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Decision 97-08-065 August 1, 1997

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's
Own Motion into Competition for Local Exchange
Service.

R.95-04-043
(Filed April 26, 1995)

Order Instituting Investigation on the Commission's
Own Motion into Competition for Local Exchange
Service.

I.95-04-044
(Filed April 26, 1995)

OPINION

ORIGINAL

Background

On April 24, 1997, a Petition for Modification of Decision (D.) 96-12-086 was filed by The Telephone Connection of Los Angeles, Inc. (U-5522-C) (TCLA), AirTouch Cellular (AirTouch), Mobile Media/Mobile Comm. (Mobile Media), Pacific Bell Mobile Services (U-3060-C) (PBMS), and Page Net of Los Angeles, Inc. (PageNet) (hereinafter referred to as the Petitioners).¹ The Petition seeks modification of D.96-12-086 wherein the Commission stated it would consider the possibility of an overlay as a relief option for the 310 area code only where the overlay provides a significantly longer life than an area code split. (See Decision at Ordering Paragraph 2.) Specifically, the Decision held that an overlay cannot be considered as an option unless it can be shown the overlay would "last more than three years longer than the comparative average lives of the two NPAs which would result from the split." (Decision at p. 25.) The Petitioners claim that this condition - as a matter of mathematics - is impossible to meet. The California Code Administration (CCA), upon learning of the Petitioners' claim, independently concluded that the condition, by its very terms, cannot be met.

¹ TCLA is a facilities-based local exchange carrier; AirTouch and PBMS are wireless mobile service providers; and Mobile Media and PageNet are paging companies.

The Petitioners asked the Commission to issue a decision on their Petition to modify before May 30, 1997. The Petitioners expressed concern that the CCA would not give due consideration to an overlay proposal at the 310 NPA planning meeting scheduled for May 30 because of the inability to meet the condition the Commission has set in D.96-12-086.

An ALJ ruling was issued on April 29, 1997, denying the request for a Commission decision on the Petition by May 30, 1997, but shortening the deadline for responses to May 15, 1997. Responses in support of the Petition were filed by Pacific Bell (Pacific) and GTE California, Inc. (GTEC). Responses in opposition to the Petition were filed by the Office of Ratepayers Advocates (ORA) and the California Area Code Coalition (Coalition).²

In Pacific's application for rehearing of D.96-12-086 filed separately, Pacific has also objected to the test imposed in the Decision to justify an overlay for the 310 NPA. Since Pacific's contentions address the correctness of the Commission's policy choices and identify no clear legal error, we shall treat its pleading as a petition for modification rather than an application for rehearing. Because of the similarity of the argument in Pacific's pleading to the Petition, we dispose of both matters herein where it is proper.³ This decision grants the Petition to the extent set forth below, grants the application for rehearing converted to a petition for modification as it relates to the instant petition, and adopts a modification to the required test for an overlay in the 310 NPA.

Position of the Parties

D.96-12-086 held that an overlay cannot even be considered as an option for the 310 NPA unless it can be shown the overlay would "last more than three years longer

²The Area Code Coalition is comprised of several parties: AT&T, MCI, Teleport Communications Group, ICG Access Services, Inc., Sprint, MFS Communications, and the California Cable Television Association.

³Pacific raised other arguments in its application for rehearing not directly related to the 310 NPA controversy. Those other arguments will be addressed in a separate decision.

than the comparative average lives of the two NPAs which would result from the split." (Decision at p. 25.) The Petitioners contend that this condition - as a matter of mathematics - is impossible to meet, as illustrated by the following example.

Petitioners illustrate their point with an example (set forth in Attachment A) which assumes that in the 310 area there is a demand for 100 additional codes per year. Given that the creation of a new area code - either through a split or an overlay - yields 792 new NXXs, these new NXXs would be exhausted in 7.92 years ($792 \div 100$ NXXs used per year = 7.92 years with an overlay). With a split, assuming that the demand on one "side" of the split is exactly equal to the demand on the other "side" of the split, the "average life" of the two sides would equal 7.92 years. Side A would have 396 NXXs (i.e., $792 \div 2$), with a demand of 50 (i.e., $100 \div 2$) NXXs per year, and would therefore last 7.92 years ($396 \div 50$ NXXs per year = 7.92 years). Side B would also have 396 NXXs, a demand of 50 per year, and therefore a life of 7.92 years.

