

October 2011 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 2011 NANP Exhaust Projection Assumptions

The following is a list of assumptions used in the development of the October 2011 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 669 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 (9)¹ and non-geographic NPAs (32)².

¹ NPAs 880, 881, 882, 883, 884, 885, 886, 887 and 889.

² These include the 26 codes reserved for future PCS expansion (522, 566, 577, 588, 521, 523, 524, 525, 526, 527, 528, 529, 532, 538, 542, 543, 545, 547, 549, 552, 553, 554, 556, 569, 578 and 589) 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 2011 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 5,000 CO codes. This yearly demand rate was compared with demand rates in 2004 through 2010.

| Year | Annual Gross CO Code Demand | Annual Net CO Code Demand |
|-------------|------------------------------------|----------------------------------|
| 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 | 2,100 | 1,600 |
| 2010 | 2,800 | 2,500 |

To project NANP exhaust, an average annual demand of 5,000 CO codes³ was used. 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 5,000 codes assigned per year, the projected NANP exhaust date is beyond 2041, assuming the quantity of NPAs available remains 669⁴.

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 5,500 CO codes, which represented a 10% increase in the base model demand. This resulted in a projected exhaust beyond 2041.

³ The base model used in the April 2011 study used an average demand rate of 5,000 codes.

⁴ The base model used in the April 2011 NANP Exhaust study projected an exhaust date beyond 2041, with a total of 685 NPAs available. The reduction in available NPAs is due to the reservation of an additional 22 NPAs for 5YY PCS.