

Decision 99-07-009 July 8, 1999

**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.

Rulemaking 95-04-043  
(Filed April 26, 1995)

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

Investigation 95-04-044  
(Filed April 26, 1995)

**O P I N I O N**

**Introduction**

By this decision, we approve a budget and funding plan (attached hereto as Appendix A) for the implementation of a Public Education Program (PEP) for the 408/669 numbering plan area (NPA) overlay plan pursuant to Decision (D.) 98-11-065. The introduction of the 408/669 NPA overlay plan, which includes mandatory 1+10 digit dialing for calls within the overlay region, will be a novel undertaking, and the public will need a transitional period to become aware of and accustomed to the change. The public is familiar with the traditional association of a single area code with a unique geographic area. Even more, the public has a longstanding expectation that telephone calls between numbers within a single area code require dialing only seven digits. With the implementation of the 408/669 NPA overlay relief plan, these traditional paradigms will no longer apply to calls within the 408/669 overlay region.

72.1.8

In D.96-12-086, we required that a PEP be instituted as a prerequisite for approval of an overlay, and prescribed certain minimum features that must be included in such a PEP. In D.98-05-021, in which we approved the first overlay plan in California for the 310/424 area codes, we expanded the required features of the PEP. In D.98-11-065, we approved an overlay for the 408 area code. Ordering Paragraph 10 of D.98-11-065 directed that an industry meeting be convened within 30 days following the effective date of that decision for the purpose of developing consensus on the implementation of the PEP for the overlay and for mandatory 1+10-digit dialing.

We previously required in D.98-11-065 that the PEP provide for a period of 12 months' lead time to educate the public before the overlay was to take effect. The preliminary initiation of the PEP began within the introduction of "formal" permissive 1+10 digit dialing on January 1, 1999 and should culminate with the introduction of the new 669 area code overlay, on or after January 8, 2000.

### **The Proposed PEP**

By D.98-11-065, the Industry Task Force was directed to submit a draft proposal of the PEP for the 408/669 overlay to the Consumer Services Division (CSD), Telecommunications Division (TD), Public Advisor's (PA) office, assigned Administrative Law Judge (ALJ), Assigned Commissioner, and Coordinating Commissioner to review. The draft PEP proposal was submitted to the Commission on April 1, 1999, pursuant to ALJ ruling. The proposed budget and funding of the PEP was submitted on May 1, 1999. We previously approved the program elements to be included in the 408 PEP pursuant to a separate decision. In this decision, we approve preliminary budget and funding measures for the 408 PEP. As with 310 NPA PEP, the industry task force recommends that any costs incurred for the overlay education program be shared by all NXX code holders in the 408 NPA, allocated based on the number of NXXs each company

has in the 408 NPA. It is also the industry's recommendation that the Commission serve as the neutral third party for billing and collection of costs incurred by the industry for administering the PEP.

Carriers have agreed on amounts to be collected as a joint pool of funds from all NXX code holders from which funds would then be drawn upon by individual carriers to reimburse them for prescribed PEP implementation activities. The proposed budgeted amount for the 408 PEP is \$340,000, allocated among the activities set forth in Appendix A of this decision. The proposed budget also includes an unspecified provision for the use of a professional firm to logistically administer the program. The Task Force supports adoption of the proposed budget and believes it achieves all of the criteria established by the Commission for educating the public concerning the 408/669 NPA overlay.

#### **Multi-NPA Educational Program**

In its early meetings, the 408 PEP Task Force agreed that a multi-NPA educational program should be evaluated once the Commission rendered decisions on the other potential overlays within the San Francisco Bay Area. Since that early agreement, the Commission has ordered overlays in area codes 415, 510, and 650. However, the 408 PEP Task Force has determined that it is not feasible to coordinate the 408 overlay education program with that of other Bay Area NPAs. The 408 implementation is on a much faster track. Mandatory dialing of 1+10-digit dialing within the 408 NPA will begin in October 2, 1999, followed by the opening of the 669 NPA overlay on January 8, 2000. While the mass media advertising planned for the 408 NPA will necessarily spill over to the rest of the Bay Area, the Task Force concludes that further coordination with other overlay plans is not feasible, since overlay implementation schedules for the other Bay Area NPAs, 415, 510, 650, are too remote in time. In fact, the other Bay Area NPAs are clustered towards the middle months of 2000 in a manner

that should make coordination more convenient and effective for 415, 510 and 650. Accordingly, the Task Force proposes that the 408 PEP be handled separately like the 310 NPA PEP.

### **Use of Professional Agency to Implement Program**

In the PEP for the 310 NPA , individual carriers volunteered their employees to support the PEP. However, the Task Force reports that such a volunteer effort was sometimes challenged in the 310 NPA PEP with much work being done by just a few. The Task Force argues that using telecommunications employees, often outside their area of expertise, on an ongoing basis to implement PEPs is not practical.

