs state that there should be a presumption that the depreciation parameters used for both financial and regulatory reporting purposes are appropriate for any future cost study. The NARUC reiterates its assertion made in our initial comments that use of financial depreciation rates should not be taken as tacit approval of the inherent shorter lives. As the FCC concluded in the Depreciation Order, "the incumbent LECs have not sufficiently demonstrated the validity of the assumptions underlying their proposed shorter lives for plant equipment categories other than digital switching equipment." Additionally, NARUC believes that the financial depreciation rate structure will impede competition by increasing UNE and interconnection prices today and will create an opportunity for uneconomic pricing.

SBC proposes that whenever a price cap LEC makes an asset life change that results in a net increase in depreciation expense of 3% or more, the Commission staff will be provided a summary statement of the change. NARUC believes this proposal provides ratepayers with little regulatory oversight and would be poor public policy.

Bell Atlantic states that the Commission's universal service high cost support model relied on Hatfield Model ("HAI") projected lives and not the lives approved under regulated depreciation. Additionally, Bell Atlantic states that to the extent more carriers base their depreciation on economic lives, the universal service model should be consistent and those rates are best reflected in the depreciation used on the companies' financial books. While NARUC agrees that the cost model relied on HAI projected lives, we disagree that these lives are not reflective of those prescribed under regulation. In the Tenth Report and Order, adopted October 21, 1999 and released November 2, 1999, in FCC 99-304, the FCC clearly states that the HAI lives adopted for use in the model are in fact based upon the weighted average of the projection lives which underlie the depreciation rates prescribed by the Commission. NARUC believes that financial depreciation rates are not appropriate for future cost studies and the FCC should reassert its position of using lives and salvage values within the FCC prescribed ranges for cost study purposes. The use of financial depreciation rates do not guard against adverse impacts on consumers as outlined in the Commission's Depreciation Order and as indicated in the NARUC's initial comments.

NARUC strongly urges the Commission to continue depreciation oversight and to keep depreciation ranges in place for use to support future cost studies. As clearly indicated by the ILEC comments, they fully intend to use financial lives in future cost studies that will have adverse consumer impacts. This continued need for oversight is apparent from the current record in this proceeding. At least 15 other commenters pleadings highlight how critical it is for the FCC to continue depreciation oversight. See, e.g., initial comments filed by the Indiana Utility Regulatory Commission, the Public Service Commission of Wisconsin, the Ohio Public Utility Commission, MCI, AT&T, the Association for Local Telecommunications Services, General Services Administration, USTA, the National Exchange Carrier Association, the National Rural Telecom Association, the Association for the Promotion and Advancement of Small Telecommunications Companies, the Ad Hoc Telecommunications Users Committee, the International Communications Association and the Consumer Federation of America, and the National Telephone Cooperative Association).

III. CONCLUSION

In conclusion, since this rulemaking proceeding was initiated on the FCC's perception of a need for rules that would apply to the industry as a whole, NARUC believes that the hesitation of the ILECs to endorse such a rule indicates this rulemaking should be abandoned and the FCC should proceed with the waiver process outlined in the Depreciation Order.

NARUC reiterates its position that any amortization of the reserve difference between the regulatory and financial reporting books, should be below the line. Contrary to the ILEC comments, there is no FCC precedent for an above-the-line adjustment of this difference. This difference cannot be construed as a reserve deficiency, as the ILECs claim. Further, if these rules are adopted, NARUC is concerned that the ILECs will be given depreciation freedoms while they are still considered dominant carriers while the FCC did not grant such action to AT&T until it was considered a nondominant carrier.

Regardless of the outcome of this rulemaking, NARUC believes that it is critical for the FCC to continue depreciation oversight as long as the ILECs have dominant carrier status. It is clear from the ILEC comments that the carriers fully intend to use financial depreciation lives for all reporting purposes including future cost studies, if granted the depreciation freedom by this rulemaking. If this is allowed, there will be adverse consumer impacts. The FCC must make clear that this rulemaking does not presume that the carriers' financial depreciation rates are valid for determining universal service cost support, increases in the interstate subscriber line charge, or for states determination of interconnection and UNE price, or for any other purpose affecting customer rates. NARUC strongly urges the FCC to reiterate the public interest need to continue to use depreciation ranges in such proceedings.

