

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AREA CODE EXHAUSTION AND)	ADMINISTRATIVE
RELIEF)	CASE NO. 373

ORDER

On January 27, 1998, BellSouth Telecommunications, Inc. ("BellSouth") submitted to the Commission a recommendation for addressing problems associated with the allegedly pending depletion of number codes available for use within the 502 area code ("502 NPA"). BellSouth submitted the proposal on behalf of an industry group consisting of a number of telecommunications providers within the Commonwealth.¹

The industry group asserted that the number codes associated with the 502 NPA would be depleted by July 1999, and recommended that the 502 NPA be split along the boundary line between the Owensboro LATA and that the Louisville LATA retain the 502 NPA. The Owensboro LATA would receive the new area code.

The Commission received several letters of protest concerning the proposed area code split. South Central Rural Telephone Cooperative Corporation, Inc. ("South Central RTCC") filed a letter wherein the utility requested that all of its exchanges be

¹ The group providing this request consisted of BellSouth, ALLTEL Kentucky, Inc.; Brandenburg Telephone Company, Inc.; Duo County Telephone Cooperative Corporation, Inc.; GTE South Incorporated; North Central Telephone Cooperative, Inc.; BellSouth Cellular Corporation; ICG Telecom Group, Inc.; Sprint Spectrum, L.P. d/b/a Sprint PCS; and AT&T Communications of the South Central States, Inc.

retained within the 502 NPA after the proposed split, rather than having the new area code split the utility's operating area. Further, letters were received from the Greensburg-Green County Chamber of Commerce, the Green County Extension Office of the Cooperative Extension Service, and from Carolyn Scott, a resident of Green County, all requesting that Green County not be split by the proposed new area code.

In order to address the alleged need for a new area code in Kentucky, and further to consider alternatives to the implementation of a new area code, the Commission instituted this proceeding on April 17, 1998. The Order scheduled an informal conference to discuss the industry group proposal and other feasible options.

On May 20, 1998, an informal conference was held. The discussion focused on the need for area code relief and possible alternatives to the proposed area code split. The participating parties agreed to submit information concerning options and attempt to reach consensus. The parties further requested that the Commission decide this matter no later than August 31, 1998, in order to allow implementation time for the chosen alternative.

On July 1, 1998, BellSouth, on behalf of the industry group, filed information requested at the informal conference. The parties agreed that only two options would provide the needed number code relief before a complete exhaustion of numbers occurs within the 502 NPA. The first option would be to create a new area code as originally proposed (although it would be possible to accommodate the concerns of Green County and South Central RTCC), and the second option would be to overlay the entire 502 NPA with a new area code. The industry group was split between these two options. MCI Telecommunications Corporation filed extensive comments regarding its

preference for a geographic split as opposed to an overlay. AT&T concurred in MCI's comments. BellSouth has responded to the comments. The Commission has considered these comments and has selected the option that will cause the least disruption to the Commonwealth. Moreover, the Commission expects BellSouth and other ILECs to distribute telephone numbers in a competitively neutral manner.

Other options considered included a flexible overlay of the Louisville MSA which could be expanded into other portions of the 502 NPA as needed. However, it was determined that there are not enough number codes remaining within the 502 NPA for the proposal to be feasible, and that exhaustion would occur before relief could be provided. Another option considered was to assign a unique area code to all wireless services. However, it was determined that such proposal would not provide significant relief and may have anticompetitive effects. Either a split area code or overlay would still have to be implemented. Finally, consideration was given to attempting to "recapture" unused numbers from competitive and wireless carriers. However, such solution will not be feasible until Local Number Portability ("LNP") has been ubiquitously implemented, a condition which is likely several years from fruition.

The Commission must therefore choose between either an area code split or an overlay of the entire 502 NPA. Both options have advantages and disadvantages. If the area code split is implemented, all subscribers within an entire area of the Commonwealth will be forced to change their telephone numbers, and the possibility exists that within a few years the entire process will need to be repeated as growth in access lines and number use increases. However, customers will still be able to dial

seven digit local calls, at least until LNP is fully implemented. At such time, ten-digit dialing will be mandatory in any event.

If the overlay of the 502 NPA is implemented, this will mean that no subscribers will have to change their existing phone numbers. However, as new ten-digit numbers are assigned to new subscribers, this means that ten-digit dialing will be required for local calls. The Commission is aware that this would represent a significant change for telephone subscribers. However, an appropriate consumer education program and a "permissive dialing period" during which both seven-digit and ten-digit local calls would be possible should make such a transition reasonable. Under both options, users of multi-line equipment such as PBX's will need to perform some programming changes. Again, a "permissive dialing period" will allow adequate time to accommodate such requirements.

It appears that the overlay option would provide the greatest benefit on a going-forward basis. Subscribers will not have to change telephone numbers, and future relief efforts will be much less disruptive since additional overlay area codes can be readily assigned. Additionally, with the gradual implementation of LNP, the Commonwealth will be well positioned to enjoy the benefits of competition and new technologies, since subscribers will have become accustomed to ten-digit local dialing.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the necessary area code relief should be accomplished by providing an NPA overlay applicable to the entire 502 NPA. Additionally, a minimum six-month "permissive dialing period" should be allowed during which both seven-digit and ten-digit local dialing will be accepted prior to the implementation of mandatory ten-

digit local dialing. Finally, Local Exchange Carriers ("LEC") must provide consumer education regarding these matters. Each LEC providing service within the 502 NPA should propose consumer education plans for prior review. Moreover, all LECs must produce and send to each of their customers by October 15, 1998, a bill insert containing the following language:

The 502 area code is running out of telephone numbers. Kentucky is adding ten-digit dialing in the 502 area code region. With ten-digit dialing, you will need to dial all ten digits (the area code plus the seven-digit number) even for local calls. You will not be charged long-distance rates within your local calling areas even though you are dialing ten digits.

The new area code will overlay the existing 502 area code region. The new area code will be assigned to new telephone numbers within the 502 area code region. You will not have to change your present telephone number.

Start dialing ten digits now for your local calls. So that by April 1, 1999, when ten-digit dialing becomes mandatory, it will be second nature.

IT IS THEREFORE ORDERED that:

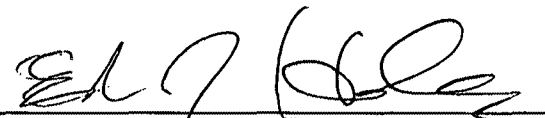
1. An NPA overlay applicable to all of the 502 area code shall be implemented and mandatory not earlier than April 1, 1999.
2. A minimum six-month "permissive dialing period" shall be available wherein subscribers may utilize either seven-digit or ten-digit local dialing prior to the implementation of ten-digit local dialing.
3. By no later than September 15, 1998, all LECs providing local telephone service within the 502 NPA shall file proposed consumer education plans for prior review.

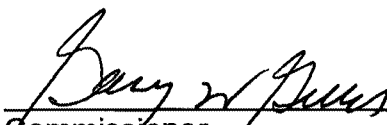
4. By no later than October 15, 1998, all LECs providing local telephone service within the 502 NPA shall send to each customer a bill insert containing the language prescribed herein.

Done at Frankfort, Kentucky, this 18th day of August, 1998.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director