

NANCY B. WHITE
General Counsel - FL

BellSouth Telecommunications, Inc.
150 South Monroe Street
Room 400
Tallahassee, Florida 32301
(305) 347-5558

June 10, 2004

Mrs. Blanca S. Bayó
Director, Commission Clerk and
Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 001503-TP (Number Pooling Trials)

Dear Ms. Bayó:

Enclosed is an original and fifteen copies of BellSouth Telecommunications, Inc.'s Motion for Official Recognition of Orders, which we ask that you file in the captioned docket.

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return the copy to me. Copies have been served to the parties shown on the attached Certificate of Service.

Sincerely,


Nancy B. White

cc: All Parties of Record
Marshall M. Criser III
R. Douglas Lackey

CERTIFICATE OF SERVICE
Docket No. 001503-TP

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via

Electronic Mail and First Class U. S. Mail this 10th day of June, 2004 to the following:

Patricia Christensen
Felicia Banks
Staff Counsel
Florida Public Service
Commission
Division of Legal Services
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
pchriste@psc.state.fl.us
fbanks@psc.state.fl.us

Office of Public Counsel
Charles Beck
c/o The Florida Legislature
111 West Madison Street
#812
Tallahassee, FL 32399-1400
Tel. No. (850) 488-9330
Fax. No. (850) 488-4491
beck.charles@leg.state.fl.us

Kenneth Hoffman/John Ellis
Rutledge, Ecenia, Purnell & Hoffman
215 South Monroe Street
Suite 420
Tallahassee, FL 32301
Tel. No. (850) 681-6788
Fax. No. (850) 681-6515
Atty. for VoiceStream Wireless
Atty. for Verizon Wireless
Ken@Reuphlaw.com

Time Warner Telecom of Florida, L.P.
c/o Carolyn Marek
233 Bramerton Court
Franklin, Tennessee 37069
Tel. No. (615) 376-6404
Fax. No. (615) 376-6405
Carolyn.Marek@twtelecom.com

Peter M. Dunbar, Esq.
Karen M. Camechis, Esq.
Pennington, Moore, Wilkinson,
Bell & Dunbar, P.A.
P.O. Box 10095 (32302)
215 South Monroe Street, 2nd Flr.
Tallahassee, FL 32301
Tel. No. (850) 222-3533
Fax. No. (850) 222-2126
Counsel for Time Warner
Pete@penningtonlawfirm.com
Karen@penningtonlawfirm.com

Susan Masterton
Sprint-Florida Incorporated
Sprint Communications Company LP
P.O. Box 2214
Tallahassee, FL 32316-2214
Tel. No. (850) 599-1560
Susan.masterton@mail.sprint.com

Jeff Pfaff
Sprint PCS
Legal Department
6160 Sprint Parkway, 4th Floor
Overland Park, KS 66251
Tel. No. (913) 762-7737

Anne E. Hoskins
Regulatory Counsel
Verizon Wireless
1300 "Eye" Street, N.W.
Suite 400W
Washington, D.C. 20005

Kimberly Caswell
Verizon Florida, Inc.
P.O. Box 110, FLTC0007
Tampa, FL 33601-0110
Tel. No. (813) 483-2617
kimberly.caswell@verizon.com

Florida Cable Telecomm. Assoc.
Michael A. Gross
V.P., Regulatory Affairs &
Regulatory Counsel
246 East 6th Avenue
Tallahassee, FL 32303
Tel No. (850) 681-1990
Fax No. (850) 681-9676
mgross@fcta.com


Floyd R. Self
Messer, Caparello & Self, P.A.
215 South Monroe Street
Suite 701
Tallahassee, FL 32301-1876
Tel. No. (850) 222-0720
Fax. No. (850) 224-4359
fself@lawfla.com
Represents AT&T and WorldCom

Donna Canzano McNulty
WorldCom, Inc.
1203 Governors Square Blvd.
Suite 201
Tallahassee, FL 32301-2960
Tel. No. (850) 422-1254
Fax. No. (850) 422-2586
donna.mcnulty@mci.com

