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April 23, 2001

FILE NO: 33674.204

BY HAND

Ms. Geneva S. Thigpen
Chief Clerk
North Carolina Utilities Commission
430 N. Salisbury Street
Raleigh, NC 27603-5918

RE: P-100, SUB 137c

Dear Ms. Thigpen:

Enclosed herewith for filing with the Commission are the original and thirty-one (31) copies of Joint Proposed Order the North Carolina Telecommunications Industry and the Public Staff Approving Overlay Option to Provide Area Code Relief. Public Staff and Neustar have reviewed and concurred with the enclosed pleading.

Thank you for your attention to this matter.

Sincerely,

Ed S. Finley, Jr.
Edward S. Finley, Jr.

cc: Parties of Record

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N.C. Utilities Commission

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

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Clerk's Office
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DOCKET NO. P-100, SUB 137c

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	NORTH CAROLINA TELECOMMUNICATIONS
Area Code Relief for North Carolina's)	INDUSTRY TASK FORCE PROPOSED ORDER
336 Numbering Plan Area)	APPROVING OVERLAY OPTION TO PROVIDE
)	AREA CODE RELIEF

BY THE COMMISSION: In this Order, the Commission will address the issue of area code relief for North Carolina area code 336. For all of the reasons set forth below, the Commission concludes that a distributed overlay should be adopted to relieve area code 336 as have been previously implemented in area codes 704 and 919. The schedule for full implementation of the overlay in the 336 area code is yet to be determined by the Commission. Although the relief mechanism selected for the 336 numbering plan area (NPA) is the overlay, the Commission stresses that its goal and intent is to prolong the service life of the 336 NPA by extensive conservation measures (specifically thousands-block number pooling), and thereby postpone for as long as possible the use of the new overlay area code as well as mandatory 10-digit local dialing.

While there are certainly disadvantages and inconveniences associated with both a geographic split and an overlay, the Commission concludes that the distributed overlay relief method will be least inconvenient and burdensome for consumers, while providing the most significant and long-lasting relief to the area code. That decided, the Commission wishes to strongly emphasize the fact that it will continue to: (1) vigorously pursue the benefits of its number reclamation activities in the NPA; (2) carefully review assignment and utilization data from the North American Numbering Plan Administrator (NANPA) in the 336 NPA to ensure that conservation measures are being observed; and (3) pursue thousands-block number pooling to achieve all possible numbering resource management benefits applicable to the 336 NPA. The Commission will continue to stress the conservation of numbering resources as a major requirement due to the current demand for numbering resources occurring nationwide, as well as what is being experienced within the State of North Carolina. The Commission has requested, but not yet received from the Federal Communications Commission (FCC), delegated authority for thousands-block number pooling in the 336 NPA. It is the Commission's intent, once this authority is received, to implement thousands-block pooling in the 336 NPA as soon as practical in order to extend the life of that NPA to the maximum extent possible. The Commission will issue an Order in the near future addressing the

implementation of thousands-block pooling in the 336 NPA. All industry participants are directed to cooperate in and actively promote this endeavor.

BACKGROUND

An area code is a necessary part of routing calls to their proper destination. When an area code is combined with the second three digits of the telephone number (called the NXX code or Central Office code), a "geographic address" is formed that is used to route calls through the public switched telephone network. The first six digits "tell" the call generally where to go, and the final four digits identify the specific individual customer. For example, the main telephone number of the North Carolina Utilities Commission is 919-733-4249. 919 is the area code, 733 is the NXX code or Central Office code, and 4249 is the line number identifying the specific customer receiving the call. North Carolina currently has eight area codes assigned to specific geographic areas of the state, including the 980 NPA code that overlays the 704 geographic area and the 984 NPA code that will overlay the 919 geographic area.

