

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for review of) Docket No. 980048-TL
Proposed numbering plan relief)
For 813 area code) March 13, 1998

BRIEF OF MCI TELECOMMUNICATIONS CORPORATION

Come Now MCI Telecommunications Corporation and MCI Metro Access Transmission Services, Inc. ("MCI") and hereby submit this post-hearing brief to the Florida Public Service Commission ("PSC" or "Commission") requesting that the Commission deny the request of GTE Florida Incorporated ("GTE") to implement an overlay of the 813 area code. Instead, MCI requests that the Commission approve a geographic split of the area code. In particular, MCI recommends that the Commission approve one of two possible geographic split options. These two recommended geographic split options were identified in this matter as Option 3 and Option 4.

In general, geographic splits are preferable to overlays as a means of providing area code relief. Geographic splits tend to have fewer end-user impacts and fewer negative impacts on emerging competition. In this case, based on the public hearings held in this matter, it is abundantly clear that the people who live and work in the current 813 area overwhelmingly favor a geographic split.

If the Commission nevertheless determines, due to the unique circumstances in the 813 area code, that an overlay is in the public interest, it should impose several conditions to mitigate

the adverse impacts on competition. These conditions include: 1) no slippage in the current schedule for permanent local number portability (LNP), 2) 10-digit dialing should be required both within and between the old and new area codes, 3) GTE should be required to analyze and report on the feasibility of a revenue-neutral rate center consolidation plan for the 813 area, and, 4) a workshop or other process should be established to consider a number pooling mechanism for the Tampa LNP area.

I. DISCUSSION AND CITATION TO RECORD AND AUTHORITY

Issue 1: Should the Commission approve the overlay plan for 813 area code relief, and if not, what relief plan should the Commission approve?

****MCI:** The Commission should not approve the overlay plan for the 813 area code. The Commission should approve a geographic split. MCI recommends geographic split Options 3 or 4. If the Commission nevertheless determines, due to the unique circumstances in the 813 area code, that an overlay is in the public interest, it should impose conditions to mitigate the adverse impacts on competition.**

I. The Commission Should Order a Geographic Split

GTE has recommended to the Commission that an overlay area code be implemented in the 813 area code. MCI requests that the Commission approve a geographic split of the area code. In particular, MCI recommends that the Commission approve one of two possible geographic split options. These two recommended split options were identified in this matter as Option 3 and Option 4.

In general, geographic splits are preferable to overlays as a means of providing area code relief. Geographic splits tend to have fewer end-user impacts and fewer negative impacts on

emerging competition. The overlay method would create a new area code that would share the same geographic boundaries as the current 813 area code. Customers within this area code would be assigned one of the two area codes associated within this area. The geographic split method would split the existing 813 area code into two distinct geographic areas with different boundaries. In this case, based on the public hearings held in this matter, it is abundantly clear that the people who live and work in the current 813 area overwhelmingly favor a geographic split.

In selecting which area code relief alternative is best for the Tampa area, the Commission should consider end user impacts, the impacts on emerging local competition, and to what extent, if any, negative impacts can be mitigated. Unfortunately, some end users will suffer some cost and disruption under either the split or overlay alternatives, although the degree to which end users are negatively impacted differs based on whether a split or overlay alternative is selected.

The end user impacts of an overlay include: loss of all 7-digit local dialing (because the Federal Communications Commission ("FCC") requires mandatory 10-digit dialing for all local calls as a condition for overlay implementation), loss of the ability to associate an area code with a unique geographic area code; confusion resulting from different area codes assigned in the same home, business or neighborhood; cost to customers (throughout the overlay area) that currently use their 7-digit number for advertising, stationery, etc., for new materials with their 10-digit number; and cost to customers (throughout the overlay area) to reprogram or replace automatic dialing systems (e.g., home alarm and apartment security systems, elevator emergency phones, etc.) that are currently programmed for 7-digits. Further, safety concerns are created during any period when such devices are incorrectly programmed. (Tr. 310-11)