APPENDIX B – FULL TEXT OF NARUC'S 4/17/00 DEPRECIATION INITIAL COMMENTS:

Pursuant to Sections 1.49, 1.415, and 1.419 of the Federal Communications Commission's ("FCC" or Commission) Rules of Practice and Procedure, 47 C.F.G. Section 1.49, 1.415, & 1.419 (), the National Association of Regulatory Commissioners ("NARUC") respectfully submits these comments on the FCC's Further Order of Proposed Rulemaking adopted March 31, 2000, and released April 3, 2000 {FCC 00-119} in the above-captioned proceeding.

In support of these comments, NARUC states as follows:

I. NARUC's Interest

NARUC is a quasi-governmental nonprofit organization founded in 1889. Members include the governmental bodies engaged in the regulation of carriers and utilities from all fifty States, the District of Columbia, Puerto Rico, and the Virgin Islands.

NARUC's mission is to improve the quality and effectiveness of public utility regulation in America. Specifically, NARUC is composed of, inter alia, state and territorial officials charged with the duty of regulating the telecommunications common carriers within their respective borders. These officials have the obligation to assure that such telecommunications services and facilities as are required by the public convenience and necessity are established, and that services are furnished at rates that are just and reasonable.

Because of the potential impact on state commission procedures, and NARUC's stated goal of promoting more efficient regulation, NARUC has an interest in this proceeding.

II. Background

In its Report and Order in CC Docket No. 98-137 and Memorandum Opinion and Order (Depreciation Order) in ASD 98-91, adopted on December 17, 1999 and released December 30, 1999, the FCC adopted additional streamlined procedures for depreciation and concluded that a waiver of its depreciation prescription process may be appropriate when an Incumbent Local Exchange Carrier (ILEC) (1) adjusts the net book value costs on its regulatory books to the level currently reflected in its financial books by a below-the-line write-off; (2) uses the same depreciation factors and rates for both regulatory and financial accounting purposes; (3) foregoes the opportunity to seek recovery of the write-off through a low-end adjustment, an exogenous adjustment, or an above-cap filing; and (4) agrees to submit information concerning its depreciation plant accounts, including forecast additions and retirements for major network accounts and replacement plans for digital central offices and information concerning relative investments in fiber and copper. These conditions were concluded to be necessary to ameliorate any harmful impact that unrestricted changes in depreciation expenses could have on consumers and competition. Further, because of concerns of the impact new depreciation methods will have on resulting costs in the models for the determination of universal service high cost loop support and of interconnection and unbundled network element (UNE) rates, the FCC proposed continuation of their ranges of depreciation lives and salvage factors. These factors would be input data for model runs to determine high cost support, and interconnection and UNE prices. The Depreciation Order also invited alternative proposals by carriers seeking a waiver of depreciation requirements but

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STATE OF WASHINGTON
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250
(360) 664-1160 • TTY (360) 586-8203

December 9, 1999

Magalie Roman Salas
Office of the Secretary
Federal Communications Commission
The Portals
445 Twelfth Street, S.W.
Washington, DC 20554

RECEIVED
DEC 10 1999
FCC MAIL ROOM

Re: Washington Utilities and Transportation Commission's Petition for Additional Delegated Authority to Implement Number Conservation Measures

Dear Ms. Salas:

Enclosed please find an original and five copies of the Washington Utilities and Transportation Commission's petition for additional delegated authority to implement number conservation measures. Please file-stamp one copy of this petition and return it to me in the enclosed envelope for our file. Thank you for your courtesies.

Very truly yours,

Carole Washburn
Executive Secretary

Enc.

No. of Copies rec'd 0+4
List ABCDE

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Petition for Declaratory Ruling and Request for Expedited Action on July 15, 1997 Order of the Pennsylvania Public Utility Commission Regarding Area Codes	)	NSD File No. L-97-42
	)	
Implementation of the Local Competition Provisions of the Telecommunications Act of 1996	)	CC Docket No. 96-98

RECEIVED
DEC 10 1999
FCC MAIL ROOM

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION'S PETITION FOR ADDITIONAL DELEGATED AUTHORITY TO IMPLEMENT NUMBER CONSERVATION MEASURES

The Washington Utilities and Transportation Commission (WUTC) petitions the Federal Communications Commission (FCC) for additional delegated authority pertaining to number conservation measures. Specifically, the WUTC requests the authority to:

(1) Enforce number assignment standards, including auditing the use of numbering resources, and reclaiming unused and reserved area codes;

(2) Implement mandatory thousand number block pooling (TNP) trials using existing TNP software until the later editions are available;

(3) Adopt interim number-assignment standards;

(4) Implement interim unassigned number porting (INUP); and

(5) Revise rationing procedures if necessary.

