Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of Numbering Resource Optimization	CC Docket No. 99-200

OPPOSITION OF VERIZON

The California PUC's request for a waiver of the contamination levels in the Commission's number pooling regulations[1] must demonstrate two things: first, that the proposal would prolong the life of an existing area code to a meaningful extent or otherwise advance the Commission's number optimization goals and, second, that this benefit outweighs the costs to the industry of deviating from the standard national rules. Because the PUC has made neither showing, Verizon[2] asks that the PUC's request be denied and that the PUC be instructed to move ahead with much-needed area code relief in those NPAs where it is necessary.

The Commission adopted the ten-percent contamination threshold in its first order in this proceeding, while at the same time stressing the importance of national uniformity. The Commission concluded "that the industry and consumers are best served by national number resource optimization standards implemented consistently and in a competitively neutral manner across the nation."[3] For this reason, the Commission "adopt[ed] thousands-block number pooling

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1 47 C.F.R. § 52.20(c)(1).

2 The Verizon telephone companies are the local exchange carriers affiliated with Verizon Communications Inc., listed in Attachment A.

3 *Numbering Resource Optimization*, 15 FCC Rcd 7574 ¶ 121 (2000) ("*First Order*").

as a mandatory nationwide numbering resource optimization strategy."[4] In particular, the Commission found "that uniform technical requirements are essential for the successful rollout of thousands-block number pooling,"[5] and, of particular relevance here, "We conclude that we should adopt a uniform contamination threshold for all carriers...."[6] Some States pressed the Commission to grant them authority to deviate from the national standards established in the *First Order*. The Commission declined to do so, finding multiple standards to be "more difficult to administer."[7]

The Commission set this "uniform contamination threshold for all carriers" at ten percent,[8] and it rejected arguments from the PUC and others that a higher level was appropriate.[9] The Commission did not simply pull the ten percent figure out of its regulatory hat. That level had been recommended by the INC and the NANC, after lengthy consideration and debate. It was well recognized at the time that a higher contamination threshold would result in greater number utilization. However, it was similarly recognized that this greater number utilization would come at a real cost, a cost that the public would ultimately pay. Thus, doubling the threshold to 20 percent would more than double the cost to the industry. Nothing in the PUC's petition provides any basis for the Commission to reconsider its prior determination or presents circumstances so special that the rules should be waived.

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4 *First Order* ¶ 122.

5 *First Order* ¶ 181.

6 *First Order* ¶ 191.

7 *Numbering Resource Optimization*, 16 FCC Rcd 306 ¶ 23 (2000) ("*Second Order*") (citation omitted).

8 *First Order* ¶ 191.

9 See Petition at 4.

The PUC has not met the standards for a waiver of this rule. Rather, its petition reads more like an attack on the rule itself. Thus, the PUC argues that "the 10 percent threshold is unnecessarily low for California and does not serve the public interest."[10] And "[p]ublic interest would be best served by raising the contamination threshold to 25 percent since additional numbering resources could be returned and reallocated to carriers demonstrating a need for these resources."[11] The petition contains no showing of special circumstances in the state that warrant relaxation of the rule.

Most important, the PUC petition simply does not show that the waiver it seeks would do any good at all — that is, that it would extend by even a day the life of any area code. Without such a showing, there is no basis for the Commission even to consider granting the petition. Based on data that is now a full year old, the PUC claims that raising the contamination threshold would increase the number of pooled blocks by several thousand throughout the State.[12] Even if the PUC's numbers are correct, the petition does not go the necessary next step of showing the effect of this increase on the life of the area codes involved.

Furthermore, the PUC's analysis is too simplistic, as it ignores factors that would substantially reduce the number of additional pooled blocks that raising the contamination threshold would produce. In order to determine how many additional number blocks would be released to the pool, the total number of blocks with 10 to 25 percent contamination must be reduced by the number of blocks that would be retained by the service provider in any event. These include blocks that the service provider needs in order to maintain its permitted six-month

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[10] Petition at 2.

[11] Petition at 2.

[12] Petition at 4-5.

inventory of numbers, blocks that are the last block in a central office code, blocks that contain a service provider's LRN and blocks that are necessary for 911 service. Taking these factors into account would further reduce the number of blocks the PUC's proposal would make available even below the 6246 blocks identified by NeuStar in its November 2002 analysis of August 2002 data.[13]

Most important, however, is the fact that increasing the number of available blocks in an area code does not mean that there are more blocks available for use in those areas where numbers are needed. An NXX code and all the number blocks in it are associated with a particular rate center. Changing the contamination threshold would certainly put more blocks of numbers into the pool, but these blocks might not be in the rate centers that need them most. For example, they may well be in rate centers that are relatively well stocked or where there is little projected new demand. If this is the case, the poorly stocked rate centers will exhaust at a time when the well stocked areas still have supply. Because an area code exhausts as soon as the first rate center in it runs out of numbers, this exhaust in the first rate center will mean that area code relief is still needed. Unless the newly pooled blocks happen to be in the areas of greatest need, the whole exercise of changing the contamination threshold will be for naught. The PUC's petition did not attempt to take this into consideration. An analysis by Sprint as part of the NANC's review concludes that raising the contamination threshold will not extend at all the lives of seven of California area codes, will on average extend the lives of all the area codes by a little more than two months, and will extend the life of no area code by more than nine months.[14] The

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[13] See Contamination Levels Issue Management Group, *Report on the Technical Viability of Increasing the Pooling Contamination Threshold* 8 (Dec. 6, 2002).

