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8	BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
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10	IN THE MATTER OF THE INVESTIGATION) Docket No. UT-991627 INTO THE ISSUE OF NUMBERING)
11 12	RESOURCES) PETITION FOR RECONSIDERATION, OR, IN THE ALTERNATIVE, WAIVER
13	Qwest Corporation ("Qwest"), hereby asks the Washington Utilities and Transportation
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	Commission ("Commission") to reconsider its order in this docket as set forth below. In the
15	alternative, if the Commission determines that reconsideration is not warranted, or if on
16	reconsideration the Commission affirms its order, Qwest requests a waiver of certain provisions of
17	the Commission's December 1, 2000 order in this docket, instituting a number pooling trial in the
18	Spokane Metropolitan Statistical Area ("MSA").
19	I. <u>INTRODUCTION</u>
20	On December 1, 2000, the Commission entered an order instituting a number pooling trial
21	in the Spokane MSA. The Commission stated that the trial was ordered pursuant to delegated
22	authority from the Federal Communications Commission ("FCC"). However, Qwest respectfully
23	suggests that the Commission lacks delegated authority from the FCC to initiate a number pooling
24	trial outside of western Washington. Thus, Qwest asks the Commission to reconsider its order and
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to conclude that it erred in ordering a trial in eastern Washington. Alternatively, Qwest seeks a waiver of the requirement that it participate in the number pooling trial due to the high costs to Owest of participating in the trial and the low public benefit that will result, as well as the fact that Owest currently has a very high utilization of telephone numbers in the Spokane MSA.

II. ARGUMENT

The Commission Lacks Delegated Authority from the FCC to Order the Trial Α.

Qwest does not believe that the Commission has authority, under the FCC State Delegation Order¹ to order number pooling in eastern Washington. The State Delegation Order came about as the result of the FCC's invitation to states to submit cases with "special circumstances" to the FCC, who would consider those cases and possibly grant the states more authority than was granted to them in its 1998 Pennsylvania Numbering Order.²

In December of 1999, the Commission filed a "Petition for Additional Delegated Authority to Implement Number Conservation Measures." In that Petition, the Commission asked the FCC for authority to implement thousands block number pooling generally³ and referenced using its authority to "delay new area codes in the . . . 509 area code". Beyond this reference, the 509 code was mentioned most often in terms of descriptive narrative of the state's numbering history and resources.

⁴ *Id*. at 2.

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¹ See, In the Matter of Numbering Resource Optimization, Implementation of the Local Competition Provisions of the Telecommunications Act . . . Washington Utilities and Transportation Commission's Amended Petition for Additional Delegated Authority to Implement Number Conservation Measures, CC Docket Nos. 99-200 and 96-98, NSD File No. L-99-102, Order DA 00-1616, 2000 FCC Lexis 3752, rel. July 20, 2000.

² See, In the Matter of Petition for Declaratory Ruling and Request for Expedited Action on the July 15, 1997 Order of the Pennsylvania Public Utility Commission Regarding Area Codes 412, 610, 215, and 717; Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, NSD File No. L-97-42; CC Docket No.96-98, Memorandum Opinion and Order and Order on Reconsideration, FCC 98-224 ¶¶ 31 ("We therefore encourage such state commissions . . . to request from the Commission an additional, limited, delegation of authority to implement . . . proposed conservation methods"), 54.

Dec. 1999 Petition at 1, enumerated item (2);

All discussions of "special circumstances" in the Petition focused on western Washington,⁵ while general references to desires for additional authority were broader (e.g., the Commission sought "the delegated authority commensurate with what the FCC has granted to other states in recent months. . . . [W]e also believe we need the additional delegated authority to protect consumers in Washington state who have already done their share to accommodate" inadequacies in the numbering administration).⁶

In the FCC's *Number Resource Optimization Order*, the FCC established basic criteria for the implementation of number pooling, including a deployment schedule. That schedule provided for the implementation of number pooling in the top 100 Metropolitan Statistical Areas ("MSA")⁸ <u>first</u> in order to allow carriers to have the necessary resources to provide a rationale, phased-in pooling methodology. This deployment schedule was acknowledged to have room for some deviation, but only after the granting of a waiver of additional delegated authority to the states to deviate from it.