Area code exhaust occurs when nearly all of the NXX codes in a given area code have been assigned to telecommunications service providers, even if individual line numbers within the NXX codes have not been assigned to customers. Typically there are 792 NXX codes available for assignment to telephone companies in an area code. Each NXX code has approximately 10,000 line numbers available for assignment to individual customers. Service providers must have the NXX codes assigned to them because the combination of the area code and the NXX code is used to route calls through the public switched telephone network in the North American Numbering Plan (NANP). Some companies also use the NXX code for billing purposes. NXX codes are associated with particular geographic areas, or "rate centers," in an area code. Telephone companies base charges for calls on the distance between the rate center where a call originates and the rate center where the call terminates. These companies obtain an NXX code in each of the identified geographic areas or "rate centers" in a particular area where they wish to provide service. In the past, local telephone service in any given area was provided by one monopoly carrier, such as BellSouth, Carolina Telephone & Telegraph Company, or GTE,¹ and the requirement that the telephone company obtain an NXX code for each rate center in an area where it provided service did not strain the supply of NXX codes. Now, however, with the advent of competition in the local telephone service market, there can be several telephone companies providing service in a given area, and each one must obtain an NXX code for each rate center in that area. This change has caused a shortage in the supply of NXX codes.

¹ GTE South, Incorporated is currently known as Verizon South, Incorporated. Verizon is part of the affiliated telephone companies of Bell Atlantic Corporation, collectively doing business as Verizon Communications.

When almost all of the NXX codes in an area code are assigned to telephone companies, a new area code must be implemented. New area codes usually are implemented in one of two ways. First, they can be implemented through a geographic split, in which the geographic area using an existing area code is split into two parts, and roughly half of the telephone customers continue to be served through the existing area code and half must change to a new area code. Second, new area codes can be implemented through an area code overlay, in which the new area code covers the same geographic area as an existing code, but new customers in that area will be assigned to the new, or overlaid, area code. The FCC has required that there be ten-digit dialing between and within area codes in the geographic area covered by an area code overlay. This means that every local call, even if it is a call to a customer with the same area code as the caller, must be dialed with ten digits.

AREA CODE 336

On September 7, 2000, NeuStar, Inc., in its role as the North American Numbering Plan Administrator (NANPA) and acting on behalf of the North Carolina telecommunications industry (Industry), filed a petition with the Commission seeking approval of the consensus Industry recommendation that an all-services distributed overlay be implemented as the relief plan for the 336 NPA. NANPA submitted its recommendation to the Commission based upon NANPA's projections that absent NPA relief, the supply of central office codes (NXX codes) for the 336 NPA would exhaust during the fourth quarter of 2002. This recommendation was developed at an Industry meeting held in Greensboro, North Carolina on July 27, 2000, where participants² considered several alternatives to furnish relief before exhaust of 336, including an all-services distributed overlay and three different geographic splits. More specifically, the participants considered the following alternatives:

Alternative 1 -- Distributed Overlay: A new NPA code would be assigned to the same geographic area as the existing 336 NPA. Customers would retain their current telephone numbers; however, ten digit local dialing by all customers between and within area codes in the area covered by the new code would be required. Codes in the overlay NPA will be assigned upon request with the effective date of the new area code. At exhaust of the 336 NPA, all code assignments will be made in the new overlay area code. Alternative 1 has a projected life of 9 years.

Alternative 2 -- Geographic split (Winston Salem, Greensboro and High Point): The split boundary line runs around the three rate centers creating a "circle." Area A is Northeast of the split line and Area B is Southwest of the split line. Inside the "circle," Area B, local calling would remain 7-digits. Area A would have a projected NPA life of 9 years to exhaust, and Area B would have a projected NPA life of 8 years to exhaust.

² Participants in the industry meeting included representatives from Neustar, Inc., NANPA, BellSouth Telecommunications, Concord Telephone Company, North State Communications, LEXCOM Telephone Company, CTC Exchange Services, Skyline TMC, Carolina West Utilities, AT&T, Alltel, Verizon Wireless, Sprint, and the North Carolina Utilities Commission.

Alternative 3 -- Geographic split (High Point "A"): The split boundary line runs along rate center boundaries in a northeastern/southwestern direction. The High Point rate center is on the west or "A" side. The rate centers of Summerfield, Monticello, Reidsville, Gatewood and Ruffin are located on the east or "B" side. Area A would have a projected NPA life of 8 years to exhaust and Area B would have a projected NPA life of 9 years to exhaust.

Alternative 4 -- Geographic split (High Point "B"): Similar to Alternative 3, the split boundary line runs along rate center boundaries in a northeastern/southwestern direction. The High Point rate center is on the east or "B" side. The rate centers of Summerfield, Monticello, Reidsville, Gatewood and Ruffin are located on the east or "A" side. Area A would have a projected NPA life of 9 years to exhaust and Area B would have a projected NPA life of 8 years to exhaust.

