

**BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON D.C. 20554**

In the Matter of:	)	
	)	
Federal-State Joint Board on	)	CC Docket No. 96-45
Universal Service	)	
	)	
1998 Biennial Regulatory Review -	)	CC Docket No. 98-171
Streamlined Contributor Reporting	)	
Requirements Associated with Administration	)	
Of Telecommunications Relay Service, North	)	
American Numbering Plan, Local Number	)	
Portability, and Universal Service Support	)	
Mechanisms	)	
	)	
Telecommunications Services for Individuals	)	CC Docket No. 90-571
With Hearing and Speech Disabilities, and the	)	
Americans with Disabilities Act of 1990	)	
	)	
Administration of the North American	)	CC Docket No. 92-237
Numbering Plan and North American	)	NSD File No. L-00-72
Numbering Plan Cost Recovery Contribution	)	
Factor and Fund Size	)	
	)	
Number Resource Optimization	)	CC Docket No. 99-200
	)	
Telephone Number Portability	)	CC Docket No. 95-116
	)	
Truth-in-Billing and Billing Format	)	CC Docket No. 98-170

**COMMENTS OF THE  
MICHIGAN PUBLIC SERVICE COMMISSION**

Pursuant to the Federal Communications Commission’s (“FCC”) procedural schedule established in the above docket, the Michigan Public Service Commission (“MPSC”) hereby submits its comments.

## I. INTRODUCTION

On December 12, 2002, the FCC requested comments regarding the reformation of the universal service contributory equation, by retaining the revenue-based system, or by the adoption of a connections-based equation. Three connections-based equations were submitted to the FCC for consideration, including the use of telephone numbers.

Section 254(b), of the Act, directs the establishment of a universal service mechanism<sup>1</sup> and Section 254(d) states “every telecommunications carrier that provides interstate telecommunications services shall contribute, on an equitable and nondiscriminatory basis...”<sup>2</sup> The FCC’s jurisdiction over the North American Numbering Plan (NANP) provides the appropriate foundation for the use of numbering resources in the universal service contributory equation.

On November 1, 2002, the MPSC provided an *ex parte* letter to the FCC, in this docket, outlining a funding equation using both active and inventoried telephone numbers, to fund universal service. In addition, this equation would encourage numbering resource conservation efforts such as Thousands-Block Number Pooling (number pooling), while providing for a long-term solution for contributions.

## II. DISCUSSION

In 2001, universal service required \$5.3 billion to meet its obligations.<sup>3</sup> In addition, the contributory equation percentage increased from 6.8086% to 7.2805% (0.4719 %) from the 1<sup>st</sup>Q 2002 to 2<sup>nd</sup>Q 2002.<sup>4</sup> On December 12, 2002 the FCC ordered the safe harbor for cellular, personal communications services, and certain specialized mobile radio providers to

---

<sup>1</sup> Communications Act of 1934, as amended, 47 U.S.C. § 254(b).

<sup>2</sup> 47 U.S.C. § 254(d)

<sup>3</sup> USAC, 2001 Annual Report

be increased from 15 to 28% of interstate revenues. AT&T characterized the increase in the contributory percentage, combined with the decline in interstate telecommunications revenues, as a “death spiral” which is “inequitable and discriminatory.”<sup>5</sup>

The MPSC concurs that the universal service mechanism must evolve to address increasing obligations and a need for parity, of both carriers and end-users, in the contributory equation. The use of numbering resources, as a basis for contributions, is a straight forward, easy to implement concept with the reward of encouraging conservation efforts. Although the expected exhaust date of the North American Numbering Plan (NANP) has been extended to 2031,<sup>6</sup> conservation must remain at the forefront of numbering issues.

Numbering resources requested by carriers continues to increase. In the second half of 2001, numbering resources allocated to carriers rose by over 30 million.<sup>7</sup> Number pooling has assisted in returning numbering resources to the NANP; however, additional conservation measures exist, which could be utilized. Charging carriers for the use of numbering resources that remain in their inventories, for programs such as universal service, was investigated in the *Report and Order and Further Notice of Proposed Rule Making* as a possible conservation method.<sup>8</sup>

The MPSC believes that a contributory equation, which provides for parity among carriers and end-users, is also essential in funding universal service. Including all technologies that use numbering resources and charging for all categories of numbering

---

<sup>4</sup> FCC, Public Notice, DA 01-2823, December 7, 2001 and Public Notice, DA 02-562, March 8, 2002.