That *Numbering Resource Optimization Order* provided that states whose petitions for delegated authority had not yet been granted must update those petitions to accommodate the FCC's requirement that the states "include a showing of specific criteria in their petitions for pooling authority. Each petition [was required to] demonstrate: 1) that an NPA in its state is in jeopardy, 2) that the NPA in question has a remaining life span of at least a year, and 3) that NPA

⁶ *Id*. at 3; and see id. at 6-8.

⁵ See, e.g., "The majority of telephone customers in western Washington now have a different phone number than they did in 1995, and they now fact the prospect of having to cope with mandatory 10-digit dialing for all calls and having multiple area codes within the local calling areas of even the most rural areas of the state." <u>Id.</u> at 3. The next paragraph focuses on the specifics of area code relief for western Washington (<u>i.e.</u>, the Seattle Metropolitan area), first paragraph under "B." on pages 3-4, discussing western Washington and pages 3-5 discussing past history and potential exhaust of area codes in the Seattle area.

⁷ See, *In the Matter of Numbering Resource Optimization, Report and Order and Further Notice of Proposed Rulemaking*, CC Docket No. 99-200, rel. Mar. 31, 2000.

⁸ The Spokane area code is not in the top 100 MSAs.

is in one of the largest 100 MSAs, or alternatively, the majority of wireline carriers in the NPA are LNP-capable."

The FCC recognized, however, that there might be "special circumstances" warranting additional delegated authority even though the above-recited three criteria could not be met. Thus, the FCC made accommodation for supplemental filings within 30 days of the date of the *Order* for those states unable to meet the above criteria. In that case, states could petition the FCC for special relief.

On April 27, 2000, the Commission filed with the FCC an "Amended Petition for Additional Delegated Authority to Implement Number Conservation Measures." That Amended Petition stated that it was seeking relief under the "special circumstances" component of the *Numbering Resource Optimization Order*. ¹⁰ The Amended Petition also noted that no area code in the state met the requirements outlined by the FCC for a streamlined delegation.

The Amended Petition referenced the Spokane area code on page 2, noting that "the 509 area code is projected to reach exhaustion in April, 2002, and the industry is currently in the process of developing a relief plan" and it noted that the code was not in jeopardy but "faces the prospect of an additional area code due in large part to the inefficient use of existing prefixes." In addressing the matter of "top 100 MSAs," the Commission mentioned only the Seattle consolidated MSA and that of Portland/Vancouver. No reference was made to Spokane.

The Amended Petition accurately states that "The *Report and Order* states that interim number pooling authority will be granted in special circumstances 'where pooling would be of benefit in NPAs that do not meet all of the above criteria" (quoting from the *Order*). It continues: "Such special circumstances exist in **western** Washington, where the Seattle MSA has gone from

⁹ ¶ 170.

Amended Petition at 1.

¹¹ *Id.* at 2.

one area code in 1995 to four area codes in 2000 and now faces the prospect of at least one more area code in the next year."¹³ The Commission then continued to address/discuss the facts as they pertained to the Seattle MSA and concluded that there can be no doubt as to the fact that the existing procedures for the use of numbering resources is not working for "the consumers and businesses of **western** Washington."¹⁴ The Amended Petition goes on to address the industry plan currently under consideration, which would be "to implement mandatory number pooling in the Seattle consolidated metropolitan statistical area". ¹⁵

The Commission did include some statements in its Amended Petition of a statewide nature. For example, after talking about the state of western Washington, it states that "the Number Administrator projects that the state of Washington will need 690 new prefixes every year, indefinitely, unless number conservation measures are introduced." Even then, however, such broad statements are most often followed up with more specific observations about **western** Washington. For example, in support of its arguments that delegated authority should be granted to it, it made specific note of the fact that the FCC's national number pooling requirements would "eventually include western Washington, since Seattle and Vancouver are on the list of top 100 MSAs." It makes no reference to the fact that the Spokane NPA would not eventually be covered by the national deployment, at least not as it is currently proposed.