Petitioners observe that the above scenario - where the overlay lasts exactly the same length of time as the average lives of the two NPAs that would result from a split - only occurs when the hypothetical demand for codes is precisely the same on each of the two sides of the split. Under every other scenario - where the demand for NXXs on one side of the split is different from the demand on the other - the life of the overlay will always be less than the "average lives" of the two sides of the split. The Petitioners argue that in no case will the life of the overlay exceed that of "the average lives" of a split, much less be three years longer, as the Commission's test would require.

Moreover, under any real world conditions - i.e., where demand on one side is not identical to the demand on the other - one of the sides of the split would always reach exhaustion before the overlay would exhaust, even though the "average lives" of each side of the split are longer than the overlay, notes the Petitioners. Indeed, as the imbalance in code consumption between the two sides increases, so too does the longevity of the overlay as compared to the one side of the split that has reached exhaustion. Thus, a 60-40 imbalance in demand for NXXs in the example above results in one side of the split exhausting in 6.6 years, or 1.3 years before the overlay.

Consequently, the Petitioners argue that the Decision must be modified to correct this factual error. Otherwise, warns the Petitioners, the CCA cannot give serious consideration to an overlay in the 310 area code because the Decision - as written - precludes it. The Petitioners believe that the Commission expressed the intent to consider a 310 NPA overlay, noting that another split of the 310 NPA might be poorly balanced and that an overlay could "have less overall negative impacts on customers." (Decision at p. 25.) Accordingly, the Petitioners propose a revision in the text on page 25 of the Decision to delete the existing overlay requirement and replace it with the requirement that a 310 NPA overlay merely be expected to last longer than the life of one of the two sides of a split.

Pacific and GTEC support the Petition. Pacific claims the points made by the Petitioners are similar to those made in its Application for Rehearing of D.96-12-086 filed January 22, 1997. In its Application for Rehearing of D.96-12-086, Pacific argued that the longevity rule adopted in D.96-12-086 is arbitrary and capricious, with no basis in the record, and also reflects a poor policy choice. Pacific claims the decision's "three-year-difference" rule is too speculative and thus unworkable, because it relies on differences between predicted lives at a point in time when accurate predictions are very difficult to make.

Pacific further argues that the "three-year-difference" rule will lead to poor policy choices. Pacific notes that an imbalanced split could easily have a projected life of three years for one side and 20 years for the other. Thus, while the average life of the two sides would be 11-1/2 years, the customers on one side of the split will be facing another relief project almost immediately. An overlay for the same area might have a 10-year life. Under the Decision's rule, the split would be preferred—despite the fact that it would require additional relief in three years for a large number of customers. Pacific therefore contends the rule should be eliminated, and overlays should be permitted to be considered without requiring a specific difference between an overlay's predicted life and the predicted lives of the sides of the split.

Pacific supports the use of overlays for area code relief in California, where appropriate, and believes that the 310 area code is an appropriate place for this relief.

Pacific states that an overlay usually lasts longer than one side of a split of the same area, because perfectly-balanced splits are impossible. D.96-12-086's insistence that an overlay last longer than the average life of both sides of a split is, however, mathematically impossible and unreasonable. Pacific therefore argues that the Decision should be modified.

ORA opposes the Petition, arguing that it is procedurally defective and should have properly been brought before the Commission in an application for rehearing, pursuant to Rule 85, since it alleges factual error in a Commission decision. Pursuant to Rule 85, a timely-filed application for rehearing would have had to be submitted as a formal filing to the Commission's Docket Office no later than January 22, 1997, since the Commission adopted D.96-12-086 on December 20, 1996, and the decision was mailed on December 23, 1996. ORA therefore contends that the Commission could properly dismiss the emergency Petition on procedural grounds alone.

ORA also opposes the Petition on substantive grounds. ORA does not dispute that an overlay proposal likely cannot meet the 3-year-longer-life standard set forth in D.96-12-086. ORA nonetheless disagrees with Petitioners' recommended solution. Assuming that Petitioners' factual claim is correct, ORA believes that the Commission should reject any proposal to implement an overlay in the 310 NPA if it cannot meet both the 3-year-longer-life standard, and the other PUC/FCC requirements for implementing a competitively-neutral overlay.

The Coalition likewise does not question Petitioner's offer of proof regarding the impossibility of meeting the longevity criterion set forth in D.96-12-086 for an overlay, but draws conclusions from it that are the opposite of the relief requested by Petitioners. Petitioners claim that the first condition established in D.96-12-086 for an overlay in 310 cannot be met, but also argue that the Commission cannot have intended to establish a condition that was impossible to achieve. The Coalition, by contrast, believes the three-year-longer-life condition set forth by the Commission for an overlay was based upon the uncertainty of Pacific's own survey assumption, an issue the Commission intended to test both in further comments and in the results of 310 NPA relief planning.