Claudia Davant
AT&T Communications of the
Southern States, Inc.
101 North Monroe Street
Suite 700
Tallahassee, FL 32301
cdavant@att.com

Betty Willis
ALLTEL Corporate Services, Inc.
One Allied Drive
Little Rock, AR 72203-2177
bettye.j.willis@alltel.com

J. Jeffry Wahlen
Ausley & McMullen
P.O. Box 391
Tallahassee, FL 32302
Tel. No. (850) 425-5471
jwahlen@ausley.com

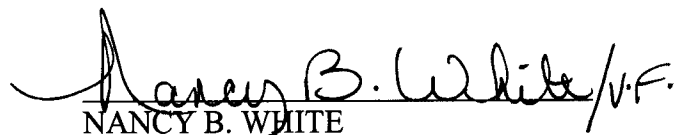

Nancy B. White

PSC-03-1096-PAA-TP at 8. Both of these orders were included in the parties' Joint Stipulation of the Record filed in this proceeding. In the course of preparing its brief in this case, BellSouth discovered that the Michigan Commission also entered an order on February 1, 2002, in Case NO. U-13086 in response to requests for rehearing of the order in the same docket dated November 20, 2001. The order on rehearing is attached as Exhibit B.

3. In an effort to ensure that this Commission is fully apprised of all relevant state orders relating to thousands-block number pooling cost recovery, BellSouth respectfully requests that the Commission take official notice of the attached orders from North Carolina and Michigan.

Respectfully submitted this 10th day of June, 2004.

BELLSOUTH TELECOMMUNICATIONS, INC.



NANCY B. WHITE
c/o Nancy H. Sims
150 South Monroe Street
Suite 400
Tallahassee, FL 32301
(305) 347-5558



R. DOUGLAS LACKEY
Suite 4300
675 W. Peachtree Street, NE
Atlanta, GA 30375
(404) 335-0747

2004 N.C. PUC LEXIS 194, *

In the Matter of Area Code Relief for North Carolina's 704/910/919 Numbering Plan
Areas

DOCKET NO. P-100, SUB 137

North Carolina Utilities Commission

2004 N.C. PUC LEXIS 194

February 26, 2004

OPINION: [*1]**ORDER GRANTING COST RECOVERY**

BY THE COMMISSION: On May 19, 2003, BellSouth Telecommunications, Inc. (BellSouth) filed its request to recover pooling costs incurred for the state mandated thousands-block pooling trials as ordered by the Commission in advance of the national program rollout.

By Order dated June 10, 2003, the Commission requested the Public Staff to assess BellSouth's filing and make recommendations with respect to the recovery of such costs by July 24, 2003.

By Order dated July 29, 2003, based on an oral request from the Public Staff, the Commission granted the Public Staff an extension of time until August 21, 2003 to make its comments available to the Commission.

On August 21, 2003, the Public Staff filed its comments on BellSouth's Cost Recovery Plan which was filed with the Commission on May 19, 2003.

On October 27, 2003, BellSouth filed a revised cost recovery study based upon the comments of the Public Staff which were filed with the Commission on August 21, 2003.

By Order dated November 14, 2003, the Commission requested that BellSouth verify that the costs identified for recovery meet the "LNP-three prong-test" and file a revised cost study for review and approval. [*2]

On December 4, 2003, BellSouth filed a response to the Commission's Order requesting that the Commission approve its revised cost study as filed on October 27, 2003 without further revision since it is consistent with instructions provided by the Federal Communications Commission (FCC) in its Number Portability and Number Pooling Orders.

By Orders dated December 15 and 17, 2003, the Commission requested comments from the Public Staff by January 9, 2004 on the reasonableness and accuracy of the cost study as filed by BellSouth on October 27, 2003.

On January 16, 2004, the Public Staff filed its approval of the October 27, 2003 cost recovery study filed by BellSouth.