The end user impacts of an area code split include need for customers in a portion of the existing area code to change area codes, some additional 10-digit dialing required for calling between the old and new area codes, and cost to customers in the new area code to change advertising, stationery, etc., to show the new area code (Tr 311)

Based on the overwhelming response from members of the public who spoke at the hearings in this matter, it is clear that the people of the Tampa/St. Petersburg area have decided that a split would be in their best interest. From the well informed nature of their comments, it is equally clear that those in attendance at the hearing had not reached this conclusion lightly, but had carefully weighed the pros and cons of the two relief alternatives. The views of those who will be directly impacted by the Commission's decision should not be dismissed lightly.

In addition to its immediate effect on the public, an overlay plan can significantly frustrate entry by competitors into the local exchange market, and provide the incumbent LEC ("ILEC"), GTE Florida, with a competitive advantage, because of the disproportionate assignment of central office codes (called "NXXs") in the 813 area code to the ILEC. An overlay plan would introduce a new, unfamiliar area code into the area currently served by the 813 area code. Callers from within and outside of Florida are accustomed to the 813 code, and recognize it as being the Tampa area. The new overlaid code, however, would not be familiar, and would thus be less desirable than the existing area codes. As a result, customers would be more likely select a carrier that could give them a number in the more desirable area code (Tr 311-12)

Currently, the vast majority of these more desirable NXXs in the 813 area code have been assigned to GTE Florida, so if an overlay is implemented, new competitive Local Exchange Companies ("CLECs") would be left to draw NXXs primarily from the new overlay NPA. This

systems of NXX "haves" and "have-nots" is extremely anticompetitive, since it disproportionately affects CLECs just as they are attempting to enter the local exchange market in Tampa (Tr 312)

The FCC recognized this disadvantage in its *Second Report and Order and Memorandum Opinion and Order*, CC Docket 96-98, August 8, 1996 ("*Local Competition - Numbering Order*"). The FCC noted that incumbent LECs have an advantage over new entrants when a new code is about to be introduced, because they can warehouse NXXs in the old NPA. Incumbents also have an advantage when telephone numbers within NXXs within the existing area code are returned to them as their customers move or change carriers. (*Order* at ¶289)

This unfair situation will affect the potential for competition in Tampa in several ways. CLECs will be unable to compete effectively in the growth market of additional lines for fax machines, modems, and the like. This market is explosive, and is a primary contributor to the need for NPA relief at this time. Even if the scheduled number portability systems allow customers to switch to a CLEC without losing their telephone number, these same customers will be less willing to use a CLEC for a second or third line, even if the CLEC is less expensive or provides better service, because the CLEC will only be able to install additional lines if it uses the new, less desirable area code. This disparity between NPAs can also impact the market for new customers, since new customers may choose a carrier based on that carrier's ability to assign a number from the more well-known area code. Further, it is in this second line market that CLECs are most likely to achieve some initial success. This is because end users will be more likely to trial a CLECs service on a non-essential "second line" (Tr 313)

A geographic split does not have the same disproportionate impact on CLECs. It affects all carriers equally. If a geographic split were selected for the 813 area, all carriers—both GTE Florida and new carriers—would issue 813 numbers in the remaining 813 area, and all carriers would issue numbers with the new area code in the new area. Thus, all carriers have equal access to the same number resource. (Tr. 313)

MCI has consistently recommended geographic splits for area code relief because, on balance, splits are usually less disruptive to consumers, and they do not have the anticompetitive impacts on local competition that are present with overlays. In this case, MCI has carefully reviewed the four options being considered in this matter. Option 1, the overlay, should not be approved for all the reasons discussed above. While Option 2 is a geographic split, it should not be approved since the split is too uneven. Both Options 3 and 4 are acceptable geographic split options. From the standpoint of exhaust dates, Option 4 is slightly more balanced than Option 3. Of course, MCI recognizes that the Commission must consider other public interest factors in making its decision – for example, members of the public speaking at the hearing tended to view Option 3 as more reflective of the communities of interest even though, unlike Option 4, it splits Pasco County. Therefore, MCI recommends that the Commission approve either Option 3 or Option 4.

