



NEW JERSEY

DIVISION

OF THE RATEPAYER ADVOCATE

Utility News for Consumers

A Consumer Update On Area Code Relief

How Do You Spell Area Code Relief?

On June 12, 1999, the residents of Salem County and many of the residents of Gloucester, Camden and Cumberland Counties, as well as some of the residents of Burlington and Atlantic Counties received a new area code, 856. These residents are experiencing area code relief, which is oftentimes less than a relief for consumers who must notify friends or customers of their new area code.

What Is Area Code Relief?

The short answer is that area code relief is an administrative remedy introduced into an area where there are no more available telephone numbers. Area code relief is implemented in one of two ways. One way is called a geographic split. A geographic split evenly divides residents that have the same area code and gives half the residents a new area code - the rest of their telephone number stays the same. A geographic split was introduced in the 201, 908 and 609 area codes bringing us 973, 732 and 609 respectively. By implementing a geographic split and removing half the telephone numbers from the filled area code, that geographic area has more telephone numbers available. Additionally, the new area code has new numbers to use as well. The second way is called an overlay. An overlay

adds a new area code for all new customers over the same geographic area covered by the present area code, so that a new next-door neighbor or a new business may have a different area code than someone who has lived in town for a long time.

Why Are We Adding So Many Area Codes These Days?

If it seems like New Jersey keeps getting new area codes, you're right. In 1996, New Jersey had three area codes. By June 12, 1999, we will have six, and by 2002, we may have ten.

There are two main reasons we keep adding new area codes. Most consumers are familiar with the first reason: the increasing need for new telephone numbers for cell phones, faxes, beepers, modems and multiple phone lines has created a strain on the supply of available telephone numbers. However, many consumers are not familiar with the second reason for the increase in area codes: the incredibly wasteful and inefficient system by which telephone numbers are distributed to telephone companies that provide service.

That system can simply be described as follows: when a telephone company wants to

provide service to a particular town, it must request a block of telephone numbers from the telephone number administrator, an independent, private company. If the telephone company has only a few customers -- or even none at all -- it is given a block of 10,000 telephone numbers per rate center. A rate center is a local telecommunications office which serves consumers in a particular geographic area. In New Jersey, this area is small -- rarely larger than one or two towns - - although in other states rate centers cover much larger areas and greater numbers of telephone subscribers. For example, the 609 area code has 71 rate centers. Therefore, if a telephone company wants to serve consumers throughout the 609 area code, that company will be given 710,000 telephone numbers -- even before it has signed up its first customer. Since there are only approximately 7,600,000 numbers within an area code, it is easy to see how we can run out of numbers quickly.

Despite its glaring inefficiencies, this system worked well enough when there was only one local telecommunications provider, but now that many telephone companies are trying to get into the local market, this method of number distribution has been revealed as woefully insufficient in this era of competitive telecommunications.

Who Is To Blame And How Do We Promote More Efficient Number Use?

While it may not be fair to blame anyone, it is clear that when Congress opened the gates to local competition, it failed to account for the strain it would create on available numbers. One mechanism designed by Congress to lessen the strain on numbers, while promoting competition, is permanent number portability. Permanent number portability permits a consumer to change local carriers and (in limited cases) move residences while retaining its local telephone number. Many areas throughout New Jersey, such as

Newark, Trenton and Camden have permanent number portability, and soon the whole country will have it. Additional measures, such as distributing numbers in blocks of 1,000 or less are also being contemplated, although these valuable measures have yet to be implemented.

What Has The Ratepayer Advocate Done To Promote Efficient Number Use?

The Ratepayer Advocate participated in the proceedings before the Board of Public Utilities which implemented the geographic split in the 201, 908 and 609 area codes. In each case, we supported the geographic split for several reasons, including:

1. A geographic split maintains the geographic orientation traditionally associated with telephone numbers;
2. A geographic split avoids the inconvenience of dialing 10-digits for all local calls in the affected area (the FCC requires 10-digit dialing in any local area which receives an overlay);
3. A geographic split avoids the inconvenience and confusion that could be caused by having more than one area code in a geographic area;
4. While a geographic split may result in some municipalities having two area codes, with an overlay, every town has two area codes and all customers must implement 10-digit dialing;
5. A geographic split is competitively neutral for new providers and incumbents; and
6. A geographic split provides a period of time to educate consumers to the necessary changes.

More importantly, the Ratepayer Advocate has recommended the Board implement number conservation methods, such as permitting carriers to receive telephone numbers in blocks of 1,000 and requiring carriers to return unused numbers. Recent Federal Communications Commission (FCC) decisions imply that states have little freedom to implement conservation methods without FCC approval. Therefore, the Board may not be permitted to implement these and other methods without FCC approval, it could petition the FCC for such authority. The Ratepayer Advocate has recommended the Board file such a petition, although the Board has not yet pursued this option. Rate center consolidation, another highly efficient means to promote number conservation, does not require FCC approval, and the Ratepayer Advocate has recommended the Board pursue this option in New Jersey. However, the Board has not chosen to do so at this time.

What Does The Future Hold?

Without the implementation of meaningful number conservation measures, we will continue to witness the inefficient use of telephone numbers. The FCC has initiated a rulemaking proceeding for the purpose of implementing greater number conservation measures and delegating additional authority to the states to implement number

conservation. The Ratepayer Advocate is participating in this proceeding and is hopeful that, at the outcome of the proceeding, the FCC will implement measures, such as distributing telephone numbers in blocks of 1,000 or less, that will encourage more efficient number use. Additionally, state-wide number portability will provide further relief. However, further measures -- most significantly, rate center consolidation -- may be necessary to ensure that New Jersey consumers receive meaningful, lasting area code relief.

“The Ratepayer Advocate supports greater state authority to implement more efficient number conservation methods.”

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