The Coalition argues that the Petitioners impeach the overlay longevity assumptions in the survey of Pacific that led the Commission to consider an overlay in 310 NPA in the first place. Since the first condition for an overlay cannot be met, the Coalition believes the industry should simply focus on developing a sufficient number of options for a split, and obtaining probative input from local jurisdictions on the options which will minimize customer confusion and inconvenience.

The Coalition objects to the proposed alternative test for an overlay proposed by the Petitioners which would permit consideration of an overlay "where it can be shown that it would last longer than one side of the split." (Petition at 4.) The Coalition argues that the comparison of projected lives between an overlay and one side of a geographic split is as mathematically flawed as Pacific's survey assumption. In a geographic split, approximately half of the telephone codes and numbers are already assigned on both sides of the new boundary. The split makes the 792 codes of an NPA available to the exhausting area, but only half of those codes are available to each side of the split. The Coalition contends that comparing the longevity of an overlay with its 792 codes with only one side of a split with its approximately 396 codes places a patently unfair burden on the split option that cannot reasonably be met. The Coalition argues that the proper comparison would be between an overlay and both sides of a split.

Discussion

As noted by ORA, the procedurally correct remedy for correction of a material factual error such as is alleged by the Petitioners would be the filing of an application for rehearing, although the deadline for such a filing has passed. While the Petition for Modification could be dismissed on procedural grounds, we recognize that there are broader public-policy concerns raised by the Petition which warrant consideration of its substantive merits.

We conclude that the Petitioners are correct in their assessment that it is not possible to satisfy the conditions for an overlay that its duration last three years longer than the average duration of both sides of a split as set forth in D.96-12-086. The mathematical example regarding various geographic split scenarios presented by TCLA

assumed that an equal number of NXX codes were assigned to each side of the split. A more realistic assumption would have been to assume that each side of the split has a different number of NXX codes assigned. Nonetheless, even if this adjustment were made, it is still true that the duration for an overlay cannot realistically exceed the average duration of both sides of a split by three years. No party disputes this conclusion. The issue in dispute is whether the Decision should be modified as a result of this fact, and if so, how.

To answer this question, we must consider the reasons why we imposed the duration requirement for an overlay in the first place. In D.96-12-086, we adopted a policy which generally called for the use of geographic splits as relief plans through the year 2000. In the case of the 310 NPA, however, we did not categorically rule out the possibility of adopting an overlay for the next round of relief. The 310 NPA presents special area code relief problems because of its comparatively small geographic area and the potential difficulty of attempting further splits in a reasonable manner. We concluded in D.96-12-086 that further information was needed to determine the advisability of approving an overlay versus a split in the 310 NPA. Specifically, we focused on the question of which relief alternative could best optimize the life of the 310 NPA. We expressed particular concern over the claims of Pacific that the soon-to-be-proposed 310 NPA split would be poorly balanced.⁴ A poorly balanced split would mean that the duration of relief for one side of the split would be short-lived, and a subsequent split would be required sooner than under a better balanced split or with an overlay.

⁴ Pacific argues that the Decision was incorrect in stating that "Pacific claims...that the soon-to-be-proposed split will be poorly balanced." Pacific argues that its claim was that the 310 NPA split now being implemented is poorly balanced.

We find no error in the Decision's characterization of Pacific's position. In its April 16, 1996, comments (pp. 12-13), Pacific argues that in most cases, it can no longer draw split lines for existing NPAs that will last a reasonable period of time. By logical inference, Pacific's claim includes any subsequent split plan for the 310 NPA.

We focused attention on the question of how well optimized the relief duration would be under the split and overlay options for the 310 NPA, particularly in light of the results of Pacific's consumer preference survey. Pacific's consumer survey showed that customers placed significant value on the duration of relief as a factor in evaluating the preference for splits versus overlays in the 310 NPA.

Pacific's survey results showed a consistently strong consumer preference for a split in contrast to an overlay under various assumptions with one exception. Customers in the 310 NPA who were surveyed by Pacific's consultant showed increased acceptance of an overlay by a meaningful amount only when the duration of relief under an overlay was assumed to last twice as long as under a split. Accordingly, the rationale relied upon in D.96-12-086 justifying further consideration of an overlay for the 310 NPA was significantly linked to the results of Pacific's consumer preference survey. The test for an overlay was intended to determine whether the conditions for duration of relief which were posed to respondents in the consumer survey could realistically be achieved with respect to the 310 NPA.