[14] *Id.* App. A.

PUC's own analysis recently done for the NANC is not radically different and does not show a great benefit of raising the contamination threshold — the lives of only four codes would be extended by more than one year (two by 13 months and one by 14 months, while the fourth has an almost 30-year life even without the added benefit of the increased contamination threshold).[15] More important, the PUC's own data show that the lives of area codes 909 and 310 would be extended by only one and two months, respectively.

While the benefits of the PUC's proposal are de minimis at best, the costs are undeniable. First, increasing the contamination threshold and requiring service providers to donate blocks that have between 101 and 250 contaminated numbers will increase the cost of number pooling in several ways. First, more blocks must be donated to the pool, and the cost of the donation process is a significant part of the costs of number pooling. Second, each contaminated number in a donated block must be individually ported to the existing service provider, at an estimated cost of more than $1 million for the 6200 number blocks. Third, service providers would have to increase the capacity of their service control points (SCPs) sooner than otherwise necessary in order to accommodate the increased number of contaminated telephone numbers. Fourth, higher contamination thresholds would undermine the industry's substantial investment in efficient data representation (EDR) capabilities for storing telephone numbers in SCPs.[16] As contamination

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15 *Id.* App. B.

16 "EDR allows a location routing number (LRN) to be associated with a block of one thousand numbers as a single record. Because EDR allows one thousand numbers to be downloaded and stored as a single record, instead of one-thousand records, it is expected to significantly extend a carrier's SCP capacity for thousands-block number pooling." *Numbering Resource Optimization*, 16 FCC Rcd 306 ¶ 51 (2000) (citation omitted). "[W]e believe that the incorporation of EDR in such software is significant because it will reduce the strain on the network from the large volume of number porting that is likely to occur once thousands-block number pooling is implemented nationally." *First Order* ¶ 168.

levels increase, EDR becomes less effective, as more and more individual number records are required. While difficult to determine with any precision, Verizon estimates the extra cost of the PUC proposal for the industry in California to be between $10 and 20 million.

If this waiver request is granted, more will surely follow. State regulators will seek modifications of Commission regulations if they think it will delay their having to make potentially controversial area code decisions. Every request that is granted undermines the Commission's goal of "national number resource optimization standards implemented consistently and in a competitively neutral manner across the nation."[17] And every waiver of the rules imposes costs on consumers, costs that could easily reach $100 million. Costs of this magnitude might be justified if they resulted in significant delays of area code relief. But as the PUC petition shows, delays if they result at all are minor. The Commission should make it clear in its order denying the PUC petition that it will consider such waiver requests only if the petition includes a quantitative analysis of the costs and benefits of the petitioner's proposal and if that analysis demonstrates that the benefits are significantly greater than the costs.

Conclusion

Under the most optimistic view of the benefits of this proposal (the PUC's own), the public would still have to go through the area code relief process, on average, eight months later than it otherwise would. A more conservative assessment puts the average extension at only two months. Thus, the proposal provides no real benefit. And yet there are very real costs. The Commission has repeatedly said that number conservation measures should not be used as a

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[17] *First Order* ¶ 121.

substitute for "unavoidable and timely area code relief."[18] Instead of spending resources trying to develop California-only schemes that are likely to do little, if any, good, the PUC should move ahead with code relief in the areas that require relief without further delay.

Respectfully submitted,

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[18] *E.g.*, *Second Order* ¶ 8; *First Order* ¶ 7; *Petition for Declaratory Ruling and Request for Expedited Action on the July 15, 1997 Order of the Pennsylvania Public Utility Commission Regarding Area Codes 412, 610, 215, and 717*, 13 FCC Rcd 19009, 19027 (1998).

ATTACHMENT A

THE VERIZON TELEPHONE COMPANIES

The Verizon telephone companies are the local exchange carriers affiliated with Verizon Communications Inc. These are:

Contel of the South, Inc. d/b/a Verizon Mid-States
GTE Midwest Incorporated d/b/a Verizon Midwest
GTE Southwest Incorporated d/b/a Verizon Southwest
The Micronesian Telecommunications Corporation
Verizon California Inc.
Verizon Delaware Inc.
Verizon Florida Inc.
Verizon Hawaii Inc.
Verizon Maryland Inc.
Verizon New England Inc.
Verizon New Jersey Inc.
Verizon New York Inc.
Verizon North Inc.
Verizon Northwest Inc.
Verizon Pennsylvania Inc.
Verizon South Inc.
Verizon Virginia Inc.
Verizon Washington, DC Inc.
Verizon West Coast Inc.
Verizon West Virginia Inc.