The Industry participants reached consensus to recommend to the Commission the distributed overlay over the entire 336 geographic area as the most suitable relief plan for the 336 area code. This option would "overlay" a new area code over the 336 geographic area and use the existing 336 boundary lines. Existing customers would retain the 336 area code and would not have to change their numbers. As telephone numbers in the 336 area code are used, new customers from all industry segments would be assigned telephone numbers from the new area code. Industry participants also reached consensus to recommend a ten-digit dialing plan, consistent with the FCC regulation requiring ten-digit dialing between and within the old area code and the new overlay code. Finally, the Industry reached consensus to recommend to the Commission a schedule for NPA relief implementation to allow sufficient time to advertise the change, implement permissive dialing, and begin mandatory 10-digit dialing before the projected exhaust of the 336 NPA.

In its petition, the NANPA stated that the Industry requested that the Commission approve the Industry's all services distributed overlay as the best means of relief for the 336 area code and approve the Industry's recommended implementation intervals.

On January 5, 2001, the Commission issued an order requesting comments on this docket and scheduling a public hearing. The order also acknowledged the filing of Neustar's petition and provided opportunity for the submission of written comments concerning the issues raised by the petition. In compliance with that order, comments were received from both the using and consuming public and Industry participants.

On January 30, 2001, the Commission issued an order changing the location of the hearings. On March 6 and 7, 2001, BellSouth, LEXCOM, North State and Sprint filed affidavits of publication.

The hearings were convened on March 13 and 14, 2001. Four witnesses from the public testified at the hearing. Witness Grant Thayer testified on the behalf of the North Carolina Burglar and Fire Alarm Association. Witness Thomas C. Foley testified

on behalf of Neustar/NANPA. Witness Robert B. Smith testified on behalf of BellSouth Telecommunications.

SUMMARY OF COMMENTS

The NANPA (the "Petitioner").³ The Petitioner, relaying the Industry consensus, stated that the Industry favors the distributed overlay relief option.

The Industry's consensus decision, states that all of the geographic split alternatives are less efficient and more burdensome than Alternative #1 calling for an all services distributed overlay. The Industry eliminated from consideration the geographic split alternatives because the dividing line would split at least four counties, divide seven-digit local dialing routes, and create a confusing mixture of seven and ten-digit local dialing. Also, the Industry noted that all three geographic split alternatives have the potential for forcing some customers, who have changed their phone numbers three times in the previous six years, to do so again. The Petitioner further states that there is no assurance that the two resulting NPAs will exhaust at approximately the same time and the percentage of seven-digit dialing would be greatly reduced in some areas.

According to the Industry, a distributed overlay is a more long-lasting, efficient and less burdensome measure to relieve area code 336. The chief disadvantage of the distributed overlay is the mandatory ten-digit dialing required pursuant to the FCC's order. This disadvantage is minimized, however, because each of the geographic splits will require consumers to use ten-digit dialing for local calls to nearby areas separated by a new area code, and further, as the new NPAs exhaust, additional splits will occur rendering 10-digit dialing increasingly prevalent.

The Industry has recommended that the Commission issue an NPA relief order before September 1, 2001. The Petitioner, on behalf of the Industry, asserts that if a relief order is issued by that date, the Industry would be able to adopt an implementation schedule that would allow the Industry time to prepare advertisements regarding the change, begin permissive dialing, allow auto-dialers (such as alarms) to be reprogrammed for 10-digit dialing and educate customers before mandatory ten-digit dialing must begin.

Incumbent Local Exchange Carriers in the 336 Area Code (ILECs). The ILECs in North Carolina's 336 NPA consist of Alltel Carolina, Inc., BellSouth Telecommunications, Inc., Carolina Telephone and Telegraph Company, Central Telephone Company, Lexcom Telephone Company, North State Communications and Randolph Telephone Company. The ILECs in the 336 NPA support the Industry's recommendation of a distributed overlay. The ILECs prefer the distributed overlay to the geographic split alternatives because: (1) the proposed overlay would not require communities to be separated by an NPA boundary that, in a geographic split

³ As the neutral third-party administrator, NANPA stated that it has no independent view regarding the relief options selected by the industry.

environment, would require a mixture of seven and ten-digit dialing; (2) customers would not be forced to change their existing telephone numbers as they would with the geographic split alternatives; and (3) future NPA relief would be easily implemented without disruption or confusion.