The Task Force, therefore, has agreed to solicit the assistance of a professional firm to provide logistical administration for the 408 PEP. A Request for Proposal (RFP) document has been distributed. The full PEP Task Force was to interview candidates in the month of May. Since this will be an unknown expense, the Task Force requests that any reimbursable budget adopted by the Commission for the 408 PEP identify this as a line item. In addition, the Task Force proposes that the "unspecified" expense of this professional firm be left open, but included in the adopted budget. If a firm is contracted, the Task Force proposes to send the final dollar amount to the Commission for inclusion in the approved reimbursable budget level. The 408 PEP Task Force requests that the Consumer Services Division Director be designated to act as approval authority for any further modifications to the budget that evolves.

### **Proposed Funding**

The 408 PEP Task Force has proposed that the expense of this project be borne by the industry and allocated to carriers based on their percentage of NXX

Central Office Codes in the 408 NPA as of August 1, 1999.<sup>1</sup> Second, the Task Force believes all service providers who hold codes in the 408 NPA as of August 1999 should be required to share in the overall expenses created to inform all telecommunications users of the dialing change requirements. The Task Force further proposes that the Commission serve as a neutral third party for billing and collection.

Decision 98-12-081, dated December 17, which approved the PEP for the 310/424 overlay, exempted one-way paging carriers from participating in PEP. Paging carriers had argued that they should be exempted because one-way paging did not originate calls on the Public Switched Network (PSN). The Task Force points out that a call to one's pager usually originates on the PSN and that the point of being paged is to alert the paging customer to return a call, usually over the PSN. For this reason, the 408 PEP Task Force recommends that the paging industry fully participate in the PEP process financially, arguing that all code holders should share fully in the process to implement all phases of the PEP required by the Commission. The 408 Task Force does not consider an exemption for any part of the industry appropriate and urges the Commission not to retain it in the funding of the 408 PEP.

### **Discussion**

We shall approve the proposed PEP budget amount of \$340,000 as an initial amount to carry out the activities outlined in Appendix A. We shall allow for subsequent augmentation to fund the logistical administration of the PEP through a professional firm. We believe that it may be necessary to require

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<sup>1</sup> Pacific and GTEC each attached separate statements to the Proposed Plan, giving notice of their intent to request limited exogenous factor recovery of the PEP costs in separate pleadings.

subsequent augmentations in the amount of the authorized budget in other areas as well, including in the area of media advertising. A more informed judgment can be made about the adequacy of the budgeted amount for the 408/669 PEP media advertising once we have reviewed the effectiveness of the PEP for the 310/424 NPA overlay. A report evaluating the overall effectiveness of the 310/424 PEP is to be submitted to the Commission shortly by the CSD Director. Once we have reviewed this report, we may determine that the existing media advertising budget needs to be augmented to provide more effective exposure of the PEP message to various public sectors.

We may also subsequently determine that the 408 PEP message content approach needs to be further developed after reviewing and evaluating the results of the focus group input with respect to the 310/424 PEP as previously authorized in D.98-12-081.

We shall also adopt the industry proposal to allocate the budgeted costs of the 408 PEP among carriers based upon the relative share of NXX codes held by each carrier as of August 1, 1999. Each carrier shall be required to pay its pro rata share of the total budgeted task-force costs, based on the ratio of NXX codes held by each carrier in relation to total assigned NXX codes in the 408 NPA as of August 1, 1999. We make no presumption concerning whether a similar funding approach will be appropriate for future programs for any subsequent overlays. 72.1.8

We likewise make no judgment at this time concerning the stated intention of Pacific and GTEC to seek limited exogenous (LE) factor recovery of their PEP costs in separate pleadings. We shall address the issue of LE factor recovery in a subsequent order after the pleading cycles relating that issue have been concluded. We shall also address in a subsequent order the necessary accounting, billing, and disbursement measures to administrator the PEP funding. We shall likewise address in a subsequent order the dispute over

whether one-way pagers should be required to contribute toward the PEP funding. Pending the disposition of these issues by subsequent Commission decision, all carriers should continue to keep track of their expenses for the 408 PEP implementation, with supporting receipts and documentation, in a separate memorandum account. Because of the need to move forward with implementation of the 408 PEP without delay, carriers must not wait for the Commission to adopt or initiate the procedures for the billing, collection, and disbursement functions before implementing their planned activities in the PEP.

Once the additional budgetary amounts are known, we shall direct the Task Force to report to the Commission the additional augmentation to the budget proposed for the professional services firm to provide logistical administration, and the costs to augment the centralized call center capability and any other pertinent PEP activities as previously authorized.