BELLSOUTH'S REQUEST FOR NUMBER POOLING COST RECOVERY

In its Petition to recover thousands-block pooling costs, BellSouth stated that the FCC ruled in those instances where state mandated number pooling preceded the national program, states must develop their own cost recovery scheme for the joint and carrier specific costs of implementing and administering pooling in the Numbering Plan Area (NPA) in question. The Commission petitioned and was granted delegated authority by the FCC to implement thousands-block pooling [*3] trials for the 704, 919 and 336 NPAs. n1 State mandated pooling trials were subsequently implemented in the 704, 919 and 336 NPAs preceding the rollout of the national pooling program.

n1 *In the Matter of Numbering Resource Optimization and Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, Released July 20, 2000 and August 24, 2001, respectively.

BellSouth commented that the Commission appointed Telcordia to act as the interim Pooling Administrator for the trials in North Carolina until such time as the national administrator was named by the FCC. n2 Furthermore, as stated by BellSouth, the Commission directed Telcordia "to enter into contracts with the industry for cost recovery until such time as the FCC announces the national pooling program guidelines and practices." Telcordia acted as the pooling administrator until the FCC on June 18, 2001 selected NeuStar as the National Thousands-Block Number Pooling Administrator and the Commission on August 21, 2001 transitioned [*4] all number pooling trials from Telcordia to NeuStar.

n2 *NCUC's Order dated February 19, 2001, Order Naming the Administrator for and Implementing Thousands-Block Pooling.*

In conjunction with the Commission's interest to implement pooling trials in respective NPAs, comments were also sought by the Commission on the subject cost recovery for state mandated pooling trials from the telecommunications industry. After a comment cycle on cost recovery, the Commission issued its Order on November 27, 2001 stating that a modified LNP cost allocation methodology should be used to recover the administrative expenses incurred by Telcordia for the respective pooling trials. Furthermore, as stated by BellSouth, the FCC notes that "development and implementation of state recovery is necessary to insure that carriers recover the costs of advance implementation of thousands-block number pooling attributable to the state jurisdiction." Additionally, BellSouth commented that the FCC stated that, "when carriers have incurred costs [*5] directly related to thousands-block number pooling at the state level prior to the implementation of national thousands-block pooling, the advancement costs of state-specific deployment should be attributed to the state jurisdiction. In other words, carrier specific costs directly related to number pooling that are incurred for national implementation of thousands-block pooling should be recoverable through the federal mechanism, but any costs attributable to advance deployment at the state level will be subject to state recovery mechanisms."

BellSouth stated that the costs incurred to implement state mandated pooling in the 704, 919 and 336 NPAs were submitted using the LNP methodology to spread incurred costs by access line. As stated by BellSouth, the thousands-block pooling related costs included network capital and expenses (e.g., switch generic advancement and switch pooling feature software), employee related expenses (e.g., switch translations, network contract salaries and block administration center salaries) and Telcordia's number pooling administration expenses. BellSouth proposed four alternative end-user assessment methods to recover the pooling trial expenses: (1) a [*6] one-time fee to all residential and business customers; (2) a one-time fee applied to all business lines; (3) a monthly fee that would be applied to all residential and business lines over a twelve month period; and, (4) a monthly fee that would be applied to all business lines over a twelve month period.

In its summary, BellSouth stated that it seeks to recover its costs of implementing the number pooling trials as exogenous to its price regulation plan since the costs were incurred in response to a Commission's delegated authority from the FCC. Additionally, BellSouth stated that the filing clearly identifies the governmental action, the proposed adjustment to prices, and the duration of the adjustment with associated revenue impact of the governmental action.

COMMENTS

The Public Staff commented that several adjustments should be made to the cost recovery study filed by BellSouth as well as stating that any recovery be granted as a one-time surcharge on both business and residential lines.

