

Decision 08-04-059 April 24, 2008

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of the North American
Numbering Plan Administrator, on Behalf
of the California Telecommunications
Industry, for Relief of the 818 Numbering
Plan Area.

Application 07-12-018
(Filed December 19, 2007)

**OPINION GRANTING REQUEST FOR AREA CODE
OVERLAY IN THE 818 AREA CODE**

1. Summary

By this decision, we grant the application, filed by the North American Numbering Plan Administrator (NANPA) on behalf of the telecommunications industry (industry), requesting approval of an all-services distributed overlay (overlay) for the 818 numbering plan area (NPA), which currently utilizes the 818 area code, with a 13-month implementation schedule.¹ The overlay will provide additional numbering resources to meet the demand for telephone numbers. Implementation shall commence immediately.

To facilitate implementation of the overlay, a public education program (PEP) will be implemented.

¹ As a neutral third-party administrator, NANPA has no independent view regarding the relief option proposed in the application by the industry. The "industry" is composed of current and prospective telecommunications carriers operating in, or considering operations within, the 818 area code. The 818 NPA is the geographic area

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After the implementation period, the overlay area code (747) will be available in the same geographic location as the current 818 area code. Consequently, customers must dial the three-digit area code for all calls to and from telephone numbers with the 818 and 747 area codes.² Customers may begin using this new dialing procedure six months after the start of the 13-month implementation schedule and continue to do so for six months, i.e., during the permissive dialing period. However, customers must use the new dialing procedure at the start of the mandatory dialing period 12 months after the start of the implementation schedule. No customers will be required to change their telephone numbers. New telephone numbers with the 747 area code will be issued to customers beginning one month after the start of the mandatory dialing period.

This proceeding is closed.

2. Background

The 818 area code was created in 1984 when it was geographically split from the 213 area code. In 1997, the original 818 area code was split creating the 626 area code and the current 818 area code. The current 818 area code covers predominantly the San Fernando Valley area of Los Angeles County in Southern California.

served by the 818 area code. For convenience and because it is common practice, we refer to both as the 818 area code.

² The Federal Communications Commission (FCC) in paragraph 70 of *FCC 00-429* “required mandatory 10-digit dialing for all calls in areas served by overlays to ensure that competition will not be deterred in overlay area codes as a result of dialing disparity.”

In Decision (D.) 99-10-022, the Commission approved a two-way split of the 818 area code as a backup plan to the number conservation measures it ordered in that decision. As a result, thousand-block number pooling and other conservation measures have extended the life of the 818 area code and delayed the need for an area code change.³ However, at this point in time, conservation measures have run their course, and the remaining supply of numbers has dwindled to the point that a new area code must be opened. NANPA estimates that the 818 area code will exhaust in the third quarter of 2009.⁴

The application presents two alternatives. The first alternative consists of an area code split, which would geographically divide the 818 area code into two area codes. This is the same split adopted in D.99-10-022. In a split, one side of the split retains the existing area code, while the other side acquires the new area code. The other alternative is an all-services overlay where the original and new area codes apply to the same geographic area. Both alternatives result in area codes estimated to exhaust in 24-26 years.

3. Need for a New Area Code

Pursuant to Pub. Util. Code §§ 7936 and 7943(c), before approving any new area code, the Commission must obtain utilization data from NANPA for any area code for which a change is proposed, perform a telephone utilization

³ Thousand-block number pooling is a resource allocation system that divides a prefix or central office code (NXX code), which is a group of 10,000 telephone numbers, into ten sequential blocks or groups of 1,000 telephone numbers and allocates telephone numbers in blocks of 1,000. This system allows multiple service providers operating in the same rate area to share the ten thousand-blocks in a prefix at the thousand-block level.

⁴ An area code reaches "exhaust" when the supply of available central office codes or NXX codes (three-digit prefixes in common parlance) is depleted.

study and implement all reasonable telephone number conservation measures.⁵ Where there is no reasonable alternative other than to create a new area code, the Commission must do so in a way that creates the least inconvenience for customers.⁶

As set out above, the Commission adopted number conservation measures that extended the life of the 818 area code. Despite these measures, NANPA now projects the 818 area code will exhaust in the third quarter of 2009. NANPA fully supported this projection by providing utilization data and performing a utilization study on the 818 area code.⁷ The Commission's Communications Division (CD) reviewed the utilization data and study and agrees that the 818 area code will exhaust in the third quarter of 2009. Thus, the statutory requirements of §§ 7936 and 7943(c) have been satisfied. Accordingly, there is no other reasonable alternative but to create a new area code.

