

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Cost Recovery and)
Allocation of Issues for Number)
Pooling Trials in Florida)

Docket No. 001503-TP
Filed: June 10, 2004

SPRINT-FLORIDA, INCORPORATED'S
MOTION FOR OFFICIAL RECOGNITION OF ORDER

Pursuant to Rule 28-106-204, Florida Administrative Code, Sprint-Florida, Incorporated ("Sprint") files this Motion for Official Recognition of Order and states:

1. On June 10, 2004, the North Carolina Public Utilities Commission entered an order entitled *In the Matter of Petition by Carolina Telephone and Telegraph Company and Central Telephone Company for Approval of Price Regulation Plans Pursuant to G.S. 62-133.5*, in Docket No. P-7, Sub 825 and Docket No. P-10, Sub 479, approving the request of said companies (collectively Sprint) for number pooling cost recovery associated with state-mandated number pooling trials in North Carolina. Sprint's request for cost recovery was filed March 26, 2004 and the Order was entered today, both after BellSouth, Sprint-Florida, Incorporated and the Citizens of Florida filed their Joint Stipulation of the Record on February 4, 2004. The referenced North Carolina order is attached as Exhibit A.
2. This Commission referenced the North Carolina Public Utilities Commission's consideration of BellSouth's North Carolina petition for cost recovery in Order No. PSC-03-1096-PAA-TP, but at that time no action had been taken on BellSouth's petition.

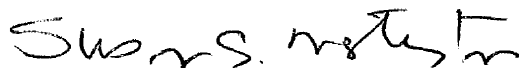
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3. The North Carolina Public Utilities Commission issued its order on BellSouth's petition on February 26, 2004 and BellSouth has today filed a Motion requesting judicial recognition of that order. (*In the Matter of Area Code Relief for North Carolina 704/910/919 Numbering Plan Areas*, in Docket No. P-100, Sub. 137.)
4. Orders of the **Arizona** Corporation Commission and **the** Michigan Public Service Commissions are included in the Joint Stipulation of the Record (Attachments 11& 12). The Michigan Commission issued a subsequent order on rehearing of the order included in the record and BellSouth has also requested judicial recognition **of** that order in its motion filed today.
5. In an effort to ensure that **all** of the relevant state orders **are** included in the record for the Commission's consideration, Sprint respectfully requests that the Commission take official notice of the attached order from the North Carolina Utilities Commission.

RESPECTFULLY SUBMITTED this 10th day of June 2004.



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ATTORNEY FOR SPRINT

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. P-7, SUB 825
DOCKET NO. P-10, SUB 479

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of

Petition by Carolina Telephone and Telegraph Company and Central Telephone Company for Approval of Price Regulation Plans Pursuant to G.S. 62-133.5)))))	ORDER GRANTING COST RECOVERY
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BY THE **COMMISSION**: On March 26, 2004, Carolina Telephone and Telegraph Company and Central Telephone Company (collectively Sprint) filed its Petition 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 April 1, 2004, the Commission requested the Public Staff to assess Sprint's filing and make recommendations with respect to the recovery of such costs by May 14, 2004, which were filed **as** requested.

SPRINT'S REQUEST FOR NUMBER POOLING COST RECOVERY

Sprint commented that thousands-block number pooling (TBNP) allows numbering resources to be allocated in blocks of one thousand numbers (NXX-X), replacing the previous industry standard allocation of ten thousand numbers (NXX). Further, the introduction of TBNP allows a more efficient allocation of numbering resources to industry service providers.

As stated by Sprint, the pooling costs to be recovered using the **LNP** criteria were to be those that would not have been incurred "but for, the provision of", with allowable **costs** including only "**new**" costs of thousands-block number pooling.¹ Sprint stated that its filing conforms in all respects to these requirements. **As** presented in its cost recovery study for TBNP, Sprint included: 1) costs incurred for **its** shared allocation for the Number Provisioning Administration Center (NPAC), for which NeuStar is the administrator; 2) direct investment and expenses for end office and tandem number pooling functionality; 3) the cost of number administration to identify, donate, and receive blocks of numbering resources; 4) the cost of updating operational support system databases for TBNP; 5) associated testing and training costs; and, 6) cost

¹ *Third Report and Order and Second Order on Reconsideration in Docket No. 96-98 and CC Docket No. 99-200, Para 43,*

savings consisting of the anticipated Numbering Plan Area (NPA) relief expenses that would have occurred over the next three years except for number pooling.

