

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's Own Motion into Competition for Local Exchange Service.

Rulemaking 95-04-043
(Filed April 26, 1995)

Order Instituting Investigation on the Commission's Own Motion into Competition for Local Exchange Service.

Investigation 95-04-044
(Filed April 26, 1995)

ASSIGNED COMMISSIONER'S RULING IMPLEMENTING CARRIER INVENTORY RULES AND WORKSHOP

This Assigned Commissioner's Ruling (ACR) sets forth a schedule for adopting and implementing rules for telephone carrier six-month inventories. This ACR proposes initial inventory rules that will be shaped and refined through a workshop and written comment process. The schedule for implementing inventory rules is delineated below.

BACKGROUND

On July 16, 2004, Commissioner Lynch published an Assigned Commissioner ruling asking for parties to comment on the development of carrier six-month inventory rules. Parties provided comments by July 30, 2004 and reply comments by August 6, 2004. The South Bay Cities Council of Governments (SBCCOG), et. al. supported the development of inventory rules in order to promote the better and more efficient utilization of telephone numbers to avoid burdening communities with unnecessary area code splits. Other

parties commenting on the ACR included the Joint Wireless Carriers, Verizon and SBC, and the California Cable & Telecommunications Association (CCTA), all of which claimed that the development of carrier inventory rules could only be addressed at the federal level.

DISCUSSION

California Public Utilities Commission (CPUC) staff analyses, based on North American Numbering Plan Administration (NANPA) Numbering Resource Utilization/Forecast (NRUF) data, find that actual historical carrier data demonstrates that most carriers take excessively more telephone numbers from the number pool than they need to meet their customer demand. In its June 2004 report to the FCC on the effectiveness of the waiver increasing the contamination threshold, CPUC staff demonstrated through several scenarios using multiple area codes across California that in all cases inventory rules would extend the life of an area code. Public Utilities Code section 7943 requires that the CPUC implement all reasonable telephone number conservation measures before approving an area code split. Implementation of inventory rules based upon how carriers actually utilize numbers is essential to supporting the most efficient use of numbering resources in an area code. Inventory rules that reflect carriers' actual need for numbers constitutes a reasonable telephone number conservation measure.

Evaluating available and in use numbering resources by examining how numbers are used or held in the 310 area code provides an example of numbering use patterns that can be applied to all California area codes. For example, the six-month inventory needed to meet customer demand for all carriers in the 310 area code in 2003 was 363 one-thousand blocks yet carriers retained in their inventories nearly 5,500 one-thousand blocks over 25%

contaminated (or used)¹ and more than 550 one-thousand blocks less than 25% contaminated (or used). This data makes it clear that carriers keep available telephone numbers in the 310 area code and in other area codes far in excess of their real needs. NANPA data demonstrates that carriers have retained blocks of telephone numbers eligible to be returned to the pool even though carriers have an abundance of phone numbers in their inventories beyond historical need.

Carriers forecast the amount of blocks of telephone numbers they claim they will need for a given period based on a wide variety of factors, including marketing projections. Using that forecast, carriers will take telephone numbers from a number pool and hold them in their inventories for a six-month period until they need to assign new numbers to a customer. Historically carriers take numbers from the pool for their inventories far in excess of what they actually finally use to provide service to customers. When carriers over-forecast their telephone number needs, they hold onto available telephone numbers that should be returned and/or donated to the pool instead of making those numbers available to other carriers that need numbers to serve their customers, resulting in the perception that an area code is about to exhaust its supply of numbers. Accordingly, the use of marketing projections to forecast carrier six-month needs is not the most efficient and reliable means of determining carrier inventory need.

DEVELOPMENT OF INVENTORY RULES

Despite our request for information from carriers to assist us in developing inventory rules in the July 2004 ACR, carriers provided no information. Based

¹ December 31, 2003 NRUF Report

on delegated federal authority that allows states to undertake conservation measures to best address states' needs, we will move forward with the development of inventory rules.

The following six-month inventory rules developed by staff are proposed as set forth below. These rules will be discussed in a CPUC workshop to be held on October 4, 2004. Carriers and other parties' technical experts should plan to attend this workshop in order to provide expert guidance in establishing inventory rules.

The FCC requires pooling carriers, beyond the Block Donation Date², "to donate to the pool uncontaminated and lightly contaminated thousand-blocks that are not needed to maintain short-term inventory levels."³ However, the FCC has not specified pre-emptive rules for code or block holders to abide by when they calculate their short-term inventory levels. To conserve and efficiently utilize California's valuable numbering resources, the following rules are proposed to apply to carriers holding numbering resources when determining their six month inventory levels for each area code in California.

