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FLORIDA PUBLIC SERVICE COMMISSION
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M E M O R A N D U M

April 5, 1996

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF COMMUNICATIONS (CHASE, REITH, SIRIANNI, NORTON, D'HAESELEER)

DIVISION OF LEGAL SERVICES (CANZANO, EDMONDS)

RE: DOCKET NO. 950985-TP - RESOLUTION OF PETITION(S) TO ESTABLISH NONDISCRIMINATORY RATES, TERMS, AND CONDITIONS FOR INTERCONNECTION INVOLVING LOCAL EXCHANGE COMPANIES AND ALTERNATIVE LOCAL EXCHANGE COMPANIES PURSUANT TO SECTION 364.162, FLORIDA STATUTES.

AGENDA: APRIL 16, 1996 - REGULAR AGENDA - POST HEARING DECISION - PARTICIPATION IS LIMITED TO COMMISSIONERS AND STAFF

CRITICAL DATES: 120-DAY STATUTORY DEADLINE
CONTINENTAL PETITION: 4/17/96
TIME WARNER PETITION: 4/20/96
MFS-FL PETITION: 5/22/96

SPECIAL INSTRUCTIONS: I:\PSC\CMU\WP\950985A.RCM

TIME WARNER'S, CONTINENTAL'S, & MFS-FL'S PETITION FOR INTERCONNECTION WITH UNITED/CENTEL. MFS-FL'S PETITION FOR INTERCONNECTION WITH GTEFL.

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LIST OF ACRONYMS USED IN RECOMMENDATION

AAV	Alternative Access Vendor
ALEC	Alternative Local Exchange Company
AT&T	AT&T Communications of the Southern States, Inc.
BST	BellSouth Telecommunications, Inc.
CCL	Carrier Common Line
CONTINENTAL	Continental Cablevision, Inc.
FCTA	Florida Cable Telecommunications Association
FIXCA	Florida Interexchange Carriers Association
FPTA	Florida Public Telecommunications Association, Inc.
GTEFL	GTE Florida Incorporated
ICI	Intermedia Communications of Florida, Inc.
IXC	Interexchange Carrier
LATA	Local Access and Transport Area
LEC	Local Exchange Company
LDDS	WorldCom, Inc. d/b/a LDDS WorldCom Communications
LRIC	Long Run Incremental Cost
LTR	Local Transport Restructure
McCaw	McCaw Communications of Florida, Inc.
MCImetro	MCI Metro Transmission Access Services, Inc.
MFS-FL	Metropolitan Fiber Systems of Florida, Inc.
RIC	Residual Interconnection Charge
SLC	Subscriber Line Charge
SPRINT	Sprint Communications Company, L.P.

TCG	Teleport Communications Group, Inc.
TSLRIC	Total Service Long Run Incremental Cost
TIME WARNER	Time Warner AxS of Florida, L.P. and Digital Media Partners
US/USF	Universal Service/Universal Service Fund
USPC	Universal Service Preservation Charge

EXECUTIVE SUMMARY

On March 11-13, 1996, the Commission heard testimony regarding issues related to local interconnection between local exchange telephone companies (LECs) and alternative local telephone companies (ALECs). The 1995 Florida Legislature approved substantial revisions to Chapter 364, Florida Statutes. These changes included provisions that authorize the competitive provision of local exchange telecommunications service. When competition is introduced in the local market, it is necessary for the LECs and ALECs to exchange traffic in order for consumers to be able to call all other customers. This recommendation addresses the non-stipulated issues necessary to accomplish local interconnection arrangements between Time Warner and United; between Continental, MFS-FL, and United/Centel; and between MFS-FL and GTEFL. United/Centel has not stipulated any issues in this proceeding. However, GTEFL and MFS-FL stipulated issues 4-12 and 14 which are basically the operational issues. These stipulated issues generally mirror the decision in the BellSouth proceeding.

Issue 1 addresses the compensation arrangements for the termination of local traffic. There is a primary and alternative recommendation for this issue. In the primary recommendation, staff recommends LECs and ALECs compensate each other by mutual traffic exchange. If at some point the parties mutually agree that traffic is imbalanced to the point they are not receiving benefits comparable to those provided through mutual traffic exchange, then the parties should compensate each other on a per minute of use basis for terminating local traffic on each other's network. Staff believes GTEFL's per minute rate for interconnection should be $.0025. While staff understands that GTEFL's costs are a combination of estimated TSLRIC and LRIC costs, staff believes that this rate level would be sufficient to cover any additional costs required to make the transition from LRIC costs to TSLRIC in addition to possibly providing some contribution to common costs. If the parties cannot agree to a level of imbalanced traffic to trigger a per minute of use (MOU) rate, then resolution of this issue should be made by the Commission. If resolution by the Commission is required, parties should present the following information to the Commission for evaluation:

- The LECs and ALECs should both provide monthly MOU data for terminating local traffic which will reflect the trends in the flow of traffic;

- The company's should provide the financial impact to their respective firms due to the traffic imbalance since the implementation of mutual traffic exchange;

- The estimated costs which would be incurred by the company due to the additional processing and software required to measure usage.