4. Split versus Overlay

A split allows some existing customers to retain their current telephone numbers while others will not. Those customers whose numbers change will incur the inconvenience of having to notify family, friends and those they do business with of the change. In the case of some businesses, they will also incur costs for new business cards, stationary, etc., and may lose business because existing or potential customers are not made aware of the change. All customers

⁵ All citations are to the Public Utilities Code, unless otherwise indicated.

⁶ Section 7943(a).

⁷ The utilization data and study consists of NANPA's October 2007 Number Resource and Utilization Forecast and NPA Exhaust Analysis, which form the basis for NANPA's exhaust forecast.

will have to dial 1 plus the area code and the new phone number (1+10 digit dialing) to reach customers who are on the opposite side of the geographic demarcation between the 818 area code and the new area code.

An overlay requires no customers to change their numbers. However, they will have to use 1+10 digit dialing for all calls.

5. Public Meetings and Comments

Section 7931(e)(2) requires NANPA and Commission staff to conduct at least one meeting for representatives of local jurisdictions and three public meetings within nine months from when NANPA informs the Commission of the need for an area code change. The purpose of the meetings is to inform the local representatives and the public about the area code change options and provide a forum for them to voice their opinions concerning the proposed options.

With NANPA's assistance, the CD staff conducted a meeting with the industry on January 14, 2007, via conference call, to discuss the relief options. The industry reached a unanimous consensus to recommend the overlay.

On October 22, 2007, a meeting with representatives of local jurisdictions was held in Glendale, California. Public participation meetings were held in the Cities of Burbank (October 22, 2007), Calabasas (October 23, 2007), San Fernando (October 23, 2007) and Van Nuys (October 24, 2007). At the meetings, attendees were given the option of indicating their preferences by commenting orally or in writing using comment forms. In addition, the Commission received input via e-mail and the Commission's web site. Overall, the Commission received 741 statements of preferences and comments of which 442 supported the overlay, 199 favored a geographic split and 100 did not indicate a preference.

On November 29, 2007, another industry relief meeting was held to discuss the results of the above meetings and comments. The industry consensus was to recommend the overlay.

6. Discussion

The Commission adopted a split rather than an overlay for the 818 area code in D.99-10-022. However, due to the passage of time, it is reasonable to reconsider that decision.

While most customers responded in favor of the overlay, many did not. The reason most commonly cited was the inconvenience of 1+10-digit dialing.⁸ In addition, some members of the public opposed any change at all or preferred that there be a unique area code for a given geographic area. While we are sympathetic to these concerns, some level of inconvenience and change is inevitable to expand the supply of telephone numbers available in this region. Ceasing to issue new telephone numbers is not a viable option. Overall, we conclude that the overlay will cause the least inconvenience for consumers and is the option preferred by customers and the industry. Thus, we adopt it as proposed. However, there is a need for a PEP to facilitate implementation of the overlay.

7. Public Education Program (PEP)

7.1. Background

⁸ In ordering paragraph 5 of D.96-12-086, the Commission ordered that mandatory 1+10-digit dialing “be implemented as a condition of approving any overlay, but only in the NPA regions covered by the overlay” to alleviate any anticompetitive consequences of an area code overlay.

In D.96-12-086, in Rulemaking (R.) 95-04-043 and Investigation (I.) 95-04-044, we decided that an appropriate customer education program was necessary when instituting overlays to explain the concept of an overlay, the fact that the new dialing procedure will not affect the distinction between local and toll calls or the rates charged for the calls, and the mandatory 1+10-digit dialing procedure. We also required the industry to correct signage for dialing instructions on payphones and in directories.

In D.98-05-021, in R.95-04-043 and I.95-04-044, we:

- Required service providers to institute an instructional announcement directing callers to dial 1+10-digits indefinitely after implementing the overlay;
- Required the PEP to communicate changes associated with the overlay to children, the elderly, the disabled community, and the various ethnic groups in the region;
- Prioritized the education of those entities that will need to reprogram equipment due to the new dialing procedure, such as alarm companies;
- Required the PEP to inform customers how to dial directory assistance to locate numbers applicable to different area codes within the overlay region;
- Required the use of press releases, television and radio announcements, billing inserts and the updating of telephone directories; and
- Extended the coverage of the PEP to include not only the region in which the overlay will be implemented, which should be the first priority, but also the adjacent area codes and, to a lesser extent, the whole state.

In D.98-12-081, in R.95-04-043 and I.95-04-044, we set four major objectives for the PEP:

- Public awareness of the change in dialing patterns and area code identification resulting from implementation of the overlay;
- Public understanding of how they will be affected by the change and the rationale behind the change;
- Public assurance that the cost and quality of service will not be adversely affected; and
- Promotion of positive acceptance by customers of the change.