We conclude, however, that the test for an overlay set forth in D.96-12-086 does not accurately reflect the duration assumptions set forth in Pacific's consumer preference survey. The Decision called for a comparison between the duration of an overlay versus the duration of "the comparable average lives of the two NPAs which would result from a split." (Decision at 25.) On the other hand, the consumer survey asked respondents for their preferences based on a comparison between the duration of an overlay versus the duration of one side of a split. As revealed in the actual script of the interview questions, respondents were informed that "[i]f the NXX area is split into two parts, one of those two parts will need a new area code in X1 years and, at that time, some people and businesses would need to change their area code." (Pacific's Field Research Survey, Residential Callback Interview Script, p. 3.) The appropriate comparison, therefore, would be one which looks at the duration of an overlay versus one side of the split to be consistent with the scenario posed to survey respondents.

The Coalition claims that any test for an overlay which compares the duration of only one side of a split with that of an overlay is mathematically flawed. The Coalition

offers an example whereby a relief plan produces 792 new NXX codes for assignment. While the full supply of 792 codes would be available to the area subject to an overlay, only approximately half, or 396 codes, would be available to one side of a split. The Coalition argues that a longevity test which compares 792 codes under an overlay with only 396 codes for one side of a split places an unfair burden on the split which cannot reasonably be met.

We find no inherent unfairness in such a comparison merely because of the differences in code supplies. The region covered by one side of a split would experience a reduced demand proportionate to the reduced supply of codes relative to the area covered by the overlay. Therefore, since the reduced supply of codes for one side of the split would serve a correspondingly reduced customer demand for codes, the difference in the supply of codes creates no bias in comparing the longevity of an overlay with one side of a split.

Yet, there are still problems involved in devising a duration comparison test limited only to one side of a split. There is the question of which side of the split should be used for the comparison. If the test is to focus on how frequently relief plans must be implemented, then the side of the split projected to exhaust first would appear to be the appropriate side to be used in a comparison. The side of the split which is projected to exhaust first triggers the timing of a subsequent relief plan.

On the other hand, since the essential impact of a relief plan is the introduction of a new area code, then a duration comparison should arguably consider the side of a split which is subject to the new area code. Typically, however, the side of a split with the shorter projected life also keeps the pre-existing area code after the split. Therefore, a test of an overlay based on a comparison of the expected lives of the shorter-lived side of a split with the overlay fails to account for the duration for the opposite side of the split where customers will actually be forced to change area codes. Moreover, with an overlay, existing customers will never be forced to change their area code as a result of a new relief plan. Therefore, an overlay-versus-split comparison of relief duration would have no meaning in terms of impact on preexisting customers since they all retain their existing area code under the overlay option.

D.96-12-086 also required that an overlay have a duration of at least three years longer than the average duration resulting from a split. As noted by Petitioners, the only survey scenario which incorporated a three-year differential was the "7/10" scenario in which one side of the split is assumed to last seven years while the overlay is assumed to last ten years. Yet, as Petitioners point out, the "7/10" scenario was never posed to the respondents in the 310 NPA "because of its uniqueness with respect to the projected duration of splits and overlays." (Pacific's Survey, p. 48.) The scenario which was posed to the 310 NPA respondents was the "5/10" scenario where the life of one side of a split is assumed to last five years while an overlay is assumed to last ten years, i.e., twice the life of the shorter-lived NPA created by a split.

As noted in D.96-12-086: "Where survey subjects were asked to assume that an overlay would last twice as long as a split (i.e., five years versus 10 years), Pacific's survey results changed the most significantly in those NPAs in the most densely populated regions. In particular, the results in the 213 and 310 NPAs show a majority of business customers favor the overlay by a considerable margin under the '5/10' scenario." (Decision at 10.)

We conclude therefore that the duration test for an overlay adopted in D.96-12-086 cannot realistically be met and should be eliminated. If we were to require a test for a 310 NPA overlay based on the comparative duration of relief plans assumed in Pacific's consumer survey scenario, the required relief duration for an overlay would have to be ten years, or five years longer than the relief duration for only one side of a split. Alternatively, we could direct that the expected life of the overlay option be at least double the life of the side of a split which will last the least. We conclude, however, that requiring an overlay to last for a specific number of years in comparison to one side of a split is an unduly narrow test in deciding on the merits of an overlay.