The WUTC will use this additional authority to delay new area codes in the 206, 425, 253, and 509 area codes and prolong the lives of new NPAs, such the 564 area code.[1]

I. Background

A. The Need for Number Conservation Authority

At the beginning of 1995, Washington state had a population of 5.4 million[2] and two area codes – 206 and 509. Because each area code had almost eight million usable telephone numbers, the state had just over three potential telephone numbers per person. Today, less than five years later, Washington state has a population of 5.8 million, and it has six area codes – 206, 509, 360, 425, 253, and (our newest) 564. Our state now has enough potential telephone numbers to supply each citizen with more than eight telephone numbers.

Washington is a high-tech state, on the leading edge of the information economy, but we do not need eight telephone numbers per citizen. Rather, it is clear that, while there has been some increase in the intrinsic demand for telephone numbers as consumers and businesses purchase more telephone lines for voice, data, and fax communications and subscribe in greater numbers to wireless services, the nation's telephone numbering system is becoming increasingly inefficient. As is the case in many other areas of the telecommunications industry, a system that was adequate for many years under a monopoly regime is simply inadequate in an increasingly

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[1]On October 13, 1999, the WUTC ordered area code relief for the 360 area code. *In the Matter of Area Code Relief for the 360 Number Plan Area Filed by Lockheed Martin, IMS, for the Washington State Telecommunications Industry in the Form of an Overlay and Creation of the 564 Plan Area*, Order Implementing Area Code Relief Plan, WUTC Docket No. UT-990261 (Oct. 13, 1999). In this docket, the WUTC approved an industry plan to overlay "564" number plan area over the existing "360" number plan area, with a permissive dialing pattern to begin on February 5, 2000, and a mandatory dialing pattern to begin on July 29, 2000.

[2]See http://www.ofm.wa.gov/popagesex19702020/popagesex19702020toc.htm

competitive industry structure.

Washington consumers and businesses have paid the price as the industry has added area code after area code. The majority of telephone customers in western Washington now have a different telephone number than they did in 1995, and they now face the prospect of having to cope with mandatory 10-digit dialing for all local calls and having multiple area codes within the local calling areas of even the most rural areas of the state.

The WUTC believes that, had the industry used telephone numbers with even a modest level of efficiency, the introduction of three new area codes in 1995-96 would have satisfied the intrinsic demand for telephone numbers for many years. Instead, we now face the introduction of a new overlay code, 564, for the 360 area that was established in 1995. In addition, we have been informed by the national numbering administrator that two other codes – the 425 area that was established in 1996 and what is left of the original 206 area – will require relief within two years.

In the absence of effective and enforceable national standards for the use of numbering resources, the WUTC has concluded that it should seek the delegated authority commensurate with what the FCC has granted to other states in recent months. While we believe that numbering administration and policy are appropriately addressed at the national level, we also believe we need the additional delegated authority to protect consumers in Washington state who have already done their share to accommodate the industry's inadequate and inefficient numbering system.

B. Assignments of New Area Codes in Washington

In April of 1995, the WUTC held hearings regarding the dialing requirements for a new area code for western Washington. See WUTC Docket No. UT-950446. US West

Communications, Inc. (US West), the numbering administrator for Washington, notified industry and the WUTC that the 206 numbering plan area (NPA) was in potential exhaust and a short transition period between permissive and mandatory dialing requirements was necessary. The 360 NPA was created as one of the first of the new interchangeable prefixes (without a "1" or "0" in the middle position) in the nation. This created problems with unprepared calling technologies. The WUTC ordered an extended permissive dialing period and an industry-sponsored customer-education plan. Several businesses successfully sued US West claiming that the transition to the new 360 NPA harmed their business and that customers were unable to use the new dialing code.

