

Jonathan J. Boynton  
Associate Director-  
Federal Regulatory

SBC Telecommunications, Inc.  
1401 I Street, N.W., Suite 1100  
Washington, D.C. 20005  
Phone 202 326-8884  
Fax 202 408-4801



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May 31, 2001

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW, Room TW-A325  
Washington, DC 20554

**RE: Ex Parte Contact**  
**CC Docket No. 99-200, In the Matter of Number Resource Optimization**

Dear Ms. Salas:

The attached filing - Pacific Bell Telephone Company's Comments regarding Carrier-Specific Number Pooling Cost Recovery in CA PUC Docket Numbers R.95-04-043 and I.95-04-044 dated February 26, 2001 - was provided to Mr. Sanford Williams, attorney advisor, Network Services Division, on April 25, 2001. It should be entered in the record of the above proceeding

You may contact me if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Jonathan J. Boynton".

Attachment

No. of Copies rec'd 0  
List A B C D E  
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Order Instituting Rulemaking )  
on the Commission's Own Motion )  
into Competition for Local Exchange )  
Service. )  
  
Order Instituting Investigation )  
on the Commission's Own Motion )  
into Competition for Local Exchange )  
Service. )  
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**RECEIVED**  
R.95-04-043      **MAY 31 2001**  
FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

I.95-04-044

**COMMENTS AND DATA OF PACIFIC BELL TELEPHONE COMPANY  
(U 1001 C) REGARDING CARRIER-SPECIFIC NUMBER POOLING COST  
RECOVERY**

Pursuant to an Administrative Law Judge's ruling dated February 2, 2001 ("ALJ Ruling"), Pacific Bell Telephone Company ("Pacific") comments on recovery of costs for state-mandated number pooling trials. More specifically, Pacific comments on the appropriate recovery mechanism for carrier-specific costs of state-mandated number pools and submits its detailed showing as to the categories of carrier-specific number pooling costs for which it seeks recovery.

**I. THE APPROPRIATE MECHANISM FOR RECOVERING PACIFIC'S  
CARRIER-SPECIFIC COSTS**

The ALJ ruling directed parties to set forth in detail how they propose that carriers recover their specific pooling costs from end-users, and what further procedural actions the Commission needs to take in order to implement their proposal. As explained more fully below, Pacific proposes that it recover its costs for number pooling trials from all of its customers in California.

Pacific further proposes that it recover its costs from these customers through Pacific's annual price-cap filing. This manner of recovery will produce equitable and administratively efficient results.

Pacific believes its costs for implementing state-mandated number pooling trials should be borne by all of Pacific's customers in California. Four trials -- in the 310, 415, 714, and 909 NPAs -- were implemented in 2000. Ten more trials are scheduled to be implemented in 2001. With the exception of the first trial in the 310 NPA, all of these trials benefit from the experience and knowledge gained from the previous trials, and pooling implemented in NPAs subsequent to the 14 discussed above will also benefit. In other words, all of Pacific's California customers will ultimately benefit from the pooling trials implemented in 2000. It would not be fair to recover the costs associated with pooling in a particular NPA from only those customers located in the NPA because some of the costs incurred in one NPA will benefit customers in another NPA. For an example, the costs associated with systems work for the 310 trial had to be done statewide in order for pooling to be implemented in California. That work did not have to be repeated in the other NPAs so it would not be fair to ask only 310 customers to pay those costs when the entire state will eventually benefit from the work.

Spreading the cost of number pooling trials to all of Pacific's California customers will also allow the Commission and Pacific to use an administratively efficient method of recovery. As the Commission is aware, Pacific files each October an annual price cap advice letter that adjusts, if necessary, Pacific's prices for all of its California customers for the following year. Pacific could include pooling costs in the calculation of these annual adjustments and avoid the need to create a new line item on customers' bills to reflect pooling trial cost recovery. Use of this existing, straightforward recovery mechanism

would minimize customer confusion and eliminate the need for additional Commission proceedings. Pacific proposes, therefore, that the costs of state-mandated pooling trials be recovered from all of Pacific's California customers through the annual price cap mechanism.

## **II. PACIFIC'S CARRIER-SPECIFIC COSTS FOR THE 310, 415, 714, AND 909 NPAS**

The ALJ Ruling directed carriers seeking recovery of carrier-specific costs to present a detailed description of the costs involved, together with the dollar amount of costs associated with each category. As directed, Pacific is providing the Commission with an itemization of its carrier-specific costs for the number pooling trials in the 310, 415, 714, and 909 NPAs. These costs have been allocated consistently with the general LNP cost allocation framework, with all costs allocated into the three LNP cost categories.<sup>1</sup> Pacific's portion of shared industry costs are included as carrier-specific costs.<sup>2</sup> Costs not directly related to thousands-block pooling (Category 3) have been excluded, and only carrier-specific costs that would not have been spent "but for" number pooling and costs that will be incurred directly in the provision of number pooling were included.<sup>3</sup>

The Commission also requires that the costs of state-mandated pooling trials be offset by any cost savings associated with thousands-block number pooling in comparison to the current numbering practices that result in more frequent area code changes. Estimating the cost savings to area code

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<sup>1</sup> Numbering Resource Optimization, CC Dkt. 99-200, Report And Order And Further Notice Of Proposed Rulemaking, FCC 00-104 (Rel. March 31, 2000) ("NRO Order"), ¶¶ 203, 216.