Verizon Wireless. Verizon Wireless (VZW) supports the Industry's recommendation of implementing a distributed overlay in 336 area code. VZW states that relief in the form of a geographic split would create the problem of splitting at least four counties in each alternative, dividing seven-digit local dialing routes, and creating a confusing mixture of seven and ten-digit local dialing. VZW asserts that an overlay is consistent with current intrastate dialing practices and would allow more flexibility to assign resources once number conservation measures are adopted. VZW further states that an overlay would be much less burdensome on wireless customers in particular, who would be required to have their cellular telephones reprogrammed in the event of an area code change. Also, if the Commission orders a geographic split, VZW requests that the Commission grant wireless carriers the option to "grandfather" telephone numbers for existing wireless customers in the 336 area code or provide for an extended permissive dialing period to allow adequate time for reprogramming customer handsets. VZW further points out that the Commission has already required a distributed overlay in area code 704, and that public utility commissions in several other states have adopted all-service overlays.

LEXCOM Telephone Company. LEXCOM supports the Industry's recommendation of implementing a distributed overlay in 336 area code. LEXCOM states that the distributed overlay would provide a permanent, fair solution to the NPA exhaustion problem.

Public Response to the Proposed Alternatives. The Commission has received approximately 20 letters from members of the public, with a slight majority favoring the distributed overlay. Several favored the geographic split, primarily because of the ten-digit dialing required when an overlay is implemented.

In addition to these written submissions, four residential consumers testified at the public hearings in this docket. Three of the witnesses encouraged the Commission to order the implementation of the distributed overlay. One witness offered an alternative dialing method.

Response of the Alarm/Security Industry. At the public hearings held in this docket, Witness Grant Thayer testified on behalf of the North Carolina Burglar and Fire Alarm Association. Mr. Thayer stated that his organization supports the implementation of a distributed overlay. Mr. Thayer also testified that his organization requests that the Commission act expeditiously in order to allow the alarm companies adequate time to implement permissive dialing.

CONCLUSIONS

After carefully considering all of the relevant factors and the comments and reply comments submitted in this proceeding, as well as the thoughtful testimony of the members of the public, NANPA and the Industry, the Commission concludes that on balance, a distributed overlay should be implemented to relieve area code 336 as has been previously implemented in area codes 704 and ordered for implementation in area code 919. In the Commission's view, there are disadvantages and inconveniences associated with both a geographic split and with an overlay, but the Commission concludes that the distributed overlay relief method will be least inconvenient and burdensome for consumers, while providing the most significant and long-lasting relief to the area code.

As with the 704 and 919 NPAs, the Commission acknowledges that the overlay has a disadvantage because of the FCC requirement that all local calls must be dialed with ten digits when an overlay is implemented. This is a concern that several of public commentators and public witnesses have expressed, and one that the Commission does not take lightly. As such, the main factor that would weigh in favor of a geographic split is the preservation of seven-digit dialing. That advantage, however, is not significant in the 336 NPA. The record developed in this proceeding indicates that ten-digit dialing will be increased significantly for customers in the current 336 area code, whether a geographic split or an overlay is implemented. Even in the most balanced of the geographic split alternatives, at least one of the new areas will exhaust its area code in eight years. Thus, while seven-digit dialing may be preserved in the short-run for consumers if a geographic split is implemented, that benefit will become increasingly minuscule as additional geographic splits occur in the future, splintering the original 336 territory. Moreover, because a geographic split will require division of communities of interest, in many instances, many consumers will still need to dial ten digits to make local calls.

In addition, with a geographic split, additional area code relief could be necessary soon for some citizens, if there is significantly higher demand for numbers on one side of the split than on the other. The Commission is concerned with having the chosen area code relief method last as long as possible for all of the citizens in the current 336 area code, and it appears that the overlay is the better choice from that perspective.

The distributed overlay option benefits the entire population of the 336 area code because no existing customers will have to change their telephone numbers. The Commission notes that a number of public commentators have expressed the desire to implement a relief plan that will allow them to keep their existing area codes. This benefit will also save millions of dollars in expenses of business customers who will not be required to reprint stationery, letterhead, business cards and advertising. The Commission acknowledges the burden an overlay would produce for the alarm/security industry to reprogram automatic dialing equipment for ten-digit dialing, but the Commission feels this burden is outweighed by the burden to half of the customers in

the 336 area code that would be forced to incur the expense and inconvenience of changing their area codes.