On June 7, 1996, the telecommunications industry in Washington submitted a design in the 206 NPA in western Washington. See WUTC Docket No. UT-960770. This design, a "two-way" split, created two new area codes, 253 and 425. US West, as the numbering administrator for the region, facilitated the process and provided the information necessary for the industry to address the exhaust. Prior to1996, the WUTC's jurisdiction over the need for new area codes, the request for their assignment, and the appropriate geographic boundaries of area codes was an open question. The Telecommunications Act of 1996 clarified the respective roles of the FCC and state commissions.

On September 13, 1999, the North American Numbering Plan Administrator (NANPA), Lockheed Martin IMS, filed with the WUTC a plan to relieve the anticipated shortage of telephone numbers in the 360 area code. On September 22, 1999, the Commission approved the "overlay" plan for 360 and 564 NPA, ordering the industry to implement the proposed plan by July 29, 2000. See supra n.1.

On November 6, 1999, NANPA filed a notice with the Commission that the relief planning process was necessary for the 206 and 425 Washington NPAs. Based on the 1999 Central Office Code Utilization Survey (COCUS), the 206 NPA is projected to exhaust its supply of prefix codes in the second quarter of 2002. The 425 NPA is projected to exhaust in the fourth quarter of 2003.

II. Federal Requirements Regarding Number Conservation

On September 28, 1998, the FCC issued its Pennsylvania Order,[3] in which the FCC determined that state commissions have authority to order NXX code rationing only in conjunction with area-code relief decisions where industry has not reached a consensus on a rationing plan, and that the FCC's Common Carrier Bureau (CCB) may delegate additional authority to state commissions to implement experimental number conservation efforts. Pennsylvania Order, ¶ 54. In addition, the FCC preempted states from taking action on various numbering issues, such as state commission action to administer or allocate NXX codes. Id. ¶ 33.

The FCC issued a Notice of Proposed Rulemaking (NOPR) on June 2, 1999.[4] Through this rulemaking, the FCC intends to slow the rate of number exhaust and prolong the life of the North American Numbering Plan (NANP). NOPR, ¶ 1. However, the WUTC seeks additional

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[3] *In the Matter of Petition for Declaratory Ruling and Request for Expedited Action on July 15, 1997 Order of the Pennsylvania Public Commission Regarding Area Codes 412, 610, 215 and 717* (NSD File No. L-97-42), *Implementation of the Local Competition Provisions of the Telecommunications Act of 1996* (CC Docket 96-98), Memorandum Opinion and Order on Reconsideration (Sept. 28, 1998).

[4] *In the Matter of Numbering Resource Optimization*, Notice of Proposed Rulemaking, CC Docket No. 99-200, FCC 99-122 (June 2, 1999).

authority to implement number conservation measures pending the outcome of the FCC's proposed rulemaking.

III. Requests For Delegation of Additional Authority

A. Enforce Number-Assignment Standards, Including Auditing the Use of Numbering Resources, and Reclaiming Unused and Reserved Prefixes (NXX Codes)

The WUTC requests authority to enforce number-assignment standards. The WUTC is in the best position to enforce number-assignment standards because of its familiarity with Washington's numbering situation, rate-center patterns, competitive environment, and typical uses of telephone numbers. The FCC should grant interim enforcement authority to the WUTC so that it may track NXX code assignments and ensure that numbers are being assigned to carriers having legitimate business plans to begin providing service in a timely manner in the areas for which they have requested, and been granted, NXX code(s).

Specifically, the WUTC requests that the CCB delegate to the WUTC the authority to:

(1) Reclaim codes obtained in violation of Central Office Assignment Guidelines and any other applicable rules;

(2) Reclaim codes which are being used to provide service in violation of state law;

(3) Reclaim codes that were acquired by carriers certifying that they would be facilities-based, but have failed to establish facilities within the appropriate time frame;

(4) Establish requirements for interim mandatory data reporting and forecasting of number utilization; and

(5) Establish auditing procedures and implement random audits, in addition to any auditing efforts of the FCC and NANP.

As part of this enforcement authority, the WUTC seeks the authority to conduct audits of the use of numbering resources in order to identify, and address, inefficiencies in Washington state. Carriers likely will self-police their numbering resources if they are subject to audits regarding their use, particularly if the FCC were to enact rules imposing penalties for violations of numbering-utilization rules. See NOPR, ¶¶ 91-94. The WUTC also requests the authority to govern the reclamation of unused and reserved codes and to reclaim test codes that have not been put into service within the time frame set forth in the Central Office Assignment Guidelines.