#### **Comments on Draft Decision**

The draft decision of the ALJ in this matter was mailed to the parties in accordance with Pub. Util. Code § 311(g) and Rule 77.1 of the Rules of Practice and Procedure on June 8, 1999. No comments were received.

#### **Findings of Fact**

1. In D.98-11-065, the Commission approved an overlay plan for 408 area code relief, and ordered that a Public Education Plan (PEP) be initiated to inform the public regarding the new overlay plan, to be approved by the Commission.
2. D.98-05-021 and D.96-12-086 laid out the broad objectives generally underlying such an education plan, and specified various elements to be included in the development of any proposed plan to educate the public concerning mandatory 1+10-digit dialing and the use of dual area codes within the same geographic region.

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3. The Industry Task Force submitted a proposed 408 NPA PEP to the Commission for review and approval on April 1, 1999, and a budget and funding proposal on May 1, 1999.

4. The Commission previously approved the program elements of the PEP, but deferred consideration of the budget and funding to this decision.

5. The proposed PEP budget for the 408/669 NPA overlay totals \$340,000, allocated among the individual program elements set forth in Appendix A.

6. The final PEP proposal represents a consensus of task force members.

7. The proposed budget does not include any costs for contracted consulting services to provide logistical administration of the PEP, nor does it include the costs for the expanded use of the Commission's call center.

### **Conclusions of Law**

1. The proposed PEP budget for the 408/660 NPA overlay, as set forth in Appendix A, and as augmented in the order below, should be approved.

2. The industry proposal to allocate the sharing of costs of the PEP based upon the relative share of NXX codes in the 408 NPA by each carrier as of August 1, 1999 is a reasonable way to share costs related to implementing the PEP, and should be adopted.

3. CMRS providers should have the discretion to supplement the PEP adopted herein to tailor communications with their customers in recognition of the different effects of the overlay on CMRS customers, as compared to wireline customers.

4. The question of whether funding contributions for the adopted PEP should apply to one-way paging carriers should be addressed in a subsequent decision.

5. The overall billing, collection, and disbursement functions for funding the PEP should be addressed in a separate order.



**O R D E R**

**IT IS ORDERED** that:

1. The proposed public education plan (PEP) funding level of \$340,000, as set forth in Appendix A, submitted by the Industry Task Force is approved for the 408/669 overlay subject to further revisions and augmentations as set forth below.
2. The approved PEP budget shall be subject to augmentation to include, in addition to the items set forth in Appendix A, a provision for input from focus groups to provide a more meaningful benchmark for further development of PEP message content approach, a potential increase in media advertising, the expansion of the Commission's existing centralized call center, and provision to use the services of an outside consulting firm to support the logistical administration of the 408 PEP.
3. The Task Force shall submit the proposed PEP budget augmentation for the aforementioned items once they are known.
4. The industry costs of preparing and implementing the 408 PEP shall be allocated among carriers based on the number of NXX codes in the 408 area code possessed by each carrier as of August 1, 1999.
5. Pending further order from the Commission advising carriers about procedures regarding billing, collection, and disbursement of funds related to the PEP, carriers shall keep track of their reimbursable PEP-related expenses in separate memorandum accounts.

6. The Commission shall address in a subsequent decision the necessary measures to provide for the accounting systems and authorizations, to bill, collect, and disburse funds related to the funding of the 408 PEP.

This order is effective today.

Dated July 8, 1999, at San Francisco, California.

RICHARD A. BILAS  
President  
HENRY M. DUQUE  
JOSIAH L. NEEPER  
JOEL Z. HYATT  
CARL W. WOOD  
Commissioners

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## 408 Public Education Program and Notification Plan

### Estimated Budget for the 408 PEP

Program(s) Supported	Budgeted Activity	Budgeted Amount
Letters sent by Task Force	Postage, stationary, and misc. materials	\$10,000
Informational documents for special needs: School aged, Senior Citizens Disabled and Ethnic.	Production of posters, brochures, leaflets, distribution expense, misc. material and postage.	\$25,000
CBO program	Compensation for community based organizations selected to supplement distribution efforts in the 408 and adjacent area codes for special needs.	\$40,000
Supplemental distribution	Compensation of non-profits, supplemental CBOs, or special organizations for assistance in targeted distribution of collateral material.	\$10,000
<b>Paid Advertising</b>		
	Radio advertising	\$150,000
	Out-of-home advertising	\$70,000
	Ethnic newspaper advertisement	\$20,000
	Cable – advertisement Note: The true value of the program is \$90,000. The budgeted amount reflects a “deep” discounted dollar total.	\$10,000
	Broadcast Television – Public Service Announcement production costs.	\$5,000
<b>Professional Firm</b>	Compensation for a professional firm selected to provide logistical administration.	Unspecified at this time.
<b>Total Estimated Budget</b>		<b>\$340,000</b>

(END OF APPENDIX A)