The adjustments which the Public Staff suggested that BellSouth make to its cost recovery study were as follows: (1) the capital account cost factors included in the study by BellSouth should [*7] reflect those approved in Docket No. P-100, Sub 133d. These factors calculate the cost of money and other costs for specific plant accounts such as maintenance, depreciation, ad valorem taxes, and income taxes; (2) the economic lives for the capital plant accounts and the overall cost of money used in calculating labor and third party expenses should also reflect those approved in Docket No. P-100, Sub 133d; (3) the calculation of the annualized plant specific cost of money and income taxes are overstated and should be adjusted by deducting depreciation expense from the initial investment before calculating the cost of money and income taxes; (4) software costs should be revised to reflect the advancement costs of installing the software earlier than planned rather than the full cost of software and associated installation; and, (5) the savings due to the deferral of a new area code should be calculated based on five years, rather than three as proposed by BellSouth.

The Public Staff commented that any surcharge would be small and the benefits of number pooling apply equally to business and residential customers; therefore the recovery should be accomplished using a one-time surcharge [*8] on business and residential lines. Also, BellSouth should not impose the surcharge on its Lifeline customers.

REPLY COMMENTS

In its reply comments filed October 27, 2003, BellSouth responded to each of the cost revision recommendations which were earlier made by the Public Staff. BellSouth submitted a revised cost study with its reply comments and responded as follows: (1) capital cost account factors used in Docket No. P-100, Sub 133d were adopted in the revision; (2) economic lives for the capital plant accounts and overall cost of money used in Docket No. P-100, Sub 133d were adopted in the revision which also adjusted common and shared overhead factors; (3) depreciation was subtracted from the product of investment and the annuity of present amount factor, as illustrated in Exhibit A in its reply comments; (4) although the Public Staff proposed recovery of the advancement costs of software costs, BellSouth did not recover the costs it incurred for implementing number pooling in the trial areas of North Carolina through the national pooling cost recovery mechanism, it is entitled to recover the full amount of these software translation costs, as directed by the FCC; and, (5) [*9] the cost study was revised to reflect the five year delay in the implementation of a new area code to calculate savings due to number pooling.

BellSouth concurred in the Public Staff's recommendation to assess a one-time surcharge on both residential and business lines. The one-time surcharge will be \$.69 per residential and business line, after making the revisions to its original cost study as proposed by the Public Staff. BellSouth stated that in using the number portability guidelines in assessing the number of surcharges per line, the following one time charges would be applied as follows: (1) one charge (\$.69) on each residential and regular business and Centrex line; (2) nine surcharges (\$ 6.21) per PBX trunk and MegaLink/Lightgate NAR; and, (3) five surcharges (\$ 3.45) per Primary Rate ISDN line (PRI).

ADDITIONAL COMMENTS

In response to BellSouth's revised cost study of October 27, 2003, the Commission entered its Order on November 14, 2003, requesting BellSouth to review the cost elements reflected in its study to insure that the "LNP-three prong test" was adhered to in this proceeding. In summary, the costs to be recovered using the LNP criteria were to be those that [*10] were incurred "but for" thousands-block number pooling, "for the provision of" thousands-block number pooling, and only "new" costs of thousands-block number pooling. n3 Specifically, the Commission requested that the costs reflected in the cost recovery study for software expenses, Block Administration Center (BAC) support expenses and generic switch additions/augmentations be weighed using the "LNP-three prong test."

n3 Third Report and Order and Second Order on Reconsideration in Docket No. 96-98 and CC Docket No. 99-200, Para 43.

On December 4, 2003, BellSouth responded to the Commission's Order on the subject areas of software expenses, BAC expenses and generic switch upgrades. On the issue of software costs recovery, BellSouth stated that "as explained in Exhibit A of BellSouth's original cost study, filed May 19, 2003, the number pooling feature software is used solely for the purpose of providing number pooling." BellSouth further commented that the software capital costs and translations expenses meet [*11] the other two requirements of the LNP test because they were incurred "for the provision of" and "new" due to the implementation of thousands-block number pooling.