<sup>5</sup> CC Dockets No. 96-45, 98-171, 99-200, 95-116, 98-170, and NSD File No. L-00-72, AT&T Letter, October 22, 2002.

<sup>6</sup> In 2000, the NANP was scheduled to exhaust in 2007. By 2002, the NANP exhaust date was extended to 2031.

<sup>7</sup> Comparison of Numbering Resource Utilization in the United States reports (June 30, 2001 and December 31, 2001), Wireline Competition Bureau, FCC, November 2001 and August 2002.

<sup>8</sup> *Report and Order and Further Notice of Proposed Rule Making*, CC Docket No. 99-200 (FCC 00-104), ¶ 251.

resources, with the exception of the aging category,<sup>9</sup> should provide for adequate funding while shifting the burden evenly to many contributors. Shifting the burden by basing the equation on numbering resources, will also lower end-user contributions per month, ensuring that end-users are provided protection from uncontrolled increases in monthly bills.

One concern has been the *de minimis* rule, which currently exempts carriers from paying into universal service if their contribution per year is less than \$10,000. The MPSC universal service equation provides that all carriers, allocated numbering resources, are responsible to contribute to the fund. The exemption of carriers or end-users from this responsibility will place additional burdens on non-exempt counterparts.

### **III. NUMBERING BASED CONTRIBUTORY EQUATION**

The MPSC has developed an equation based on numbering resource information and the universal service needs for 2001. In Attachment A, the total number of activated telephone numbers, less the lifeline customers,<sup>10</sup> is multiplied by \$8.19 for the year, bringing monthly costs to each end-user of \$0.6825. In addition, telephone numbers that are held by carriers in the intermediate, reserved, administrative, and available categories are multiplied by \$2.00 for the year. Aging telephone numbers, unavailable for activation, are not included in this equation.

Carriers would be responsible for the collection and remittance of universal service contributions from end-users based at the direction of the Universal Service Administration Center (USAC). In addition, carriers would be responsible for the remittance of contributions to the USAC for telephone numbers used by the carrier or held in the carrier's

---

<sup>9</sup> Numbering resources are reported to the NANPA under the following categories: Assigned, Intermediate, Administrative, Reserved, Available, and Aging. Numbering resources in the Aging category are unable to be assigned to end-users or used for administrative purposes.

inventory. The remittance of these contributions would be based on mandatory carrier information provided twice per year, to the North American Numbering Plan Administrator (NANPA), in the Numbering Resource Utilization and Forecast (NRUF). An interactive relationship between the NANPA and the USAC would be developed for the implementation and audit of this program.

The FCC also requested comment on whether the NRUF reports would identify a carrier who receives numbering resources from a non-carrier. Numbering resources are not allocated by the NANPA to non-carriers; however, in many instances, numbering resources are provided to non-carriers by carriers. Although NRUF documentation is submitted exclusively by carriers, numbering resources provided to non-carriers must be reported by the carrier in the intermediate category.<sup>11</sup> Therefore, the USAC will require contributions assessed on the carrier who has distributed the numbering resources to non-carriers. Reimbursement for these fees, from the non-carrier, would be considered a business arrangement between the two parties. Numbering resources provided by one carrier to another carrier, should be reported in the NRUF data by the second carrier. This instance will not be unusual as the use of Local Number Portability (LNP) becomes more frequent.

#### **IV. NUMBERING RESOURCE CONSERVATION**

Number pooling and Rate Center Consolidation<sup>12</sup>, have provided the NANP with additional life of 25 years. The driving force of these conservation measures has been state regulators and, although conservation efforts are continuing to provide relief at a national

---

<sup>10</sup> *Report and Order and Second Further Notice of Proposed Rulemaking*, CC Docket No. 96-45 (FCC 02-329), ¶19.

<sup>11</sup> CC Docket 99-200 (FCC 00-104) ¶21.

<sup>12</sup> RCC is the formation of one rate center from several geographic adjacent rate centers.

level, many carriers are not participating locally, causing the continued need for area code relief.

The MPSC has provided the FCC with comments encouraging the enforcement of LNP-capability and mandatory number pooling nationwide.<sup>13</sup> All customers should have access to service provider portability to ensure competition, and to be free of the monetary obligations of area code relief and the expansion of the telephone numbering system. Carriers should not be exempt from their responsibilities to the end-users or the NANP.

