

North American Numbering Council
c/o Columbia Institute for Tele-Information
Columbia Business School
1A Uris Hall
3022 Broadway
New York, NY 10027-6902

December 11, 2002

Mr. William Maher
Chief, Wireline Competition Bureau
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

**Re: California PUC Petition for Waiver of
Contamination Threshold Rule
(DA 02-2822, CC Docket No. 99-200)**

Dear Mr. Maher:

On October 24, 2002 the Wireline Competition Bureau issued a Public Notice seeking comment on the petition of the California Public Utilities Commission (CPUC) for a waiver of the Federal Communications Commission's Contamination Threshold Rule (DA 02-2822, CC Docket No. 99-200). In the Public Notice, the Bureau directed the North American Numbering Council (NANC) to analyze the technical viability of the CPUC proposal. The Public Notice stated:

"We seek comment on the California Commission's petition. Specifically, we ask commenters to address the technical implications of increasing the contamination threshold to 25 percent, including specific impacts on local number portability. We ask the North American Numbering Council (NANC), the Commission's advisory committee on numbering issues, to evaluate the technical viability of increasing the contamination level, and to submit its findings to the Bureau no later than December 13, 2002."

In response to this directive, NANC chartered an Issue Management Group (IMG) composed of experts drawn from NANC's members to evaluate the technical viability of increasing the contamination threshold. The IMG's report, which has been reviewed by NANC during a duly noticed telephone conference call meeting held on December 11, 2002, is attached.

The IMG was unable to draw a single conclusion and finding. Rather, the IMG considered different scenarios that use different assumptions and methodologies in an attempt to quantify the expected benefits to the life of California NPA's. This led the IMG to reach rather inconsistent conclusions based on the different results of two methodologies. One analysis (Analysis A) concludes that:

“...it would be difficult to cost justify expenditures to increase the contamination level from 10 percent to 25 percent. There is little if any increase to the life of the California NPAs that would support the additional economic burden...Based on this analysis, increasing the contamination levels from 10 to 25 percent for the California NPAs is not technically viable.”

However, the other analysis (Analysis B) concludes that:

“...The viability of the California proposal to increase the contamination threshold must take into account the costs to consumers of area code relief, not just the costs to both carriers and consumers of increasing the contamination threshold.

Analysis B demonstrates that the lives of all California NPAs would be extended, and additional CPUC analysis suggests that carriers would not have to draw down their six-month inventories to donate 10 to 25 percent contaminated blocks to existing number pools. Therefore, given the cost factors that have been considered and the benefits shown in Analysis B, it appears to be reasonable to recommend an increase in the contamination level in California as proposed in the CPUC petition.”

The IMG report notes that the real benefits can only be determined when the actual quantity of blocks that would be donated back is established. Factors affecting donations, such as blocks held in allowable six-month inventories or blocks that are the sole resource in a rate center, are listed for the Commission’s information. Rather than a specific recommendation, NANC is offering the IMG’s report as a tool for the FCC to use in evaluating the CPUC’s petition for waiver. The information it contains suggests areas for the FCC to take into consideration in assessing the waiver petition in addition to the quantitative analyses. Tables 1 and 2 included in the IMG report outline the range of potential benefits that could be achieved by raising the contamination threshold level to 25 percent. The Commission should take into account the totality of the report as well as the comments and replies from other stakeholders when reaching its decision.

I would like to acknowledge the significant amount of work undertaken by the IMG on behalf of the NANC and the Commission. The members of the IMG are included in the report.

If the Commission's staff requires further information about the IMG's report, I would recommend that they contact the IMG's Chair, Beth O'Donnell.

Sincerely,

Robert C. Atkinson
Chairman

cc: NANC Members (w/out attachment)
Diane Griffin – FCC
Mark Seifert - FCC
Eric Einhorn - FCC
Cheryl Callahan - FCC
Sanford Williams - FCC
Deborah Blue – FCC