The BAC expenses are "new" costs because they were not previously incurred by BellSouth prior to the requirement to implement number pooling. The cost of BAC personnel in the study was dedicated to the state mandated pooling trials, according to BellSouth. The regional BAC expenses were prorated among state trials using the percentage of lines in BellSouth's North Carolina central offices, where the trials were conducted, to total access lines throughout the BellSouth region where state pooling trials were conducted. As further commented upon by BellSouth, the primary function of the BAC is to donate and receive blocks of numbers, issue service orders, update internal systems at donation and complete and issue required reports to the Pooling Administrator.

On the cost issue of the advancement of generic switch costs, these costs represent the incremental portion of costs attributable to number pooling, and therefore, do meet the "LNP-three prong test." There were switches within the BellSouth network which would not have [*12] been capable of call routing in a pooling environment without the advancement of generic upgrades. Additionally, these advancements were new costs not being recovered through any

other cost recovery mechanism which represented 26.20% of the total switch generic costs. n4 BellSouth further commented that "joint costs of thousands block number pooling are incremental costs associated with new investments or expenses that directly support thousands-block number pooling and also support one or more non-number pooling functions."

n4 BellSouth Telecommunication, Inc.'s Reply Comments to the Public Staff's Recommended Revisions to BellSouth's Number Pooling Cost Study, filed October 27, 2003, Exhibit B, Cell D15.

As stated by BellSouth, the FCC in its *Third Report and Order* at Paragraph 221 said "joint costs of thousands-block number pooling are incremental costs associated with new investments or expenses that directly support thousands-block number pooling and also support one or more non-number pooling functions. [*13] And further, Paragraph 222 stated that the definition of joint cost that we adopt in this proceeding means that carriers should recognize only a portion of the joint costs of software generics, hardware and OSS, SST or AIN upgrades as carrier specific costs directly related to thousands-block number pooling." "Where an upgrade meets the two part eligibility test and is not dedicated solely to thousands-block number pooling implementation, the LEC should make a special showing in its costs study to establish the eligible thousands-block number pooling associated with an upgrade [with emphasis]." BellSouth stated that its cost study only seeks to recover the advancement costs of the generic upgrades and full recovery of these costs should be allowed.

BellSouth concluded by stating that the Commission should approve its revised cost study without further revisions. BellSouth commented that the study is consistent with the FCC's Number Portability and Number Pooling Orders.

In response to the Commission's Orders dated December 15 and 17, 2003, the Public Staff filed comments on January 16, 2004 concerning BellSouth's revised cost study. The Public Staff stated that, "based on the information [*14] provided, the Public Staff believes the study provides a reasonable and accurate calculation for the recovery of costs associated with the pooling trials authorized by the Commission."

WHEREUPON, the Commission reaches the following

CONCLUSIONS

After careful consideration, the Commission believes that the one-time surcharges recommended by BellSouth which allow for its recovery of costs associated with the implementation of thousands-block number pooling trials in North Carolina should be approved. As already noted, thousands-block pooling trials were delegated by the FCC to the Commission, and the Commission subsequently mandated trials in the 704, 919 and 336 NPAs to conserve numbering resources. With the FCC's delegation to the various states to implement thousands-block number pooling in advance of the national program for pooling, which includes North Carolina, the recovery of costs incurred by service providers to implement state mandated pooling trials were to be recovered through a state cost recovery mechanism. The FCC's position on the state's responsibility to cost recovery was made before deciding upon a federal recovery mechanism, should a federal recovery mechanism [*15] be recommended. It is also noted that BellSouth is the first local exchange carrier to petition the Commission to allow for the recovery of costs and expenses incurred to implement Commission mandated pooling trials.

BellSouth presented in its cost study the costs and expenditures made and incurred to implement pooling which were offset by savings realized by deferral of an additional NPA for the 919 and 336 NPAs (i.e., an overlay is approved for 919 and an overlay is recommended by the industry for 336). In the original 704 NPA, the NPA 980 overlay was implemented before pooling was implemented, therefore no cost savings were attributable to pooling in the 704/980 NPAs. As reflected in BellSouth's cost information as filed, expenditures were categorically made for the advancement of switch generics, number pooling software, and number pooling administrative expenses. These costs and expenses must meet the criteria of the "LNP-three prong test", as requested by the Commission in its Order of November 14, 2003, to insure an accurate and reasonable representation of cost directly attributable to the state mandated thousands-block number pooling trials.