In D.98-12-081, we required:

- The operation of a call center for consumers to obtain information regarding the overlay;
- Targeted paid advertising in the relevant zoned editions of major newspapers as well as newspapers targeted to ethnic communities;
- Bill insert notices to the adjacent area codes;
- Limited use of billboard and radio advertising; and
- Mailing of letters, brochures, and collateral materials to local government officials in the overlay and adjacent area codes.

In D.05-08-040, in R.95-04-043 and I.95-04-044, we required:

- The activities and standards previously required for the 310 and 408 overlay PEPs to achieve at least a 70% public awareness level;
- PEP outreach efforts to specifically target key governmental agencies, community leaders, chambers of commerce, major airports, hospitals, alarm providers, pay telephone providers and the state coordinator for E-911; and
- Special outreach to senior citizens, children, the disabled, and ethnic minorities including targeted newspaper, billboard, radio, and television advertising.

The application proposes to conduct a PEP, but includes no information on it.

7.2. Discussion

The assigned Administrative Law Judge (ALJ) issued a ruling seeking comments on a proposed PEP. The proposed PEP was based on what we have authorized in previous decisions and the PEPs ultimately implemented. The comments were considered in developing the PEP adopted in this decision and included as Attachment A.

Previously, we have authorized our staff to oversee the finalization and implementation of the PEP.⁹ Accordingly, we direct the CD Director to perform this function. In doing so, the CD Director may designate CD staff to carry out these tasks.

In previous decisions, we have specified a budget for the PEP.¹⁰ We see no need to specify a specific budget here, because the industry should have sufficient experience with previous PEPs to determine the specifics of the budget. We require the industry to fund the PEP as necessary to achieve at least a 70% customer awareness and understanding of the change in dialing patterns and area code identification resulting from implementation of the overlay, how they will be affected by the change and the rationale behind the change. The 70% awareness requirement shall be across all major customer groups.

In previous decisions, we have utilized an industry task force to implement the PEP and manage the PEP fund. We do so here, and require this task force to include Commission staff and representatives from the service

⁹ D.98-12-081, Ordering Paragraph 7.

¹⁰ D.98-12-081, Ordering Paragraph 1.

providers holding numbering resources in the 818 area code as of the effective date of this decision. We require the task force to develop a reasonable means of delineating the division of responsibility for the PEP activities so that adequate tracking and compliance can be assured. The task force will be responsible for developing the materials and content of the PEP, maximizing the use of prior PEP efforts, and conforming to the requirements of this order.

We authorize the CD Director to require sufficient industry contributions to the PEP budget fund to achieve the 70% customer awareness requirement. The CD Director shall require the task force to conduct a well-balanced and statistically significant survey of customers to determine whether the 70% requirement has been met. The survey shall be designed and conducted such that the general public, as well as senior citizens, the disabled and ethnic minorities are adequately represented in the survey.¹¹ The task force shall submit the survey questions, process, and methodology to the CD Director for review and approval prior to implementation.

If necessary to ensure the success of the PEP, the CD Director may require the task force to employ outside professional assistance in PEP implementation.

PEP educational, outreach, and advertising materials shall explain the type of area code change being implemented and the new dialing procedure, identify the region covered by the overlay, and explain that the cost and quality of telephone service will not be adversely affected by the change. The materials should also address the permissive dialing period, the mandatory dialing period, the tasks consumers should do in preparation of the overlay, and the reasons for

¹¹ Senior citizens are defined as those 65 and older.

adding a new area code. The task force shall submit all PEP educational, outreach, and advertising materials to the CD Director for review and approval.

7.3. Potential for Continuation of the PEP Beyond the Overlay Opening Date

In D.99-06-087, we determined that a second-phase PEP extending beyond the opening of the overlay area code might be necessary to promote necessary public awareness regarding the overlay. Therefore, the CD Director shall monitor the effectiveness of the PEP and, if the 70% customer awareness requirement is not achieved by the end of the 13-month implementation period, shall require the task force to continue the PEP to achieve the requirement.

7.4. PEP Funding

Similar to the funding mechanism established in D.05-08-040 for the 310/424 area code PEP, we shall require PEP funds for tasks jointly assigned to all the service providers to come from those service providers holding thousand-blocks in the 818 area code as of the effective date of this decision. The amount collected from each service provider shall be in proportion to the relative percentage of thousand-blocks that it holds as of the effective date of this decision. Any additional assessments or refunds shall be made on the same basis. Individual service provider costs for service provider-specific tasks shall be the responsibility of each service provider.