^{|| 12} Id.

¹³ *Id.* (emphasis added).

¹⁴ *Id.* (emphasis added).

¹⁵ *Id.* And see note 10, where the Commission described the consensus industry standard as involving the Seattle area. ¹⁶ Amended Petition at 3. In its concluding paragraph it notes as it believes that its "request for additional delegated authority set forth in [its] original petition, as amended, will prolong the lives of all of the area codes in Washington." *Id.* at 4.

¹⁷ For example, two sentences after the one above-quoted states that "the consumers and businesses of western Washington should (and do) expect that the industry make every reasonable effort to" conserve numbering resources. The immediate next sentence reads, "At this point, most western Washington customers have now been forced to change their telephone numbers" and deploy 10-digit dialing. It then references previous area code splits, all NPAs associated with <u>western</u> Washington.

In granting the Commission relief, the FCC notes that the Commission there "request[ed] the authority to implement thousands-block number pooling in Washington." The FCC references the Seattle MSA and the Portland/Vancouver MSA. It then goes on to address those "special circumstances" pled by the Commission that might warrant such relief. The entire discussion involves **western** Washington and the Seattle area. 20

Unfortunately, there is some confusion created by other language in the State Delegation
Order which does reference the "state" of Washington, that is not limited to Seattle/Portland/
Vancouver. It is this language that causes the confusion over the scope of the delegated authority.
The FCC stated:

We agree with the Washington Commission that special circumstances exists that warrant granting its request for thousands-block number pooling authority. Delaying thousands-block number pooling in the state of Washington has the potential to perpetuate the current numbering crisis in the state of Washington. We thus grant the Washington Commission the authority to implement thousands-block pooling trials in the state subject to the conditions and safeguards set forth above.²¹

Qwest understands that the reference in this delegation language "authority to implement . . . in the state" is the basis upon which the Commission concludes it has the authority to order number pooling in Spokane.

Despite the broad language found in the *State Delegation Order*, Qwest does not believe the FCC specifically granted the Commission authority to order a number pooling trial in eastern Washington or the Spokane area. That geography and NPA do not meet the three FCC conditions for standard delegations, nor did the Commission specifically request delegated authority for **eastern** Washington or the Spokane NPA. The 509 area code and the Spokane area are only mentioned in the most general way, with no specifics or facts in support of authority for a trial in

¹⁸ State Delegation Order at \P 50.

¹⁹ *Id.* at ¶ 51.

 $^{^{20}}$ *Id.* at ¶ 52.

²¹ *Id*.

that part of the state. Thus, Qwest asks the Commission to reconsider its order in this regard, and to determine that it has authority only to order a trial in western Washington.

B. The Commission Should Grant Qwest a Waiver of the Trial Requirements

The Commission should, if it determines that it has jurisdiction to order the number pooling trial, grant Qwest a waiver of the trial requirements. Qwest's participation in the trial would result in very little public benefit and would cause Qwest ratepayers to incur costs disproportionate to the small benefit that would result. The objective of the number pooling trial should be to free up measurable quantities of unused telephone numbers, thereby delaying the requirement for a new area code. However, Qwest's participation in such a trial produces very little public benefit, specifically because Qwest has only a small quantity of telephone numbers that it could contribute to the Spokane trial, relative to the number of customers Qwest serves, and the disproportionately high quantity of unused numbers that other carriers can contribute.