The original reason for the test was to check the validity of the assumption underlying Pacific's survey scenario. Yet, the survey question posed by Pacific was hypothetical in nature based on one possible duration scenario. The survey question was also somewhat ambiguous in that it failed to distinguish whether the respondents were to assume they would be in the NPA with a new area code or the NPA that keeps

the preexisting area code. If the respondent assumed they would keep the existing area code once a new relief plan went into effect, the duration of the relief plan would not have the same significance on that respondent's relief-plan preferences.

The survey responses merely provide a general indication that consumers in the 310 NPA have become particularly sensitive to frequent area-code changes experienced in recent years, and may be more receptive to an overlay if it could offer less frequent area code changes. Pacific's duration scenario was not intended, however, to provide a basis for an empirical test for evaluating an overlay.

We agree with Pacific that it would be speculative to attempt to determine precisely how long the duration of relief will last with either an overlay or a split. Recent experience regarding NPA relief planning indicates that estimates of code exhaustion are dynamic and frequently subject to change. Reliance on a speculative estimate of the precise duration of relief for the next 310 NPA relief plan, or any other area code would not provide a sound basis for setting policy concerning the approval of the proper relief plan.

We shall therefore grant the application for rehearing and the petition for modification of TCLA et. al. and the related portion of Pacific's pleading to the extent they seek to delete the requirement that a 310 NPA overlay must last three years longer than the average life of a split as a condition for approval. Moreover, we conclude that Pacific's consumer survey can only offer a general indication that 310 NPA customers are more sensitive to frequent area code changes than customers in other NPAs and may be more receptive to an overlay to the extent this type of area-code relief can alleviate the frequency of forced number changes. Pacific's survey question regarding hypothetical relief-duration periods in the 310 NPA does not, however, provide a sound basis to convert the assumptions in the survey question into a specific test for approval of an overlay.

As authorized in D.96-12-086, we shall continue to consider an overlay proposal for the next relief plan in the 310 NPA, assuming the required criteria for competitive neutrality as adopted in D.96-08-028 and D.96-12-086 are satisfied. We shall also continue to provide opportunity for parties to comment on whether the survey findings

conclusively support a preference for an overlay. In consideration of the concerns discussed above, however, we shall not require a test for an overlay based on a specific comparison of relief-duration estimates for a split and overlay. We do not believe such a test will necessarily lead to the best relief solution. It is important that all relevant criteria be considered in comparing a split versus an overlay.

As a basis for evaluating an overlay option, therefore, we shall consider the full range of relevant differences between the proposed relief plans which have been developed by the industry in NPA relief planning. Specifically, we shall consider how well each proposed plan meets the goals as developed in previous NPA industry planning meeting. These goals are:

1. Minimize impact to existing customers in the exhausting NPA.
2. Balance impact to the telecommunications industry.
3. Have an equitable impact on all existing and potential code holders.
4. Optimize the life of the old and new NPAs.
5. Meet projected exhaustion date and notification requirements.

We shall weigh each of these criteria against the specific split and overlay proposals for the 310 NPA presented for our consideration. In particular, we shall consider whether a further geographic split of the 310 NPA can be achieved which is reasonably balanced and which optimizes the lives of the old and new NPAs. We can only make this determination once the Code Administrator files its 310 NPA Relief Plan Report with us describing the results of industry meetings aimed at coming up with a relief plan.

Findings of Fact

1. In D.96-12-086, the Commission required a showing that an overlay is expected to last more than three years longer than the comparable average lives of the two NPAs which would result from a split as a condition of further consideration of an overlay in the 310 NPA.

2. The showing required in D.96-12-086 to justify an overlay was intended to determine whether the conditions for duration of relief which were posed to respondents in the consumer survey can realistically be achieved with respect to the 310 NPA.

3. The showing required in D.96-12-86 to justify consideration of an overlay is impossible to meet, and does not conform to the assumptions regarding the comparable duration of an overlay versus a split which were posed to respondents to Pacific's consumer survey within the 310 NPA.

4. The survey scenario which incorporated a three-year differential was the "7/10" scenario in which one side of the split is assumed to last 7 years while the overlay is assumed to last 10 years.

5. Survey preferences regarding the "7/10" scenario were not solicited from the respondents in the 310 NPA.

6. Preferences were solicited from 310 NPA respondents regarding a split versus overlay under the "5/10" scenario where the life of one side of a split is assumed to last five years while an overlay is assumed to last for 10 years, i.e., twice the life of the new NPA created by the split.

