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# MEMORANDUM

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TO: Docket Control

FROM: Ernest G. Johnson
Director
for Utilities Division

DATE: November 9, 2007

RE: IN THE MATTER OF THE GENERIC INVESTIGATION INTO NUMBER RESOURCE OPTIMIZATION AND IMPLEMENTATION OF NUMBER POOLING IN ARIZONA (Docket No. T-00000A-01-0076)

As required by a Procedural Order filed October 10, 2007, attached is Staff's Report which provides an update on the rate center consolidation which occurred as a result of Decision No. 63982 dated August 30, 2001. Staff believes, consistent with the objective to optimize the use of numbering resources, appropriate rate center consolidation was implemented by the incumbent local exchange carriers and, therefore, Staff recommends no further action in this docket.

Any party to this proceeding who wishes may file comments to the Staff Report with the Commission's Docket Control by 4:00 p.m. on or before November 19, 2007.

EGJ:RLB:tdp

Originator: Richard Boyles

Arizona Corporation Commission
DOCKETED
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SERVICE LIST FOR: GENERIC INVESTIGATION
DOCKET NO.: T-00000A-01-00076

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**STAFF REPORT**
**UTILITIES DIVISION**
**ARIZONA CORPORATION COMMISSION**

# GENERIC INVESTIGATION INTO NUMBER RESOURCE OPTIMIZATION AND IMPLE4MENTATION OF NUMBER POOLING IN ARIZONA

**DOCKET NO. T-00000A-01-0076**

**NOVEMBER 9, 2007**

## STAFF ACKNOWLEDGMENT

The Staff Report for Generic Investigation into Number Resource Optimization and implementation of Number Pooling in Arizona (Docket No. T-00000A-01-0076) was the responsibility of the Staff member listed below:

Richard Boyles
Utilities Engineer

**EXECUTIVE SUMMARY**
**GENERIC INVESTIGATION**
**DOCKET NO. T-0000A-01-0076**

On October 10, 2007, the Administrative Law Judge issued a Procedural Order requiring Staff to file an update on the rate center consolidation addressed by this docket no later than by November 9, 2007. In addition, Staff was requested to provide any appropriate recommendations.

Numbering resources are assigned to carriers on a rate center basis. Where multiple rate centers exist in a local calling area, rate center consolidation will reduce the number of NXX codes, or prefixes, a new entrant will need to provide service in the calling area. In addition, where carriers have multiple switches within a local calling area, rate center consolidation promotes more efficient use of existing numbering resources by allowing carriers to move thousands-blocks of numbers from a switch where there may be an excess of numbers to another which is in need of numbers. Further, because Federal Communications Commission rules do not allow numbers to be ported between rate centers, rate center consolidation provides a larger geographic scope for customers to be able to port their numbers should they move to a new location and wish to retain their existing telephone number.

Rate center consolidation comments were filed by AT&T Communications of the Mountain States and TCG Phoenix, Citizen's Communications Company, Copper Valley Telephone, Qwest Corporation, Table Top Telephone and Valley Telephone Cooperative. Subsequently, rate center consolidations were completed by Arizona Telephone, Citizens Utilities Rural, Citizens Telecommunications Company of the White Mountains, Navaho Communications Company, Qwest Corporation and Verizon California. As a result these consolidations a net reduction of twenty-five (25) rate centers occurred.

Staff believes, consistent with the objective to optimize the use of numbering resources, appropriate rate center consolidation was implemented by the incumbent local exchange carriers and, therefore, Staff recommends no further action in this docket.

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## I. Overview

On August 30, 2001, Decision 63982[1] issued from the Commission. While the primary focus of the docket was implementation of a state number pooling[2] trial to facilitate the conservation of telephone numbers, rate center consolidation was also addressed as an ancillary method of conservation.

Numbering resources are assigned to carriers on a rate center basis. Where multiple rate centers exist in a local calling area, rate center consolidation will reduce the number of NXX codes, or prefixes, a new entrant will need to provide service in the calling area. In addition, where carriers have multiple switches within a local calling area, rate center consolidation promotes more efficient use of existing numbering resources by allowing carriers to move thousands-blocks of numbers from a switch where there may be an excess of numbers to another which is in need of numbers. Further, because Federal Communications Commission rules do not allow numbers to be ported between rate centers, rate center consolidation provides a larger geographic scope for customers to be able to port their numbers should they move to a new location and wish to retain their existing telephone number.

Decision 63982 ordered that rate center consolidation be implemented where multiple rate centers had the same local calling area. It also provided desiring carriers the opportunity to submit comments identifying any concerns with rate center consolidation as set forth in Finding of Fact 46.

On October 10, 2007, the Administrative Law Judge issued a Procedural Order requiring Staff to file an update on the rate center consolidation addressed by this docket no later than November 9, 2007. In addition, Staff was requested to provide any appropriate recommendations.