In the past, carriers have requested and been assigned an entire NXX code within an area code, without a requirement to show a need for additional numbers prior to assignment of a new NXX.²² Each NXX provides for 10,000 numbers. Once assigned, the carrier has been free to assign some or all of the numbers in that code, or to simply hold the code for future use. Qwest understands that there are 98 NXX codes assigned to local exchange carriers other than Qwest in the Spokane MSA. See Attachment A. Qwest has 67 assigned NXX codes in this same area, or 41% of the total assigned NXX codes. Qwest's utilization rate for telephone numbers within the Spokane MSA is 75%.²³

²² The NXX code is the first three digits of a seven-digit telephone number.

 $^{^{23}}$ 67 NXX codes equals 670,000 telephone numbers. 501,616 of the 670,000 telephone numbers assigned to Qwest in the Spokane MSA are currently in use. 501,616/670,000 = 74.9%.

There are 165 assigned NXX codes in the Spokane MSA. Of those, 139, or 84% of the total assigned NXX codes, are in the Spokane rate center.²⁴ See Attachment A. Thus, the primary benefit of a number pooling trial in the Spokane MSA will result from carriers who return codes or thousand blocks of numbers in the <u>Spokane</u> rate center. Qwest has 45% of the assigned NXX codes (62 codes) in Spokane. However, Qwest continues to serve most of the residence and many of the business customers in Spokane.²⁵

Attachment A indicates that Electric Lightwave, Connect, XO, Avista and Time Warner (formerly GST) combined have 50% of the assigned NXX codes (70 codes), or eight more codes than Qwest, in the Spokane rate center. Yet these carriers serve less than 20% of the total Spokane marketplace. Thus, it is clear that other providers have NXX codes with either no numbers assigned to customers, or only very minimal utilization. These providers should produce the greatest contribution to the number pool.

In addition, the cost to implement number pooling for other providers should be significantly less than that incurred by Qwest. Qwest has ten switches in the Spokane rate center and fifteen in the Spokane MSA. Each switch must be upgraded for number pooling, which includes the deployment of hardware and software at each location. The 1999 Annual CLEC Report indicates that ELI, Time Warner and XO each only have one voice switch in Spokane. Because these same carriers only operate one voice switch in the Spokane MSA, and because each individual switch must be modified to accommodate number pooling, the switch modification cost to contribute numbers in a number pooling trial should be significantly less for the CLECs than the costs projected to be incurred by Qwest. Therefore, it is highly probable that the greatest

²⁴ There are 14 rate centers in the Spokane MSA. Six rate centers are within Qwest's serving area; one of which is Spokane.

²⁵ In Docket UT-000883, the Commission staff conducted a business market share analysis and found that Qwest served 55% of the business market. Qwest has approximately 166,409 residence lines and 50,496 business lines in Spokane.

public benefit from a number pooling trial in the Spokane MSA will result from contributions of numbers by new local exchange carriers with low number utilization rates.

Cost/Benefit Of Qwest's Participation

Qwest has estimated its cost of participating in this trial. These costs, depending upon jurisdictional allocation of common costs, could be as much as \$26.9million.²⁷ This estimate includes the costs of software and hardware deployment, number analysis, training and translations in the Spokane MSA and Washington's share of the cost to implement the modifications to Qwest's Operating Support Systems (OSS) and Service Control Points (SCP) across its operating territory.²⁸ Qwest estimates that just the cost of upgrading its Spokane rate center switches for number pooling alone is approximately \$1.06 million.

Clearly, under applicable FCC orders to date, it would appear that Washington ratepayers will be required to bear the full costs for implementing a Washington number pooling trial in Spokane. The FCC has stated the following with regard to inter versus intrastate costs, and recovery of those costs:

[W]e will allow incumbent LECs to recover all their qualifying costs for thousands-block number pooling under the federal cost recovery mechanism we establish. . . . Until national thousands-block number pooling is implemented and a federal cost recovery mechanism authorized, states may use their current cost recovery mechanisms to ensure that the carriers recover the costs of thousands-block number pooling implementation and administration in the meanwhile. Costs incurred by carriers to implement *state-mandated* thousands-block number pooling are *intrastate* costs and should be attributed solely to the state jurisdiction (emphasis added).

