October 2009 NANP Exhaust Analysis

Introduction

NANPA projects the exhaust of the NANP based upon the utilization and forecast data submitted by carriers via the NRUF process. The following assumptions were used in this exhaust analysis.

October 2009 NANP Exhaust Projection Assumptions

The following is a list of assumptions used in the development of the October 2009 NANP exhaust projection prepared by NANPA. These are the same assumptions used in previous NANP exhaust studies.

1. The NANP exhaust study uses as its basis the CO code demand, which includes service provider and Pooling Administrator forecasts, historical CO code assignments and other NPA-specific information, calculated for each respective NPA. The monthly CO code demand as calculated in the NPA exhaust analysis is straight-lined to determine demand outside the five-year time frame included in NRUF submissions.

2. For NPAs in rationing, NANPA compared the actual CO code demand over the past year(s) with the rationed amount. In addition, NANPA compared the forecasted CO code demand provided by service providers and/or the Pooling Administrator to the rationed amount. Based upon this analysis, NANPA identified an average annual CO code demand rate for the NPA.

3. A new NPA will be required when the number of assigned and unavailable CO codes reaches 800.

4. It is assumed that each new NPA will require the same number of unassignable codes as the current NPA. It appears that most of the unassignable codes in the existing NPAs are duplicated in the new NPA. There are also times when additional codes in the new NPA are marked unassignable.

5. No assumptions were made with regard to the relief method implemented (i.e., NPA split vs. overlay). However, it was assumed that the selected relief method did not require the duplication or protection of central office codes above those identified in number 4 above.

6. The CO code demand for an exhausting NPA will be continued after relief. By doing so, the demand for both the existing and new NPAs will be taken into account for the geographic area covered by the original NPA.

7. The total quantity of available NPA codes will be 685 NPAs. This figure is derived as follows: 800 NPAs less NPAs reserved for NANP expansion (80), N11 codes (8), 555 and 950 NPAs (2), toll-free NPAs (13)[1] and non-geographic NPAs (11)[2].

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[1] NPAs 855, 844, 833, 822, 880, 881, 882, 883, 884, 885, 886, 887 and 889.

[2] These include the 5 codes reserved for future PCS expansion (522, 544, 566, 577 and 588) and 6 of the codes reserved for Canada (622, 633, 644, 655, 677 and 688).

8. To account for the variability of demand, a sensitivity analysis was performed to the CO code demand (i.e., demand will be increased and decreased by increments of 10%) to understand the impact on NANP exhaust.

Results based on Assumptions

As recognized in previous NANP exhaust analyses, the model is sensitive to the yearly CO code demand rate. Using the monthly CO code demand for each NPA as calculated in the October 2009 NPA Exhaust Analysis, and straight-lining this demand beyond the five-year time frame included in NRUF submissions, creates an average yearly demand rate of 6,700 CO codes. This yearly demand rate was compared with demand rates in 2003 through 2008.

Year	Annual Gross CO Code Demand	Annual Net CO Code Demand
2003	3,200	1,400
2004	3,100	2,100
2005	3,300	2,300
2006	4,100	3,400
2007	3,200	2,900
2008	2,900	2,200
2009 (Annualized)	2,100	1,600

In order to provide a NANP exhaust analysis more reflective of the current industry trend in terms of yearly CO code demand, NANPA selected a base case with an average annual demand of 5,700 CO codes.[3] This represents approximately a 15% reduction in the annual demand created using the October 2009 NPA Exhaust Analysis. Although this number is higher than the gross CO code demand in previous years, it accounts for any possible increase in CO code demand that may occur over the remaining years of the NANP life.

Model Based on Projected Demand

Using an average CO code demand rate of 5,700 codes assigned per year, the projected NANP exhaust date is beyond 2039, assuming the quantity of NPAs available remains 685[4].

Sensitivity Analysis

Due to the results of the base model, the only sensitivity analysis performed was an increase in the average annual CO code demand on the results. For comparison purposes, NANPA performed a sensitivity analysis using an average annual demand of 6,700 CO codes, which represented the gross demand as calculated from the October 2009 NPA Exhaust Analysis. This resulted in a projected exhaust beyond 2039.

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3 The base model used in the April 2009 study used an average demand rate of 5,800 codes. The October 2008 study used an average demand rate of 6,000 codes.

4 The base model for the April 2009 NANP Exhaust study projected an exhaust date beyond 2039.