Lastly, the Commission believes [*16] that using the number portability guidelines, as noted by BellSouth in assessing the number of surcharges per line, the following one time charges would be applied as follows: (1) one charge (\$.69) on each residential and regular business and Centrex line; (2) nine surcharges (\$ 6.21) per PBX trunk and MegaLink/Lightgate NAR; and, (3) five surcharges (\$ 3.45) per Primary Rate ISDN line (PRI). Furthermore, the

Commission concludes that BellSouth should provide its end users proper notification (e.g. billing inserts, etc.) for the forthcoming surcharge, which should be jointly developed with the Public Staff, and submitted for approval by the Commission at least one billing cycle prior to end user billing of the approved recovery surcharges.

IT IS, THEREFORE, ORDERED as follows:

1. That BellSouth shall be allowed to recover its costs incurred to implement the thousands-block number pooling trials mandated by the Commission which preceded the rollout of the national program.

2. That BellSouth shall not impose the cost recovery surcharge on its Lifeline customers.

3. That BellSouth, jointly in consultation with the Public Staff, shall submit for approval by the Commission an agreed upon [*17] customer billing notice program by March 31, 2004.

4. That BellSouth shall provide end users proper surcharge notification at least one billing cycle prior to actual billing implementation of the surcharge(s).

5. That BellSouth shall implement cost recovery at the following surcharge levels: (1) one charge (\$.69) on each residential and regular business and Centrex line; (2) nine surcharges (\$ 6.21) per PBX trunk and MegaLink/Lightgate NAR; and, (3) five surcharges (\$ 3.45) per Primary Rate ISDN line (PRI).

ISSUED BY ORDER OF THE COMMISSION.

This the 26th day of February, 2004.

2002 Mich. PSC LEXIS 22, *

In the matter, on the Commission's own motion, to consider the implementation of limited number pooling trials

Case No. U-13086

MICHIGAN PUBLIC SERVICE COMMISSION

2002 Mich. PSC LEXIS 22

February 1, 2002

PANEL: [*1] PRESENT: Hon. Laura Chappelle, Chairman; Hon. David A. Svanda, Commissioner; Hon. Robert B. Nelson, Commissioner

OPINION: At the February 1, 2002 meeting of the Michigan Public Service Commission in Lansing, Michigan.

OPINION AND ORDER

On August 24, 2001, the Commission received conditional authority from the Federal Communications Commission (FCC) to institute thousands-block number pooling in five area codes. In the Matter of Numbering Resource Optimization, CC Docket No. 99-200 et al., DA 01-2013 (rel. August 24, 2001). On September 7, 2001, the Commission issued an order requesting comments on how to initiate number pooling trials in Michigan. On October 11, 2001, after reviewing the comments, the Commission issued an order requiring that a number pooling trial begin in the 313 NPA no later than February 24, 2002 and in the 734 NPA no later than July 1, 2002. On November 20, 2001, the Commission issued an order addressing the issue of how providers would recover the costs of the number pooling trials.

In that order, the Commission found, among other things, that the shared industry costs should be allocated according to the local number portability (LNP) methodology. The Commission [*2] also found that the carrier-specific costs, such as equipment upgrades and employee training, as well as the shared industry costs allocated to each carrier, should be treated as a cost of doing business. For that reason, the Commission concluded that it was consistent with the FCC's requirements not to provide a special cost recovery mechanism.

On December 20, 2001, Verizon North Inc. and Contel of the South, Inc., d/b/a Verizon North Systems, (collectively, Verizon) and Ameritech Michigan filed petitions for rehearing.