## II. Rate Center Consolidation Comments of the Parties

On September 25, 2001, Comments were filed by Table Top Telephone Company, Inc. ("Table Top"). Table Top recommended that its Aguila rate center not be included in the proposed consolidated Wickenburg rate center. In support of its recommendation, Table Top indicated that: 1) the proposed consolidation would involve the rate centers of two different Incumbent Local Exchange Carriers ("ILEC"); one a rural Local Exchange Carrier ("LEC") and the other a non-rural LEC, 2) small rural LECs have different rules under the 96 Act[3] which might cause difficulties, 3) the *Pooling Order* did not address a situation where one exchange in a rate center did not have Local Number Portability ("LNP") and the other exchanges did, 4) it believed implementation of number pooling in its exchange would be dependent upon

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[1] *In the Matter of the Generic Investigation into Number Resource Optimization and Implementation of Number Pooling in Arizona*, Docket No. T-00000A-01-0076, Decision 63982, August 30, 2001, ("*Pooling Order*").
[2] The state pooling trial was subsequently superseded in 2002 by the Federal Communication Commission's ("FCC") rollout of national numbering pooling in the top 100 Metropolitan Statistical Areas ("MSAs").
[3] Specifically, the "rural exemption" provisions of Section 251(f).

implementation of LNP, 5) having the exchanges of two differing ILECs in a rate center would cause confusion for new entrants, and, 6) the effect future designation of a Competitive Eligible Communications Carrier ("ETC") in such a consolidated rate center was unclear.

On September 27, 2001, Comments were filed by AT&T Communications of the Mountain States, Inc. and TCG Phoenix (collectively "AT&T"). In its comments, AT&T indicated that 1) it supported the concept of rate center consolidation, 2) it believed the initial parameters set forth for rate center consolidation were prudent, 3) it suggested workshops as a method to explore where consolidation would be most appropriate, 4) consolidating rate centers can impact various systems and processes, and, 5) ILECs would be particularly impacted by rate center consolidation.

On September 28, 2001, Comments were filed by Qwest Corporation ("Qwest"). In its comments, Qwest committed to rate center consolidation and identified the rate centers it would consolidate. With respect to the consolidation of Table Top's Aguila rate center into the Wickenburg rate center, while not opposed to such an inclusion, Qwest indicated that consideration should be given to the impact any future LNP and number pooling would have on Aguila and also what effect such a consolidation might have on 911 database information or service. Qwest also provided more general comments with respect to rate center consolidation. Qwest stated that: 1) any future rate center consolidation proposal should include analysis of both the revenue and network impacts, 2) rate center consolidation may result in differing levels of service for some products and services; for example where different switches with the consolidated rate center were not on the same generic version of software for a product, 3) rate center consolidation might have an impact on 911 database information where the consolidation involved communities that are located in separate counties[4], and, 4) current FCC rules regarding number resource optimization might result in situations where a LEC did not qualify for additional numbers on a consolidated rate center basis but required numbers for a switch located within the rate center to fulfill a customer request[5].

On September 28, 2001, Comments were filed by Citizens Communications Company ("Citizens")[6]. In its comments, Citizens identified five primary concerns with rate center consolidation. Based upon these concerns, Citizens recommended that rate center consolidation not be implemented where: 1) rate centers have extended area service ("EAS") arrangements that extend across state lines due to the potential for interexchange carriers ("IXCs") to avoid paying tariffed federal access charges thus reducing interstate revenue, 2) where EAS is jointly provided by adjacent LECs and access revenues may be impacted, 3) rate centers have non-coincident calling scopes and for which access revenues may be impacted, and, 4) Citizens has optional calling plans in effect due to the possibility of a reduction in its local revenues. In addition

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[4] With respect to consolidation of Qwest's Wickenburg and Yarnell rate centers, Qwest stated it believed sufficient time had been allowed so there would be no impact to 911 service.

[5] The FCC established a "safety valve" process to address such a circumstance.

[6] On behalf of its affiliates Citizens Utilities Rural Company ("Citizens – Rural), Citizens Telecommunications Company of the White Mountains ("Citizens – White Mtn.") and Navajo Communications Company ("Navaho Comm.").

Citizens recommended that rate center consolidation be implemented in a manner which insures interconnectors continue to pay their fair share of exchange access costs for traffic transported between exchanges within EAS areas. Finally, Citizens recommended that any potentially harmful aspects of rate center consolidation be addressed in an EAS rulemaking.