Proposed Rules for Carriers' Short-Term Inventory Levels

- 1) Code or block holders that have acquired and retained public numbering resources and have filed more than one Numbering Resource Utilization/Forecast (NRUF) Report with the**

² When establishing thousand-block number pooling in a geographic area, one of the milestones is the Block Donation Date, which refers to the deadline for pooling carriers to donate eligible thousand-blocks and to complete Intra Service provider ports.

³ Numbering Resource Optimization, CC Docket No. 99-200, Report and Order and Further Notice of Proposed Rulemaking, FCC 00-104 (released. March 31, 2000) at paragraph. 103.

North American Numbering Plan Administrator (NANPA) must abide by the following calculation in setting inventory levels:

- Calculate the change in the historical demand for telephone numbers, which represents the code or block holder's actual growth. Code or block holders shall use the most recently filed NRUF Report (NRUF at time 2) and the NRUF Report filed immediately preceding the most recently filed NRUF Report (NRUF at time 1). The change in the historical demand for telephone numbers comprises of those telephone numbers categorized as Assigned or Intermediate in the NRUF Reports. The formula for calculating the change in the historical demand for telephone numbers shall be (Assigned numbers + Intermediate numbers as of NRUF at time 2) – (Assigned numbers + Intermediate numbers as of NRUF at time 1).
- Determine the appropriate growth rate based on the change in the historical demand for telephone numbers with the maximum growth rate being 15 percent to calculate the projected growth in telephone numbers for the next six months.
- Compute the projected growth in telephone numbers. The formula shall be the product of the change in the historical demand for telephone numbers and one plus the appropriate growth rate.
- Calculate the excess inventory of telephone numbers. The formula shall be the difference of the Available numbers reported in NRUF at time 2 and the projected growth in telephone numbers.
- Determine the short-term inventory level. The formula shall be the difference of the total numbering resources and the excess inventory of telephone numbers.
- Example:
NRUF at time 2 indicates that Carrier X has 10,000 total numbering resources from 10 thousand-blocks in Rate Center A, which includes 7,000 Assigned numbers, 500 Intermediate numbers, and 2,500 Available numbers. NRUF at time 1 indicates that Carrier X had 8,000 total numbering resources from 8 thousand-blocks in Rate Center A, which included 6,000

Assigned numbers, 500 Intermediate numbers, and 1,500 Available numbers. The change in the historical demand for telephone numbers would be $(7,000 + 500) - (6,000 + 500) = 1,000$. Carrier X has determined that the appropriate growth rate is 15 percent. The projected growth in telephone numbers would be $(1,000) * (1.15) = 1,150$. The excess inventory of telephone numbers would be $(2,500 - 1,150) = 1,350$. The short-term inventory level would be $(10,000 - 1,350) = 8,650$.

2) Code or block holders that have acquired and retained public numbering resources and have filed only one NRUF Report with NANPA must abide by the following calculations in setting inventory levels:

- Calculate the change in the historical demand for telephone numbers, which represents the code or block holder's actual growth. Code or block holders shall use the most recently filed NRUF Report (NRUF at time 2). The change in the historical demand for telephone numbers comprises of those telephone numbers categorized as Assigned or Intermediate in the NRUF Reports. The formula for calculating the change in the historical demand for telephone numbers shall be (Assigned numbers + Intermediate numbers as of NRUF at time 2).
- Determine the appropriate growth rate based on the change in the historical demand for telephone numbers with the maximum growth rate being 15 percent to calculate the projected growth in telephone numbers for the next six months.
- Compute the projected growth in telephone numbers. The formula shall be the product of the change in the historical demand for telephone numbers and one plus the appropriate growth rate.
- Calculate the excess inventory of telephone numbers. The formula shall be the difference of the Available numbers reported in NRUF at time 2 and the projected growth in telephone numbers.
- Determine the short-term inventory level. The formula shall be the difference of the total numbering resources and the excess inventory of telephone numbers.

- Example:

NRUF at time 2 indicates that Carrier X has 10,000 total numbering resources from 10 thousand-blocks in Rate Center A, which includes 7,000 Assigned numbers, 500 Intermediate numbers, and 2,500 Available numbers. The change in the historical demand for telephone numbers would be $(7,000 + 500) = 7,500$. Carrier X has determined that the appropriate growth rate is 15 percent. The projected growth in telephone numbers would be $(7,500) * (1.15) = 8,625$. The excess inventory of telephone numbers would be $(2,500 - 8,625) = -6,125$. The short-term inventory level would be $(10,000 - (-6,125)) = 16,125$.