B. Implement Mandatory Thousand-Number-Block Pooling (TNP) Trials Using Existing TNP Software Until the Later Editions Are Available

The WUTC requests that the FCC grant it authority to implement TNP trials. The WUTC is impressed by the successful implementation of a number pooling trial in Illinois where at least 1.37 million numbers have been conserved in the 847 area code. See *Illinois Number Pooling Trial Within NPA 847, Interim Report* (Apr. 26, 1999) (estimating 137 NXXs saved as a result of pooling);[5] see also *The State Scene, A Numbering Resource Publication for State Public Utility Commissions*, at 4 (Sept./Oct. 1999) (To date, 316 thousand blocks have been assigned in the 847 NPA with pooling; that's the equivalent of saving 142 full NXX codes.).[6] The WUTC believes that number pooling could bring similar benefits to Washington.

The WUTC requests authority to implement number-pooling trials based on the Illinois

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[5]This report can be accessed at: http://www.numberpool.com.

[6]This newsletter can be found at: http://nanpa.com/pdf/newsletters/Sept-Oct.pdf

pooling experience, using the latest software release associated with that trial (currently version 1.4), with the understanding that it would be upgraded to the new nationally adopted standard (anticipated to be release 3.0 of the same software), once the FCC has made a decision on a national platform for pooling. The WUTC sees no practical reason why TNP should not be implemented, using the current industry standard, in any area code where the state is willing to bear the costs of TNP roll-out. The WUTC believes number-pooling trials could be administered by the number administrator.

C. Adopt Interim Number-Assignment Standards

The current numbering administration standards work against number conservation. Under current numbering administration policies, carriers are allowed to:

- obtain numbers without demonstrating actual need;
- obtain numbers when they may have sufficient numbers within codes already assigned to them;
- obtain numbers even though they do not use them within the time frame required by the Central Office Code Administration Guidelines (Guidelines); and
- retain numbers even though they are resellers and do not require numbers in order to provide service.

The WUTC recognizes that the NOPR will address many of these issues. However, until the FCC develops standards for number assignment and utilization, and provides for their meaningful enforcement, the FCC should grant the WUTC interim authority to establish competitively neutral criteria for the acquisition and utilization of numbering resources. Therefore, we request that the CCB delegate authority to the WUTC to:

(1) Establish criteria for acquisition of codes based on a carrier's needs; and

(2) Establish fill rates for growth codes that must be met before a carrier may acquire an additional code in a rate center where it already has a code.

In exercising this authority, the WUTC is committed to working with the CCB, and other state commissions that have this authority, in order to avoid imposing multiple, disparate number-conservation regimes on carriers.

D. Implement Interim Unassigned Number Porting (IUNP)

The WUTC requests authority to order all LNP-complaint carriers to implement interim unassigned-number porting (IUNP), or a functional equivalent, until TNP or individual telephone number pooling are implemented. While this solution may not meet all CLEC numbering needs, it will be useful in addressing situations where a CLEC has a limited need for numbers in a particular rate center.

The WUTC recognizes that this is not a long-term solution. However, we believe that interim unassigned-number porting is a pro-competitive measure in that it will allow CLECs to avoid the confusion associated with introducing a new NXX into a local calling area, especially in areas that have been served by a single NXX code for many years.

E. Revise Rationing Procedures If Necessary.

If necessary, and only as a last resort, the WUTC requests temporary authority to revise rationing procedures during the jeopardy period without industry consensus so that, in the event that other number-conservation measures are projected to be successful if given a few additional months to be fully implemented, NXX code rationing can be tailored to match the implementation cycle.

IV. Conclusion

On November 6, 1999, the WUTC was notified of the need to start relief planning for the 206 area code. The WUTC wants to address relief planning for the 425 NPA concurrently with the 206 NPA relief planning. While we believe that our requests for additional delegated authority will prolong the lives of the 206, 360, 425, 253, 564 and 509 area codes, we also recognize our obligation to implement area code relief when necessary.

For the reasons set forth in this petition, the Washington Utilities and Transportation Commission respectfully requests that the FCC grant this petition for additional delegated to implement the number conservation measures set forth above.

DATED this 8th day of December, 1999, at Olympia, Washington

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARILYN SHOWALTER, Chairwoman

RICHARD HEMSTAD, Commissioner

Washington Utilities and Transportation Commission
1400 S. Evergreen Park Dr. SW
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