

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



December 31, 2004

TO PARTIES OF RECORD IN RULEMAKING 95-04-043

Enclosed is the Statement from Commissioner Loretta M.
Lynch on Item number 4017 from the December 16, 2004
Commission Meeting.

/s/ Angela K. Minkin
ANGELA K. MINKIN
Chief, Administrative Law Judge

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Enclosure

Statement of Commissioner Lynch to Item 4017 from the Commission
Meeting on December 16, 2004

Since 1998, telecommunications carriers have projected that the 310 area code was about to exhaust. Yet six years later, the 310 area code still has sufficient numbers. The consistent history of incorrectly projecting exhaust for the 310 area code in California is exactly why using carriers' forecasts as the basis for carrier inventories is unreliable. It is essential that carriers abide by uniform inventory rules throughout California based on how carriers actually use phone numbers, not on arbitrary projections that have no foundation in reality.

Review of carrier inventories demonstrates that carriers do not utilize numbers efficiently. The reality is that carriers tend to stockpile numbers and do not return thousands of numbers, as required by the Federal Communications Commission (FCC) rules that allow all carriers to have fair access to unused telephone numbers from number pools.

In depth analysis of whether or not to split the 310 and 909 area codes has confirmed that carriers hoard thousands of numbers in their inventories that they do not actually use. This analysis has shown how carriers actually use telephone numbers, how they over-forecast, how they unnecessarily sit on thousands of unused telephone numbers in their inventories, and then claim impending doom of area code exhaust. Armed with this knowledge, the Commission is able to rectify the problem and make adjustments which allow the life of all area codes in California to be prolonged. Through the establishment of area code inventory rules, this Commission has an opportunity to set a reasonable public policy that protects all California communities. In the next few years, area codes

including 714, 818, 415 and 408 are projected to run out of numbers, requiring a split or overlay. Setting inventory guidelines for carriers now will ensure that these area codes are not unnecessarily split.

In 2003, the FCC granted California's petition to increase the contamination threshold from 10% to 25% in the 310 and 909 area codes, meaning that all one-thousand number blocks in carrier inventories less than 25% used must be returned to the number pool. In a report to the FCC assessing the effectiveness of this waiver, the PUC's Telecommunications Division concluded that the lives of all area codes in California would be extended by applying consistent rules to carrier six-month inventories.

The FCC has clearly stated in their 1999 and 2000 numbering orders that utilization data better enables states to assess the need for area code relief and that state commissions are "uniquely positioned to weigh the very local and granular information inherent in area code relief decisions." Additionally, letters from a majority of FCC Commissioners sent to Congresswoman Jane Harman, which were entered into the record of the 310 area code proceeding, have echoed this preference for states' flexibility to implement number conservation measures.

By implementing realistic inventory rules that model how carriers actually use telephone numbers, the life of an area code is maximized. This optimization benefits families, businesses, and even carriers by creating fair competition and equal access to needed numbering resources. These rules will allow carriers to acquire all telephone numbers that they need in a timely manner in order to fully meet their customers' needs. The inventory rules only serve to tighten existing loopholes that have allowed

carriers to sit on telephone numbers in their inventories holding back numbers that are intended to be returned to number pools - and effectively creating the perception of area code exhaust by prematurely and unnecessarily draining the pools of telephone numbers.

Carrier inventories should be determined based upon the change in historical demand plus the appropriate growth rate for each carrier – for a maximum growth rate of 15%, as allowed by the FCC. Determination of historical growth should be made by calculating the difference between the most recently filed NRUF report – that is, the data which the carriers themselves provide to the North American Numbering Plan Administration (NANPA) every six months – and the NRUF filed 12 months previously.

Implementation of uniform inventory rules for all carriers, for all area codes to promote more efficient use of telephone numbers throughout California is essential. The purpose of such rules is to extend the life of California area codes by providing carriers a clear and objective method to assess their actual inventory needs. The adoption of such rules would ensure that carriers return surplus telephone numbers to number pools and thereby avoid premature area code exhaust. The Commission majority missed an important opportunity today to implement a rational

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and reasonable conservation measure by failing to institute the proposed carrier inventory guidelines. I object to the majority's short sightedness in failing to take all reasonable steps to safeguard California's area codes.

Dated November 13, 2003, at San Francisco, California.

/s/ Loretta M. Lynch

Loretta M. Lynch

Commissioner

CERTIFICATE OF SERVICE

I certify that I have by mail, and by electronic mail to the parties of which an electronic mail address has been provided; this day served a true copy of the original attached Dissent of Commissioner Lynch on all parties of record for proceeding R.95-04-043 or their attorneys of record.

Dated December 31, 2004, at San Francisco, California.

/s/ Ernesto Melendez
Ernesto Melendez

N O T I C E

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