Carriers should review NRUF data every six months and make any returns to the number pool that do not fall within their inventories allowed by these inventory rules.

All parties should plan to participate in the inventory workshop. Carrier and other parties' technical experts should come prepared to discuss such issues as: how inventory rules based on historical use will affect carrier supply needs; whether another basis should be used for setting inventory rules; which numbering categories should be used to define historical use; how many NRUF periods should be considered in defining rules, and whether – and, if so, how - growth rate should be incorporated into inventory rules. Parties should also discuss the role marketing strategy should play in projecting six-month inventory rules. Carriers should be prepared to factually support their positions on historical use as well as future projections, especially as to marketing projections. Parties should provide any additional information they deem to be relevant in the shaping of any future inventory rules. In general, parties should provide supporting data to demonstrate their positions and arguments concerning need for numbers.

Schedule for Development of Inventory Rules

September 29, 2004 – Workshop Presentations Due

October 4, 2004 – Workshop

October 11, 2004 – Written Comments Due

October 19, 2004 – Draft Decision Mailed

November 5, 2004 - Comments Due

November 12, 2004 - Reply Comments Due

November 19, 2004 - Commission Vote

The workshop on six-month carrier inventory rules will be held on Monday, October 4, 2004 from 10:00 a.m. – 4:00 p.m. in Hearing room A, at the California Public Utilities Commission at 505 Van Ness Avenue, San Francisco, California.

Parties who wish to present alternate proposals for inventory rules should submit them in advance via email to Cherrie Conner (chr@cpuc.ca.gov) no later than Wednesday, September 29, 2004 at 5pm. Parties making presentations should plan to take no more than ten minutes to present their proposal, and they should come prepared to substantively support their proposal.

The agenda for the meeting will be structured as follows:

10:00 – 11:00 am: Presentation of CPUC proposal on carrier 6-month inventory rules

11:00am: Presentation of alternate proposal #1 and discussion

11:30am: Presentation of alternate proposal #2 and discussion

12:00-1:00pm: LUNCH BREAK

1:00pm: Presentation of alternate proposal #3 and discussion

1:30pm: Presentation of alternate proposal #4 and discussion

2:00pm: Presentation of alternate proposal #5 and discussion

2:30pm: Presentation of alternate proposal #6 and discussion

3:00-4:00pm: Summary and Consensus

This agenda will be amended based on proposals received by parties and redistributed the day of the workshop.

Parties may submit written comments no later than Monday, October 11, 2004 at 5:00pm. Comments should address this ACR as well as workshop discussions. In addition to serving hard copies, parties shall also file any comments electronically upon the service list. Comments should address this ACR as well as workshop discussions

IT IS RULED that:

1. A workshop will be held to discuss telephone carriers' six-month inventory rules as proposed herein on Monday, October 4, 2004 at 10 a.m. at the California Public Utilities Commission, 505 Van Ness Ave., San Francisco, California.

2. All interested parties should attend and, in particular carriers' technical experts, to provide input into the shaping of relevant and appropriate carrier telephone number six-month inventory rules.

3. The following schedule will be followed in implementing the carrier six-month inventory rules:

September 29, 2004 – Workshop Presentations Due

October 4, 2004 – Workshop

October 11, 2004 – Written Comments Due

October 19, 2004 – Draft Decision Mailed

November 5, 2004 - Comments Due

November 12, 2004 - Reply Comments Due

November 19, 2004 - Commission Vote

4. Parties who wish to make a 10-minute alternate presentation on inventory rules at the workshop, must submit their proposals in writing, via email to Cherrie Connor (chr@cpuc.ca.gov) no later than Wednesday, September 29, 2004 at 5pm.

5. Parties may submit comments on the ACR and the inventory rules workshop no later than Monday, October 11, 2004. Comments should be filed electronically upon the service list in addition to the serving of hard copies.

Dated September 24 2004 at San Francisco, California.

/s/ Loretta M. Lynch

Loretta M. Lynch

Assigned Commissioner

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Assigned Commissioner Ruling Implementing Waiver Granted by Federal Communications Commission Order on all parties of record in this proceeding or their attorneys of record.

Dated September 20, 2003, at San Francisco, California.

/s/ Ernesto Melendez
Ernesto Melendez

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.