Sprint stated that the total costs for TBNP, **as** presented, are summed to develop the Total Revenue Requirement. The Total Revenue Requirement is divided by the **Total Access** Line count weighted at one unit per switched line equivalent (i.e., weighting PBX trunks by 9, PRI lines by 5, and all other lines by 1, following FCC guidelines). The surcharge would be assessed as a one-time charge **as** follows:

a. Revenue Requirement per Line (non-PBX/PRI)	\$.28
b. Revenue Requirement per Line (PSX)	\$2.47
c. Revenue Requirement per Line (PRI)	\$1.37

Sprint concluded its comments, **by** stating that the one-time surcharge recovery **rate** proposed in its Petition is fully cost-based, reasonable, supported by exhibits detailing cost and rate development, and in full compliance with the relevant FCC Orders.

COMMENTS OF THE PUBLIC STAFF

The Public Staff stated that in order to be consistent with its recommendations and subsequent Commission approval of BellSouth's number pooling cost recovery, Sprint should revise its cost of money factor and the estimated savings in deferring area code expansions.

With regard to the cost of money factor, the Public Staff recommended that Sprint should file a revised cost study utilizing the cost of money adopted for Sprint in Docket No. **P-100, Sub 1336**.

The Public Staff commented that Sprint incorrectly assumes that number pooling delays the need for a new area code by three years. The current exhaust projections for the 704/980, 919/984, and 336 NPAs have been significantly extended since the introduction of TBNP. Furthermore, the Public Staff commented that, while the exhaust of numbers is affected by several factors, it believes that Sprint has underestimated the impact due to number pooling and as a result, has understated the amount of savings attributable to number pooling. **As** such, the Public Staff recommended that Sprint revise and file its cost study to reflect at least a five-year delay in the need for area code relief when calculating the savings due to number pooling.

The one-time cost recovery surcharge proposed by Sprint on residential and business **lines** is consistent with the methodology approved by the Commission for BellSouth to use for TBNP cost recovery, **as** modified by the Public Staff.

WHEREUPON, the Commission reached the following

CONCLUSIONS

After careful consideration, the Commission believes that the one-time surcharges recommended by Sprint which allow for Sprint's recovery of costs associated with the implementation of TBNP trials in North Carolina should be approved **subject** to the modifications proposed by the Public Staff. As noted in Docket No. P-100, Sub 137, authority to conduct thousands-block pooling trials was delegated by the FCC to the Commission, and the Commission subsequently mandated trials in the 704, 919 and 336 NPAs to conserve numbering resources. The FCC, in its delegation of pooling authority decision, stated that the costs incurred by service providers to implement state-mandated pooling trials were to be recovered through a state cost recovery mechanism. The FCC's decision on the state's responsibility for cost recovery was made before deciding upon a federal recovery mechanism. It is also noted that Sprint is the second local exchange carrier to petition the Commission to allow for the recovery of costs and expenses incurred to implement Commission mandated pooling trials.

Sprint presented in its cost study the costs and expenditures made and incurred to implement pooling which were offset by savings realized by deferral of additional **NPAs**. These costs and expenses must meet the criteria **set** out in the "LNP-three prong **test**," as requested by the Commission in its Order of November 14, 2003 in Docket No. **P-100**, Sub 137, to insure an accurate and reasonable representation of costs directly attributable to the state mandated thousands-block number pooling trials.

After carefully reviewing the Parties comments, the Commission believes that Sprint should revise its cost recovery surcharge to reflect the recommendations of the Public Staff. Specifically, the revised cost study should reflect the cost for money factor approved for Sprint in Docket **No.** P-100, Sub 133d and a NPA cost savings deferral estimate **of** at least five years. Subject to those modifications the Commission concludes that Sprint's cost recovery proposal should be approved.

IT IS, THEREFORE, ORDERED as follows:

1. That Sprint 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 Sprint **shall** not impose the cost recovery surcharge on its Lifeline customers;
3. That Sprint, shall file a revised cost recovery study reflecting the recommendations of the Public Staff and file concurrently, in consultation with the Public Staff, an agreed-upon customer billing notice program for Commission approval by July 9, 2004;

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

5. That the Commission will enter a further Order approving Sprint's cost recovery proposal following the receipt of the revised cost study.

ISSUED BY ORDER OF THE COMMISSION.

This the 10th day of June, 2004.

NORTH CAROLINA UTILITIES COMMISSION

Gail L. Mount

Gail L. Mount, Deputy Clerk

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