2. **If the Commission Approves an Overlay, the Commission Should Attempt to Mitigate Its Anticompetitive Impacts**

If for some reason the Commission chooses an overlay alternative in spite of the overwhelming public opposition, it is critical that the Commission take steps to mitigate the

anticompetitive impacts of an overlay, and more efficiently use the limited number resource so as to reduce the need for more disruptive area code relief. Therefore, if an overlay alternative is selected for the Tampa area, MCI urges the Commission to establish the following four conditions:

- a) The current schedule for permanent local number portability (LNP) implementation must be maintained.
- b) Requirement for 10-digit dialing within and between all old and new area codes (consistent with FCC order)
- c) Requirement for GTE Florida to analyze and report on the feasibility of a revenue-neutral Rate Center Consolidation plan for the 813 area
- d) Establishment of a workshop or other appropriate process to consider number conservation mechanisms, such as Rate Center Consolidation, for the Tampa LNP area.

a. LNP implementation

Although LNP implementation does not solve the competitive disparity caused by the disproportionate allocation of NXXs needed for new service applications, it does facilitate the ability of end users to keep their existing 813 numbers when switching their existing service to a new carrier. As a result, LNP is one of several critical components to mitigate the anticompetitive impacts of an overlay. (Tr. 315)

b. Ten digit dialing.

Ten digit dialing is another critical factor in mitigating the anti-competitive impacts of an overlay. The FCC concluded that local dialing disparity would occur absent mandatory 10-digit

dialing, because all existing users would remain in the old area code and dial 7-digits to call others with numbers in that area code, while new users with the overlay code would have to dial 10-digits to reach any customers in the old code (*Local Competition - Numbering Order*, ¶287). As a result, customers would find it less attractive to switch carriers because CLECs would have to assign their customers numbers in the new overlay area code, which would require those customers to dial 10-digits, while those customers would only have to dial 7-digits for most of their calls if they remained with the incumbent carrier.

c. Rate Center Consolidation

Rate Center Consolidation ("RCC") can also help mitigate the anticompetitive impacts of an overlay. RCC involves the combining, or collapsing, of existing incumbent LEC rating areas into fewer rate areas, so that fewer NXXs are required by a carrier serving a local calling area.

In North America, each central office is assigned a "rate center" for determining the rating and routing of calls in and out. All the subscribers to that central office are considered to exist at a single point at the center of the rate area. Since today all rating and routing is accomplished based on the NPA-NXX digits of a telephone number, CLECs are forced to use unique NXXs for customers in each incumbent rate area in order to preserve incumbent LEC rating and routing. This can lead to an enormous waste of NXXs, especially as CLECs are first entering the local market, because their total customer bases initially will not require so many 10,000 number blocks. (Tr. 316)

The original purposes for establishing numerous rate areas -- older switch technology and cost variations based on small differences in call distances -- no longer exist. Rate Center Consolidation in the 813 would sharply reduce the number of NXXs required by CLECs, and

would allow incumbent LECs to use their NXXs more efficiently. Moreover, if an overlay were implemented, RCC would allow CLECs to make greater use of the relatively few NXXs they manage to acquire in the 813 area, thus reducing the anticompetitive impacts of overlays. (Tr 316-17)

A change in rate areas is a relatively simple task from a technical standpoint, but it would necessarily cause impacts (revenue neutral) on end user call rating. (Tr 317) Therefore, MCI urges the Commission to direct GTE Florida to work with the industry to develop a plan to present to the Commission within ninety (90) days of an order in this proceeding, which would describe one or more revenue neutral plans for consolidating rate areas in the 813 area, the impact on end user billing, the impact on NXX demand, and any technical considerations. The Commission can then determine if the long term benefits to Florida outweigh any negative short term impacts.

d. Number conservation mechanisms.