On December 21, 2001, Comments were filed by Copper Valley Telephone, Inc. ("Copper Valley"). In its comments Copper Valley stated that: 1) under the 96 Act it was not required to deploy LNP until after it received a *bon fide* request and that without LNP number pooling could not be implemented thus minimizing any benefit of rate center consolidation, 2) it was concerned that consolidation of rate centers could result in a revenue loss where one or more of the rate centers had an EAS surcharge in effect. Further a concern was expressed about consolidating rate centers of a rural LEC with a non-rural LEC due to differing obligations under the 96 Act, 3) its access revenue could be impacted if rate centers were consolidated whose EAS areas crossed state lines were consolidated, and, 4) it was concerned that CLECs might be allowed to establish a presence in one exchange and then terminate calls in adjoining EAS exchanges without incurring appropriate access charges. Copper Valley recommended that rate center consolidation: 1) not include EAS areas which extend across state lines, 2) not include EAS arrangements which involve multiple ILECs, and, 3) insure interconnectors pay their fair share of exchange access costs for traffic transported between exchanges within EAS areas.

On December 21, 2001, Comments were filed by Valley Telephone Cooperative, Inc. ("VTC"). In its comments, VTC stated that it had no exchanges which shared any extended area calling arrangements and therefore had no candidates for rate center consolidation.

On January 30, 2002, Citizens filed a Rate Center Consolidation Report. The Report identified those rate centers of its three ILEC affiliates in Arizona for which it agreed to rate center consolidation (refer to Part III following). Citizens stated that it did not expect the identified consolidations to cause its Arizona ILEC affiliates to suffer reductions in revenue or to incur higher costs for which there was no offsetting compensation. The agreed upon rate center consolidations were consistent with the recommendations contained within Citizens September 28, 2001 comments.

On April 26, 2002, Verizon California filed a letter committing to consolidate two of its rate centers which were eligible for rate center consolidation.

## III. Rate Center Consolidations Implemented

Upon completion of a review of their rate centers to identify possible candidates for consolidation, the ILECs implemented the rate center consolidation summarized in the following table.

| ILEC | Prior to Consolidation | After Consolidation | Consolidation Completed |
|---|---|---|---|
| Accipiter Comm. | No candidates | - | - |
| | | | |
| Arizona Telephone | Roosevelt Lake, Parker Dam | Roosevelt Lake | 09/25/2002 |
| | | | |
| Citizens - Rural | Kingman, Butler, Golden Valley | Kingman | 12/31/2002 |
| | | | |
| Citizens – White Mtn.[7] | White River, McNary, Hawley Lk. | White River | 12/31/2002 |
| | | | |
| | Showlow, Pinedale | Showlow | 12/31/2002 |
| | | | |
| Copper Valley | No candidates | - | - |
| | | | |
| Midvale Telephone | No candidates | - | - |
| | | | |
| Navaho Comm. | Chinle, Many Farms | Chinle | 12/31/2002 |
| | | | |
| Qwest | Globe, Miami | Globe | 06/24/2002 |
| | | | |
| | Casa Grande, Coolidge, Eloy, | Casa Grande | 06/24/2002 |
| | Florence, Maricopa | | |
| | | | |
| | Flagstaff, Ash Fork, Cameron, | Flagstaff | 06/24/2002 |
| | Munds Park, Williams | | |
| | | | |
| | Prescott, Chino Valley, Humbolt | Prescott | 06/24/2002 |
| | | | |
| | Sedona, Cotton Wood, | Sedona | 06/24/2002 |
| | Camp Verde | | |
| | | | |
| | Winslow, Joseph City | Winslow | 06/24/2002 |
| | | | |
| | Nogales, Patagonia | Nogales | 06/24/2002 |
| | | | |
| | Yuma, Welton | Yuma | 06/24/2002 |
| | | | |
| | Wickenburg, Yarnell | Wickenburg | 06/24/2002 |

[7] Although Citizens initially identified Heber and Merzville as candidates for consolidation, subsequent investigation determined they were already in the same rate center.

| | | | |
|---|---|---|---|
| Rio Virgin Telephone | No candidates | - | - |
| | | | |
| So. Central Utah Tel. | No candidates | - | - |
| | | | |
| Southwestern Tel. | No candidates | - | - |
| | | | |
| Table Top Telephone | No candidates | - | - |
| | | | |
| Valley Telephone | No candidates | - | - |
| | | | |
| Verizon – California | Parker Dam, Poston | Parker Dam | 07/01/2002 |

The consolidations listed above resulted in a net decrease of 25 rate centers (40 rate centers prior to consolidation, 15 rate centers after consolidation).

## IV. Staff Comments and Recommendation

Staff reviewed the recommendations expressed by the various parties. Staff was in agreement that the candidates for rate center consolidation should not include rate centers where 1) consolidation would involve rate centers of multiple ILECs, 2) where the local calling area extends across state boundaries, 3) the rate centers have non-coincident local calling scopes, 4) consolidation would have an access charge or local revenue impact, and, 5) there would be a negative impact on 911 service.

Staff believes, consistent with the objective to optimize the use of numbering resources, appropriate rate center consolidation was implemented by the incumbent local exchange carriers and, therefore, Staff recommends no further action on rate center consolidation in this docket.