The Commission is further cognizant of the intangible benefits associated with a distributed overlay through the avoidance of political boundary disputes over which counties will retain the 336 area code and whether the new geographic split would divide existing counties into different area codes. Under the distributed overlay plan, all counties and municipalities will be treated equally.

In concluding that the distributed overlay is the best method for relief of the 336 NPA, the Commission is extremely concerned that North Carolina citizens who will be impacted by the overlay receive effective and timely information about all aspects of the overlay, but particularly the ten-digit dialing that will be required for all local calls. The Commission is further mindful of the COCUS projection that the 336 NPA will exhaust during the fourth quarter of 2002. Consequently, on or before 30 days after the release of this Order, Petitioner must file an Implementation Plan to provide time intervals for the preparation of advertisements to educate consumers, to begin permissive dialing, to begin mandatory 10-digit dialing and to begin code assignments for the new NPA. The Implementation Plan must further provide sufficient time for necessary reprogramming of auto-dialers, such as in the security industry.

IT IS, THEREFORE, ORDERED as follows:

1. That a distributed overlay is hereby adopted to provide relief for the current 336 area code in North Carolina.
2. That it is the Commission's goal and intent to prolong the service life of the 336 NPA for as long as possible through the implementation of extensive conservation measures (specifically thousands-block number pooling), to include the issuance of an Order in the near future addressing the implementation of thousands-block number pooling in the 336 area.
3. That the practice of protecting or not assigning certain NXX codes in order to preserve current seven-digit inter-NPA dialing shall cease.
4. That all educational information disseminated by the service providers in the 336 area code shall specifically alert the alarm industry and its customers to the need to reprogram alarm systems to be ten-digit dial compatible before ten-digit dialing becomes mandatory.
5. That the North Carolina Alarm Systems Licensing Board is requested to provide assistance in ensuring that all affected alarm companies receive notice of the pending change, encouraging them to immediately begin their efforts to reprogram their systems as soon as permissive dialing begins or sooner using 800 numbers. The Board is requested to take the following actions:
 - a. Provide both confirmation to the Commission that its licensed companies have received the notification and certification well in advance of the implementation date that the licensed companies will be ready for mandatory ten-digit dialing.
 - b. Ensure that all disseminated educational information shall alert alarm customers of the pending change, urging them to make sure their alarm systems are properly programmed before mandatory ten-digit dialing begins and to cooperate fully with their alarm companies in this effort, including allowing timely access to their premises by their alarm companies if necessary.
6. That, not later than 30 days after the release of this Order, an Implementation Report shall be filed in this docket for informational purposes. All telecommunications service providers who are parties to this docket shall be responsible for generating the Implementation Report, and the Commission strongly encourages all current holders of NXX codes and service providers planning to obtain NXX codes in the current 336 area code to participate.

- a. That the Report should describe the scope, methods, and estimated costs of the companies' customer education efforts. It should describe the overlay implementation, including the length of the permissive dialing period, and should discuss fully the service providers' plan for elimination of protected NXX codes.
- b. That the Report should provide complete information on any other implementation issues. The filing should include a calendar of all implementation and customer education activities, up to and including the introduction of the first number with the new area code.
- c. That the Report should also include drafts of any bill inserts that the companies intend to provide to their customers explaining the overlay and its impacts on the customers.
- d. That the Report should include the name of one or more persons that the Commission can contact with questions about the Implementation Report, particularly about customer education activities.

Issued BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2001.

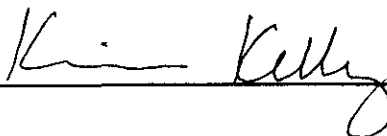
NORTH CAROLINA UTILITIES COMMISSION

Geneva S. Thigpen, Chief Clerk

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing JOINT PROPOSED ORDER OF THE NORTH CAROLINA TELECOMMUNICATIONS INDUSTRY TASK FORCE AND PUBLIC STAFF APPROVING OVERLAY OPTION TO PROVIDE AREA CODE RELIEF has been duly served upon all parties of record by depositing said copies in a depository of the United States Postal Service, first-class, postage prepaid.

This the 23rd day of April, 2001.

_____