Number pooling can mitigate the anticompetitive impact of overlays by giving CLECs access to more numbers in the old, more desirable area code. National industry numbering forums, such as the Industry Numbering Committee ("INC") are currently considering the development of a long-term number pooling solution, but a full pooling solution (i.e., down to the individual line level) may take several years to develop and implement. In the meantime, carriers have begun looking at an interim pooling solution that would use the LNP database to enable the assignment of NXXs in blocks of 1000 numbers, rather than the 10,000 number blocks required today. This potential solution, sometimes referred to as "1000's block pooling," or "NXX-X/LRN pooling," would assign an NPA-NXX to a rate area, but allow that NPA-NXX to be

shared among local service providers who are LNP-capable and offer service to customers within that area. So, for example, a single NXX could be used by as many as 10 CLECs for a given rate area, instead of the 10 NXXs that would be required without this type of pooling. Thus, 1000's block number pooling would give CLECs access to more numbers in the old, more desirable area code. (Tr. 317-18)

Although a long-term number pooling solution may not be available for several years, an interim pooling mechanism such as 1000's block number pooling can be implemented in the near term. Carriers in Illinois and New York, including Ameritech and NYNEX, have established a pooling implementation team, and propose to test 1000's block number pooling in this first quarter 1998. Accordingly, MCI urges the Commission to establish a workshop or other appropriate process for consideration of a number pooling mechanism for the Tampa LNP area (Tr. 318)

In addition to mitigating the anticompetitive impacts of an overlay, Rate Center Consolidation and number pooling will sharply reduce the overall demand for NXXs (Tr. 318). Taking steps now to conserve the finite number resource will mean that future area code relief in the Tampa area can be postponed, thus protecting Florida consumers from experiencing continued disruptions from area code relief any more often than absolutely necessary.

Issue 2: What should the dialing pattern be for the following types of calls? Local, Toll EAS, and ECS.

MCI: If the Commission approves an overlay, 10 digit dialing should be required within and between the new and old area codes for all types of calls. In addition, toll and ECS calls should be made on a 1+ 10-digit basis. If the Commission approves a geographic split, 10 digit dialing should be required between the new and old area

codes for all types of calls. In addition, toll and ECS calls should be made on a 1+ 10-digit basis. Local and EAS calls within an area code may be on a seven digit basis.**

There are generally three calling patterns with which the industry and consumers are familiar. They are: 7-digit dialing, 10-digit dialing, and "1+" or 11-digit dialing. Seven-digit dialing is typically used for local calling within an area served by one area code. Ten-digit dialing is also used for local calling in areas where there are two or more area codes serving the same geographic area or between two area codes which share one local calling area. As stated above, 10-digit dialing would be required by all customers if an overlay relief plan is established. "1+" or 11-digit dialing is generally understood to be used for long distance or toll calling.

MCI believes that a 7-digit dialing pattern is appropriate for local calls within a local calling area served by one area code. Where there is an area code overlay, 10-digit dialing is required (*Local Competition - Numbering Order* ¶ 287). "1+" or 11-digit dialing is the industry standard for toll calling and there should be no change to this. Customers are familiar with the "1+" indicating a toll call and there is no reason why this should change due to area code relief. Since customers in these types of calling plans are used to calls within the EAS or ECS being treated like local calls the calling patterns for local should apply.

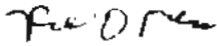
II. CONCLUSION

For the foregoing reasons, the Commission should deny GTE's request to implement an overlay of the 813 area code. Instead, MCI believes that a geographic split to relieve number exhaust in the Tampa area is pro-competitive and pro-consumer and should be the chosen relief

method. In particular, MCI recommends that the Commission approve geographic split Options 3 or 4.

RESPECTFULLY SUBMITTED this 13th day of March, 1998

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was furnished to the following parties by U.S. Mail, Hand Delivery(*) or Federal Express(**) this 13th day of March 1998.

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