Ameritech Michigan asks the Commission to clarify that because (1) the FCC mandates cost recovery, (2) the order rejected the concept of a special new cost recovery mechanism, but (3) the order did not reject Ameritech Michigan's suggestion that the costs be recovered through a temporary adjustment to the LNP surcharge, the order approved Ameritech Michigan's proposal. If the Commission does not agree with that interpretation of the order, Ameritech Michigan argues that the Commission must modify the order to approve a cost recovery mechanism because the FCC's order delegating authority to the Commission so requires.

Verizon argues that it was error for the order [*3] to treat number pooling costs as a cost of doing business because the FCC requires the Commission to establish a special cost recovery mechanism. It says that the costs of number pooling are new, non-routine costs of doing business that would not be incurred but for the Commission-imposed requirement that number pooling commence on a trial basis. It says that there is no evidence that any of these costs will be recovered in the absence of a special cost recovery mechanism. It says that because competitive local exchange carriers can increase their rates to recover these costs, it would be discriminatory for the Commission not to permit the incumbents also to recover their costs.

The Commission concludes that it should deny the petitions for rehearing. The FCC requires that the Commission provide a mechanism by which the companies can recover the costs of state number pooling trials. "The state commissions conducting pooling trials must develop a cost recovery mechanism for the joint and carrier-specific costs of implementing and administering pooling trials." DA 01-2013, para. 19. "We now direct states that have exercised delegated authority and implemented thousands-block number pooling [*4] to likewise commence cost recovery procedures for these state-specific costs." In the Matter of Numbering Resource Optimization, CC Docket No. 99-200 et al., FCC 01-362 (rel. December 28, 2001), para. 28. The Commission has complied with that requirement. It has

concluded that the costs should be treated as a cost of doing business, consistent with the FCC's determination. FCC 01-362, para. 25 and 37. The result is that the costs are recoverable in the same manner as any other cost of doing business. Ameritech Michigan and Verizon have the right to file notice of an increase in rates for basic local exchange service of not more than the increase in the Consumer Price Index less 1% pursuant to MCL 484.2304(2)(b). If the companies conclude that their costs require a larger increase, they have the right to file an application pursuant to MCL 484.2304(2)(c). The Michigan Telecommunications Act (MTA), MCL 484.2101 et seq., permits alterations in other rates as well that might permit the companies to recover the costs of number pooling trials. In fact, the provisions of the MTA may permit recovery of costs that the FCC would not permit under federal law. See FCC 01-362, para. 37-46. [*5] If the rate freeze created by Section 701, MCL 484.2701, which was stayed in federal court at the request of Ameritech Michigan and Verizon, is reinstated, the companies are free to return to the Commission to argue that the rate freeze must yield to the requirement of the FCC that they be permitted to recover the costs of number pooling trials.

The Commission rejects the argument that the FCC requires the Commission to create a mechanism that would permit the companies to increase their rates in addition to, and independent of, the provisions of the MTA. "We also conclude that many of the costs associated with thousands-block number pooling are ordinary costs for which no additional or special recovery is appropriate." FCC 01-362, para. 25. Ameritech Michigan and Verizon have not cited any authority for their position that they are entitled to impose a surcharge on customers' bills to recover any amounts that they spend on number pooling without regard to the recovery of numbering resource costs that is provided by their current rates, the recovery of additional costs that they could obtain under mechanisms that are already available under the MTA, and the reduction in costs that [*6] may result from number pooling.

Finally, the Commission denies Ameritech Michigan's request to clarify that it intended to provide recovery through an increase in the LNP surcharge. The Commission did not approve that proposal, for the reasons discussed in both the November 20, 2001 order and this order.

The Commission FINDS that:

- a. Jurisdiction is pursuant to *1991 PA 179*, as amended, MCL 484.2101 et seq.; *1969 PA 306*, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1992 AACS, R 460.17101 et seq.
- b. The petitions for rehearing should be denied.

THEREFORE, IT IS ORDERED that the petitions for rehearing filed by Verizon North Inc., Contel of the South, Inc., d/b/a Verizon North Systems, and Ameritech Michigan are denied.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

By its action of February 1, 2002.