7. Pacific filed what it characterized an application to rehear D.96-12-086 on January 22, 1997, which addressed, among other issues, its opposition to the adopted test for a 310 NPA overlay.

8. Responses to Pacific's application were filed by the Coalition, GTEC, Pacific, and ORA.

9. Pacific identified no factual errors in D.96-12-086.

Conclusions of Law

1. Pacific's application to rehear D.96-12-086 identified no legal errors in the decision.

2. Pacific's application should therefore be treated as a petition to modify D.96-12-086.

3. Pacific's claim that D.96-12-086 erred by imposing the "three-year rule" on the 310 NPA should be addressed in conjunction with similar issues raised by TCLA, et al, in their Petition to Modify D.96-12-086.

4. The Petition for Modification of TCLA et al. and the related portion of the Petition for Modification of D.96-12-086, filed by Pacific, should be granted to the extent they seek elimination of the requirement that an overlay last at least three years longer than the average life of both sides of a split before the overlay option is considered for the 310 NPA.

5. The test adopted in D.96-12-086 for consideration of an overlay is inconsistent with the intent of the Decision to determine if the assumptions underlying Pacific's consumer preference survey could be realistically achieved in the 310 NPA.

6. The requirement in D.96-12-086 that an overlay in the 310 NPA must be shown to last three years longer than the average life of both sides of a split constitutes material error and should be modified.

7. Pacific's survey's "5/10" scenario for the 310 NPA assumed that the duration of relief under an overlay would last ten years, or twice as long as the relief for one side of the split.

8. The appropriate test for consideration of a 310 NPA overlay is one which considers the full range of criteria as developed in previous industry planning meetings and as set forth in Ordering Paragraph 4 below.

O R D E R

IT IS ORDERED that:

1. Pacific Bell's application to rehear Decision (D.) 96-12-086 shall be treated as a petition for modification of this decision.
2. The Petition to Modify D.96-12-086, filed by TCLA et al., should be granted, as ordered below.
3. The following modifications in D.96-12-086 are hereby adopted. The text in the second full paragraph on page 25 of the Decision beginning with "We note that Pacific's

'7/10' scenario..." through the end of the paragraph is deleted and is modified to read as follows:

"In evaluating any proposals for an overlay for the 310 NPA, we shall apply the relief planning goals which have been developed and used by the industry planning groups in past NPA relief planning efforts. These relief planning goals are summarized in Conclusion of Law 8 below."

4. Conclusion of Law 8 should be deleted and substituted with the following text:

"In order to make a comparison of an overlay versus split for the 310 NPA, the following industry planning goals should be used.

- "1. Minimize impact to existing customers in the exhausting NPA.
- "2. Balance impact to the telecommunications industry.
- "3. Have an equitable impact on all existing and potential code holders.
- "4. Optimize the life of the old and new NPAs.
- "5. Meet projected exhaustion date and notification requirements."

5. The Petition to Modify D.96-12-086 filed by Pacific Bell is granted insofar as it seeks to eliminate the test adopted therein for an overlay in the 310 NPA requiring that it last 3 years longer than the average life of a split.

This order is effective today.

Dated August 1, 1997, at San Francisco, California.

P. GREGORY CONLON
President
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
JOSIAH L. NEEPER
RICHARD A. BILAS
Commissioners

ATTACHMENT A

**ILLUSTRATIVE EFFECTS OF CODE EXHAUST RATES
ON AVERAGE LIFE OF A SPLIT VERSUS OVERLAY**

	Number of NXXs	÷	Yearly Demand for New NXXs		=	Life of New Code
Overlay	792	÷	100		=	7.92
				Life of Each Side of the Split	=	"Average Life" of the Split
SPLIT 1 (Scenario 1)	Side A 396	÷	50	7.92	=	7.92
	Side B 396	÷	50	7.92		
SPLIT 2 (Scenario 2)	Side A 396	÷	60	6.6	=	8.25
	Side B 396		40	9.9		
SPLIT 3 (Scenario 3)	Side A 396	÷	70	5.66	=	9.43
	Side B 396		30	13.2		
SPLIT 4 (Scenario 4)	Side A 396	÷	80	4.95	=	12.38
	Side B 396		20	19.8		
SPLIT 5 (Scenario 5)	Side A 396	÷	90	4.4	=	22
	Side B 396		10	39.6		

(END OF ATTACHMENT A)