The task force shall arrange for adequate accounting of the PEP fund to ensure it is properly managed. The budget shall not include the labor costs of each service provider's representatives on the task force. The task force shall periodically report to the CD Director concerning the details of collections and disbursements.

8. Comments on Proposed Decision

The proposed decision of the ALJ in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Joint comments were filed by Pacific Bell Telephone Company, Sprint-Nextel Corporation, New Cingular Wireless PCS, LLC, Omnipoint Communications Inc., Telscape Communications, Inc., Verizon California Inc., and Verizon Wireless on April 14, 2008. All comments were considered and changes were made as appropriate.

9. Categorization and Need for Hearings

In Resolution ALJ 176-3206, dated January 10, 2008, the Commission preliminarily categorized this application as ratesetting and preliminarily determined that hearings were not necessary. No protests have been received. Given these developments, a public hearing is not necessary, and it is not necessary to disturb the preliminary determinations.

10. Assignment of Proceeding

Timothy Alan Simon is the assigned Commissioner and Jeffrey P. O'Donnell is the assigned ALJ in this proceeding.

Findings of Fact

1. In D.99-10-022, the Commission approved a two-way split of the 818 area code as a backup plan to the number conservation measures it ordered in that decision.

2. Thousand-block number pooling and other conservation measures have extended the life of the 818 area code and delayed the need for an area code change.

3. The conservation measures have run their course, and the 818 area code will exhaust in the third quarter of 2009.

4. Both alternatives presented by NANPA, a split and an overlay result in area codes estimated to exhaust in 24-26 years.

5. Pursuant to §§ 7936 and 7943(c), before approving any new area code, the Commission must obtain utilization data from NANPA for any area code for which a change is proposed, perform a telephone utilization study and implement all reasonable telephone number conservation measures.

6. Pursuant to § 7943(a), where there is no reasonable alternative other than to create a new area code, the Commission must do so in a way that creates the least inconvenience for customers.

7. CD reviewed the utilization data and study provided by NANPA and agrees that the 818 area code will exhaust in the third quarter of 2009.

8. The meetings required by § 7931(e)(2) were conducted as discussed herein.

9. The Commission received 741 statements of preferences and comments of which 442 supported the overlay.

10. Due to the passage of time, it is reasonable to reconsider the Commission's adoption of a split rather than an overlay for the 818 area code in D.99-10-022.

11. The overlay will cause the least inconvenience for consumers and is the option preferred by customers and the industry.

12. There is a need for a PEP to facilitate implementation of the overlay for the reasons discussed herein.

13. The application proposes to conduct a PEP, but includes no information on it.

14. The assigned ALJ issued a ruling seeking comments on proposed requirements for the PEP. The comments received were considered in developing the PEP included herein as Attachment A.

15. In previous decisions, we have utilized an industry task force to implement the PEP and manage the PEP fund.

16. In D.99-06-087, we determined that a second-phase PEP extending beyond the opening of the overlay area code might be necessary to promote necessary public awareness regarding the overlay.

17. No protests have been received.

Conclusions of Law

1. Since the statutory requirements of §§ 7936 and 7943(c) have been satisfied, there is no other reasonable alternative but to create a new area code.

2. The proposed overlay for the 818 area code should be adopted.

3. The PEP included herein as Attachment A should be adopted.

4. The CD Director should be directed to oversee the finalization and implementation of the PEP.

5. The industry should be required to fund the PEP as necessary to achieve at least a 70% customer awareness and understanding of the change in dialing patterns and area code identification resulting from implementation of the overlay, how they will be affected by the change and the rationale behind the change.

6. The 70% awareness requirement should be across all major customer groups.

7. An industry task force should be utilized to implement the PEP and manage the PEP fund.

8. The industry task force should include Commission staff and representatives from the service providers holding numbering resources in the 818 area code as of the effective date of this decision.

9. The task force should develop a reasonable means of delineating the division of responsibility for the PEP activities so that adequate tracking and compliance can be assured.

10. The task force should be responsible for developing the materials and content of the PEP, maximizing the use of prior PEP efforts, and conforming to the requirements of this order.

11. The CD Director should be authorized to require sufficient industry contributions to the PEP budget fund to achieve the 70% customer awareness requirement.

12. The CD Director should require the task force to conduct a well-balanced and statistically significant survey of customers to determine whether the 70% requirement has been met.

13. The survey should be designed and conducted such that the general public, as well as senior citizens, the disabled and ethnic minorities are adequately represented in the survey.

14. The task force should be required to submit the survey questions, process, and methodology to the CD Director for review and approval prior to implementation.