Numbering Resource Optimization Order, ¶ 197.

²⁶ See footnote 25, above. This calculation assumes, based on evidence presented in Docket No. UT-000883, that these carriers do not serve a significant number of residential customers.

²⁷ See Attachment B.

²⁸ The cost to modify Qwest's OSS is currently estimated at \$70 million. This cost is spread across nine states in which 100 top MSAs are located or in which the FCC granted authority for a number pooling trial. These states include Arizona, Colorado, Minnesota, Nebraska, New Mexico, Oregon, Iowa, Utah and Washington. Qwest estimates Washington access lines that will be subject to number pooling represent 21.6% of the total access lines that will be subject to number pooling in these nine states. Qwest estimates Washington's 21.6% share of allocable network costs is approximately \$10.7 million.

In a later order, the FCC recognized that OSS would have to be modified for purposes of number pooling.

Because thousands-block number pooling requires carriers to modify the manner in which they manage their inventory of telephone numbers, including changing their Operations Support Systems (OSSs) and retraining their staffs, we also direct the state commissions to ensure that an adequate transition time is provided to carriers to implement thousandsblock number pooling in their switches and administrative systems (footnotes omitted).

State Delegation Order at ¶¶ 19-22.

In its December 29, 2000 order, the FCC reiterated that "costs associated with state implemented pooling trials should be excluded from the federal cost recovery mechanism."²⁹

The vast majority of Qwest's number pooling costs are OSS modification and training costs as described by the FCC. If the Commission allows Qwest to wait until the federally mandated trial in the Seattle MSA, those costs should be recoverable under the FCC's cost recovery mechanism. However, the cost of state trials must be recovered under a state mechanism.

Qwest understands that the desire to conduct the trial is driven by the scarcity of available telephone numbers, and the desire of the Commission to see those numbers utilized efficiently. However, Owest's analysis of the numbering resources in the Spokane MSA shows that Owest does not have a significant quantity of unassigned or available numbers for contribution to the number pool in Spokane, and that its participation in the trial would not materially increase the quantity of numbers available to the industry.

Qwest had approximately 168,384 available numbers in Spokane as of December, 2000.³⁰ Qwest processes roughly 24,140 orders for new or additional lines in Spokane each month. Qwest

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²⁹ In the Matter of Petition for Declaratory Ruling and Request for Expedited Action on the July 15, 1997 Order of the Pennsylvania Public Utility Commission Regarding Area Codes 412, 610, 215, and 717, Second Report and Order, Order on Reconsideration in CC Docket No. 96-98 and CC Docket No. 99-200 and Second Further Notice of Proposed Rulemaking in CC Docket No. 99-200; (rel. December 29, 2000).

also disconnects a significant quantity of lines each month. Thus, Qwest estimates the number of telephone numbers it may have available to contribute to the pool is most likely less than 50,000 numbers, based on August 2000 data. This is not to suggest that there are five NXX codes unused, or fifty blocks of one-thousand consecutive telephone numbers that Qwest can contribute to the number pooling trial. It simply means that there are an estimated 50,000 unassigned telephone numbers spread throughout all of the NXXs assigned to Qwest in the Spokane MSA. As previously stated, Qwest operates at a 75% utilization level in the Spokane MSA.

With number pooling, costs associated with planning, provisioning and maintenance of the number pooling functions and associated hardware as well as the administration, inventory management and reporting requirements are expected to be significant. Existing telephone numbers must be reviewed to determine which number blocks should be donated to the pool and which, if any, must be ported back to the switch prior to donation. Without this review, it is not possible to determine which blocks should or should not be donated and customers could easily be inadvertently disconnected from service. Automated systems to support the work required for national number pooling are expected to be available by mid 2001 as more pooling locations are introduced. Automation should measurably reduce personnel related costs.