<sup>2</sup> Id. at ¶ 204.

<sup>3</sup> Id. at ¶¶ 211, 216-26.

relief attributable to number pooling is speculative.<sup>4</sup> There are many unknown and unknowable variables that must be completely or largely assumed in order to make such a comparison. Such variables include the impact, if any, that number pooling may have on exhausting area codes, the demand for numbering resources in the future, the specific area codes where number pooling will be implemented and when pooling will be implemented relative to exhaust, the type of area code relief, the timing of such relief, and the time period for comparison.<sup>5</sup>

In an effort to estimate the cost savings to area code relief attributable to number pooling, Pacific has made the following assumptions:

- 1) On average, pooling will delay current projected NPA exhaust by the NANPA by 3 years;
- 2) The cost study examines savings for five years, from 2000 to 2004; and
- 3) The type of area code relief (e.g., split versus overlay) for each NPA within California impacts the projected cost savings.

Using these assumptions, Pacific estimates that its recoverable costs of implementing state-mandated number pooling trials in the 310, 415, 714, and 909 NPAs will be approximately \$4.29 million.<sup>6</sup> Pacific arrived at this number by taking its total cost of implementing the four trials, \$8.08 million, and

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<sup>4</sup> Pacific Bell believes that number pooling will not eliminate the cost of area code relief. At best, number pooling, once it is implemented in an area code that has sufficient numbering resources available, would delay implementation of relief, but it would not eliminate the need for relief.

<sup>5</sup> In no event should the comparison time period exceed five years from the present, which is the limit for traditional net present value business analysis even in static industries. In a dynamic industry such as telecommunications, where the pace of technological and consumer-driven demand is even more variable, the time frame should be even shorter.

<sup>6</sup> Pacific did not incur any cost savings in the 310 area code because Pacific performed all the work, and incurred the cost for the 310 overlay that was suspended prior to implementation, additionally pursuant to Decision 00-09-073, p. 16, Pacific has completed a majority of the work for an area code split in the 310.

subtracting out its cost savings of \$3.79 million. The specific cost information for each NPA is contained in Exhibits 1 through 4 attached hereto.

Pacific's costs are associated with specific network infrastructure and operational support system changes that are essential to number pooling.

These costs include:

- Costs associated with enhancements to the existing LRN infrastructure required for number pooling;
- Costs required to change current methods, procedures, and processes for number pooling.

### **III. PACIFIC WILL INCUR, AND MUST RECOVER, COSTS FOR IMPLEMENTING STATE-MANDATED POOLING TRIALS IN 2001.**

The Commission has adopted a schedule for implementing state-mandated number pooling trials in 10 additional NPAs in 2001. These NPAs include the 818, 408, 650, 510, 916, 323, 925, 619, 562, and 858 NPAs.<sup>7</sup> Pacific will track the costs it incurs to implement those number pooling trials. One significant cost Pacific will incur relates to the implementation of Efficient Data Representation (EDR).<sup>8</sup> EDR allows for a thousand-block of numbers to flow through the network as a single transaction, thereby saving capacity in Pacific's STPs. Pacific recommends that it recover all of its implementation costs for these NPAs through its next annual price cap filing.

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<sup>7</sup> Assigned Commissioner's Ruling Regarding Number Pooling Implementation For 2001, R.98-04-043, I.95-04-044 dated February, 9, 2001, pp. 5-6.

<sup>8</sup> Pacific estimates that it will cost approximately \$14.07 million to implement EDR.

#### IV. CONCLUSION

For the reasons given above, the Commission should order Pacific to recover its costs for all state-mandated number pooling trials from all of its California customers using the price cap mechanism. The Commission should also approve recovery of the specific costs identified in Attachments 1 through 4

Dated: February 26, 2001

Respectfully submitted,



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Gregory L. Castle  
Michelle R. Galbraith  
140 New Montgomery Street  
Room 1627  
San Francisco, CA 94105  
Tel. (415) 542-7083  
Fax. (415) 543-2935

Attorneys for Pacific Bell Telephone  
Company

**CERTIFICATE OF SERVICE**

I certify that I have this day caused a true copy of the original attached "COMMENTS AND DATA OF PACIFIC BELL TELEPHONE COMPANY (U 1001 C) REGARDING CARRIER-SPECIFIC NUMBER POOLING COST RECOVERY" to be served by mail or hand delivery on all parties on the attached Service List for this proceeding.

Dated this 26th day of February 2001, at San Francisco, California.



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Lila Tam

PACIFIC BELL  
140 New Montgomery Street  
San Francisco, CA 94105