15. If necessary to ensure the success of the PEP, the CD Director should be authorized to require the task force to employ outside professional assistance in PEP implementation.

16. PEP educational, outreach, and advertising materials should explain the type of area code change being implemented and the new dialing procedure,

identify the region covered by the overlay, and explain that the cost and quality of telephone service will not be adversely affected by the change. The materials should also address the permissive dialing period, the mandatory dialing period, the tasks consumers should do in preparation of the overlay, and the reasons for adding a new area code.

17. The task force should be required to submit all PEP educational, outreach, and advertising materials to the CD Director for review and approval prior to their use.

18. The CD Director should monitor the effectiveness of the PEP and, if the 70% customer awareness requirement is not achieved by the end of the 13-month implementation period, should require the task force to continue the PEP to achieve the requirement.

19. PEP funds for tasks jointly assigned to all the service providers should come from those service providers holding thousand-blocks in the 818 area code as of the effective date of this decision. The amount collected from each service provider should be in proportion to the relative percentage of thousand-blocks that it holds as of the effective date of this decision. Any additional assessments or refunds should be made on the same basis.

20. Individual service provider costs for service provider-specific tasks should be the responsibility of each service provider.

21. The task force should arrange for adequate accounting of the PEP fund to ensure it is properly managed.

22. The PEP budget should not include the labor costs of each service provider's representatives on the task force.

23. The task force should periodically report to the CD Director concerning the details of collections and disbursements.

24. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. The proposed overlay for the 818 area code is adopted.
2. The public education program (PEP) included herein as Attachment A is adopted.
3. The Communications Division (CD) Director shall oversee the finalization and implementation of the PEP.
4. The industry shall fund the PEP as necessary to achieve at least a 70% customer awareness and understanding of the change in dialing patterns and area code identification resulting from implementation of the overlay, how they will be affected by the change and the rationale behind the change.
5. The 70% awareness requirement shall be across all major customer groups.
6. An industry task force (task force) shall be utilized to implement the PEP and manage the PEP fund.
7. The task force shall include Commission staff and representatives from the service providers holding numbering resources in the 818 area code as of the effective date of this decision.
8. The task force shall develop a reasonable means of delineating the division of responsibility for the PEP activities so that adequate tracking and compliance can be assured.
9. The task force shall be responsible for developing the materials and content of the PEP, maximizing the use of prior PEP efforts, and conforming to the requirements of this order.

10. The CD Director shall require sufficient industry contributions to the PEP budget fund to achieve the 70% customer awareness requirement.

11. The CD Director shall require the task force to conduct a well-balanced and statistically significant survey of customers to determine whether the 70% requirement has been met.

12. The survey shall be designed and conducted such that the general public, as well as senior citizens, the disabled and ethnic minorities are adequately represented in the survey.

13. The task force shall submit the survey questions, process, and methodology to the CD Director for review and approval prior to implementation.

14. If necessary to ensure the success of the PEP, the CD Director shall require the task force to employ outside professional assistance in PEP implementation.

15. PEP educational, outreach, and advertising materials shall explain the type of area code change being implemented and the new dialing procedure, identify the region covered by the overlay, and explain that the cost and quality of telephone service will not be adversely affected by the change. The materials shall also address the permissive dialing period, the mandatory dialing period, the tasks consumers should do in preparation of the overlay and the reasons for adding a new area code.

16. The task force shall submit all PEP educational, outreach, and advertising materials to the CD Director for review and approval prior to their use.

17. The CD Director shall monitor the effectiveness of the PEP and, if the 70% customer awareness requirement is not met, shall require the task force to continue the PEP to achieve the requirement.

18. PEP funds for tasks jointly assigned to all the service providers shall come from those service providers holding thousand-blocks in the 818 area code as of the effective date of this decision. The amount collected from each service provider shall be in proportion to the relative percentage of thousand-blocks that it holds as of the effective date of this decision. Any additional assessments or refunds shall be made on the same basis.

19. Individual service provider costs for service provider-specific tasks shall be the responsibility of each service provider.

20. The task force shall arrange for adequate accounting of the PEP fund to ensure it is properly managed.

21. The PEP budget shall not include the labor costs of each service provider's representatives on the task force.

22. The task force shall periodically report to the CD Director concerning the details of PEP fund collections and disbursements.

23. Application 07-12-018 is closed.

This order is effective today.

Dated April 24, 2008, at San Francisco, California.

MICHAEL R. PEEVEY
President
DIAN M. GRUENEICH
JOHN A. BOHN
RACHELLE B. CHONG
TIMOTHY ALAN SIMON
Commissioners