Other local exchange providers may be able to contribute as many as 500,000 telephone numbers to the pool, for very little cost.³¹ On the assumption that other local providers incur the central office switch upgrade cost estimated by Qwest for its 5ESS switches, each provider would

³⁰ 501,616 of the 670,000 telephone numbers assigned to Qwest in the Spokane MSA are in use by Qwest. Existing telephone numbers utilized by Qwest are categorized, as required by the FCC, as assigned, reserved, aging, intermediate and administrative lines. Assigned numbers are working customer telephone numbers. Reserved numbers are numbers held for customers whose equipment is not yet ready for assignment of the actual telephone number. Aging numbers are numbers assigned to route to intercept recordings for disconnected but unavailable telephone numbers, etc. Intermediate numbers are numbers held for other carriers and administrative numbers are employee and test line numbers.

³¹ For example, if ELI, XO and Connect each returned all but three NNX codes, 530,000 telephone numbers would be available for contribution to the pool.

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incur costs of approximately \$50,000. This would result in a total cost of approximately \$250,000

for five providers or \$0.50 per telephone number donated. Based on the estimated cost to deploy

number pooling, the quantity of telephone numbers Qwest would contribute to the pool when

compared to the cost to deploy number pooling is over \$500 per number donated.³² Owest's cost

of Spokane rate center switch upgrades alone is over \$21 per telephone number contributed.³³

Clearly, the public interest is better served by granting Qwest a waiver from participation in such a

trial until all other providers have contributed available telephone numbers and such numbers have

subsequently been reassigned and utilized by all providers.

Utilization Issues

Owest believes that the cost/benefit analysis regarding the pooling trial weighs heavily in favor of granting the requested waiver. However, the Commission may also wish to consider a utilization standard in determining whether a waiver is appropriate. Under this standard, the Commission could consider whether a particular carrier has a reasonable level of utilization of assigned numbers so as to warrant that carrier being excused from participation. Thus, the Commission could conclude that carriers who are already utilizing numbering resources in an efficient manner should not be required to participate in the trial.

If the Commission determines that it will look at utilization, Qwest suggests that level of utilization of 60-70% of assigned numbers might be a reasonable threshold. Higher utilization, such as the 75% that Qwest is experiencing, reflects a situation where there are truly only a very small number of telephone numbers that would be available. Lower utilization, in the 20-30% range, suggests that a carrier would be able to contribute a significant amount of unused numbers and should participate in the trial. The Commission could also consider how many NXX codes a

³² \$26.9 million/50,000 numbers.

³³ \$1.06 million cost to upgrade switches divided by 50,000 telephone numbers contributed equals \$21.20 per telephone number contributed.

particular carrier had, and might make exceptions for low utilization where a carrier only had one or two codes, to allow for growth.

Under either the cost standard or the utilization standard, Qwest believes that it should be granted a waiver of the number pooling requirements, as its contribution to the trial would be minimal, and would impose significant costs.

Qwest's Contribution to Washington Number Conservation Measures

As previously stated, Qwest understands that the desire to conduct the number pooling trial is driven by the scarcity of available telephone numbers, and the desire of the Commission to see those numbers utilized efficiently. Qwest shares this desire and should the Commission grant this petition for waiver, Qwest will take extraordinary steps to ensure that it continues to utilize its available numbers efficiently. Qwest will institute the following number conservation methods.

- 1. Qwest will establish internal procedures and processes to assign numbers sequentially in an effort to maximize the utilization of numbers within a thousands-block before opening the next vacant thousand-block. This action will maximize utilization and minimize premature or unnecessary opening of unused blocks of numbers and new central office codes (i.e., NXX codes or prefixes) in the all area codes under the direction of Qwest in Washington. Furthermore, Qwest will protect vacant thousands blocks from contamination, unless it does not have an adequate supply of telephone numbers in inventory, i.e., those blocks already open for assignment, to fill subscriber requests or to meet a specific customer request for an entire group of numbers within Qwest wire centers. This will preserve thousand-blocks for future assignment to number pools.
- 2. Qwest will initiate and conduct its own internal reviews of existing telephone number assignments to assure there is optimization of resources within the company and to

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