In addition, the FCC requested comment on the appropriateness of a lower assessment to local exchange carriers that do not participate in number pooling. Carriers that do not participate in number pooling, or additional conservation methods, should not be provided a lower rate in this equation. Conservation efforts were introduced to protect both carriers and end-users from the exorbitant cost and inconvenience of expanding the NANP to 12 digits.<sup>14</sup> Providing exempt status or a lower rate to specific carriers, would induce carriers to discontinue, or delay, participation in conservation measures.

The MPSC also believes that a universal service contributory equation, based on all numbering resources, will encourage carriers to become more frugal in their administrative use. Carriers continue to decline to number pool CO Codes that are assigned to provide time, weather, and directory assistance information.<sup>15</sup> Numbering resources that continue to be inventoried by carriers should be entered into the universal service equation or returned to the NANP.

#### **IV. THE FUTURE OF UNIVERSAL SERVICE CONTRIBUTIONS**

---

<sup>13</sup> CC Docket No 99-200: November 16, 2001, May 6, 2002, December 13, 2002, December 20, 2002.

<sup>14</sup> North American Numbering Council (NANC) meeting minutes of February 17-18, 1999, expansion of the NANP has been project to cost between \$50-150 billion.

Concern remains that, with new technologies, the use of numbering resources will begin to decline, thus increasing the monetary base for universal service contributions to carriers and end-users. However, two emerging telecommunication services, VoIP<sup>16</sup> and ENUM,<sup>17</sup> utilize the 10 digit numbering system. By instituting a telephone number based contribution equation, all telecommunications technologies and services which utilize the NANP will be contributors to universal service.

## V. CONCLUSION

The MPSC strongly supports the use of numbering resources as the basis for universal service contributions and presents, with these comments, a contributory equation based on both activated telephone numbers and resources held in carrier inventories. The FCC, with its plenary authority over the NANP, has the jurisdiction to implement this equation with the assistance of both the NANPA and the USAC.

The MPSC equation will be easy to implement with numbering resource information readily available through bi-annual NRUF reports. The use of all numbering resources will provide a sustainable fund, with contributory parity among carriers and end-users. In addition, the MPSC equation will promote numbering conservation efforts while providing protection to end-users from the obligations of future area code relief and an expansion of the current 10-digit dialing system to a 12-digit dialing system. At the very least, the FCC should adopt a contributory equation that is responsive to numbering resources conservation.

---

<sup>15</sup> CO Code (NXX) contains 10,000 telephone numbers. NXXs used for time, weather, and directory assistance typically use only 1 or 2 numbers to provide these services.

<sup>16</sup> VoIP (Voice over IP) is a packet switching technology for voice communications.

<sup>17</sup> ENUM is an internet service which allows customers to type in a 10 digit telephone to find the e-mail address or URL address associated with it. International Telecommunication Union (ITU) 2002 Annual Report, <http://www.netnumber.com/news/techTrendsAnnual02.pdf>.

Respectfully submitted,

**MICHIGAN PUBLIC SERVICE  
COMMISSION**

By its attorneys:

Michael A. Cox  
Attorney General of Michigan

David A. Voges  
Steven D. Hughey  
Michael A. Nickerson  
Assistant Attorneys General  
Public Service Division  
6545 Mercantile Way, Suite 15  
Lansing, MI 48911  
Telephone: (517) 241-6680

**DATED: February 28, 2003**



ATTACHMENT A

**Universal Service Fund for 2001    \$5,300,000,000**

Assigned Telephone Numbers (12/31/01)	482,865,000
Lifeline Customers	6,000,000*
<b>Assigned Telephone Numbers (eligible)</b>	<b>476,865,000</b>
Intermediate Telephone Numbers (12/31/01)	35,869,000
Reserved Telephone Numbers (12/31/01)	20,531,000
Administrative Telephone Numbers (12/31/01)	15,137,000
Available Telephone Numbers (12/31/01)	625,877,000
<b>Sub-category Telephone Numbers (eligible)</b>	<b>697,414,000</b>
Aging Telephone Numbers (12/31/01)	35,284,000

**UNIVERSAL SERVICE FUND CONTRIBUTIONS**

Carrier Responsibility	697,414,000 x \$2.00/yr =	\$1,394,828,000/yr
Assigned Telephone Number	476,865,000 x \$8.19/yr =	\$3,905,524,350/yr
	<b>TOTAL</b>	<b>\$5,300,352,350**</b>

\* Lifeline telephone numbers are not included per CC Docket No. 96-45 (FCC 02-329) ¶ 21.

\*\* This formula does not include the use of toll-free numbers, 900 numbers, or special use numbering resources not allocated by the NANPA.