However, based on the record, staff does not believe an interconnection rate for the termination of local traffic by United/Centel can be accurately determined at this time. Staff recommends that United/Centel should provide the appropriate cost support for the Commission's review 60 days from the issuance of the order in this proceeding. The information should include the specific switching and transport investments, and the derivation of all inputs utilized in determining the cost for interconnection at an end office, local tandem and access tandem. The Company should also provide a detailed explanation of what the data represents (i.e., LRIC or TSLRIC), and a description of the methodology utilized in determining the provided costs. When the Commission establishes an interconnection rate, United/Centel and the ALECs should comply with the guidelines discussed above.

As an alternative, staff is also recommending that for the termination of local traffic, GTEFL and ALECs should compensate each other on a per minute of use based rate. This interconnection rate should be equal to $.0025. Staff at this time cannot recommend a permanent rate for interconnection between United/Centel and the ALECs. Therefore, staff recommends an interim rate of $.006 per minute be applied until United/Centel files appropriate cost study information to establish a permanent rate. This cost information should be filed 60 days from the issuance of the order for this proceeding as discussed in the alternative staff analysis.

In addition, the alternative states that in order to ensure the LECs and ALECs measuring systems are in place to bill a per minute of use rate, the Commission should allow a LEC or an ALEC to request a waiver of this requirement until their measuring and billing systems are in place. In no case should the waiver exceed 18 months from the issuance of a final order for this proceeding. During the requested waiver period, the LECs and ALECs should terminate local traffic on a mutual exchange basis.

For originating and terminating intrastate toll traffic, staff recommends that the Commission require the parties to pay each other the LEC's tariffed intrastate switched network access service rates on a per minute of use basis. This means that when an ALEC customer places a toll call to a LEC customer and the ALEC serves as the toll carrier, the LEC should charge the ALEC its terminating network access service rates and vice versa. If the ALEC is serving as a LEC customer's presubscribed long distance carrier, then the LEC can charge the ALEC the LEC's originating access charges and vice versa.

When it cannot be determined whether a call is local or toll, the local exchange provider should be assessed originating switched access charges for that call unless the local exchange provider originating the call can provide evidence that the call is actually a local call. The LECs and the ALECs are encouraged to negotiate alternative terms for compensating each other for exchanging toll traffic. If an agreement for such terms is negotiated, the agreement should be filed with the Commission before it becomes effective.

Issue 2 of this recommendation addresses whether the LECs should be required to tariff the interconnection arrangements. Staff recommends that United/Centel and GTEFL should tariff their interconnection rate(s) or other arrangements set by the Commission.

Issue 3 establishes the technical and financial arrangements for interconnection. Staff believes for intermediary handling of local traffic where ALECs are not collocated in the same wire center, the appropriate rate should approximate the TSLRIC for tandem switching. For GTEFL, this rate should be $.00075. The rate cannot be determined for United/Centel until reliable cost data is filed as recommended in Issue 1.

For intermediary handling of toll traffic, LECs providing tandem switching and other intermediary functions should collect only those access charges that apply to the functions they perform, specifically Local Switching and Intertoll Trunking at the approved tariffed rates.

In general, toll traffic should be handled under the same terms and conditions as contained in the Modified Access Based Compensation Plan. The LECs should establish meet-point billing arrangements with ALECs. Meet-points, for rating purposes, should be established at mutually agreeable locations. Terminating access charges should be paid to the carrier performing the terminating function, including the Residual Interconnection Charge.

ALECs collocated in the same LEC wire center should be permitted to cross-connect without transiting the LEC switch. The LECs should charge the ordering ALEC its special access cross-connect rate. Any tariff provision that would restrict the ability of ALECs to cross-connect with each other in a LEC switch should be eliminated.

Issue 4 recommends United/Centel compensate ALECs for the origination of 800 traffic terminated to United/Centel pursuant to the ALEC's originating switched access charges, including the database query. The ALEC should provide to United/Centel the appropriate records necessary for United/Centel to bill its customers. The records should be provided in a standard ASR/EMR

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industry format. At such time as an ALEC elects to provide 800 services, the ALEC should reciprocate this arrangement.

Issue 5a and 5b identify the technical arrangements the Commission should require for the interconnection requirements for 911 and E911 service. For the 911 service, staff recommends that the Commission require the following:

1) United/Centel provide the respective ALECs with access to the appropriate 911 tandems/selective routers.

2) The respective ALECs should be responsible for providing the trunking, via leased or owned facilities, to the 911 tandems/selective routers.

3) All technical arrangements should conform with industry standards.

4) United/Centel should notify the respective ALECs 48 hours in advance of any scheduled testing or maintenance, and provide immediate notification of any unscheduled outage.

5) United/Centel should provide the respective ALECS with a list consisting of each municipality in Florida that subscribes to Basic 911 service, the E911 conversion date and a ten-digit directory number representing the appropriate emergency answering position for each municipality subscribing to 911 service.

6) Each ALEC should arrange to accept 911 calls from its customer and translate the 911 call, where appropriate, to the 10-digit directory number and route that call to United/Centel at the appropriate tandem or end office.

7) When a municipality converts to E911 service, the ALEC should discontinue the Basic 911 procedures and begin the E911 procedures.

Staff recommends the Commission require the following for interconnection of E911 service:

1) United/Centel provide the respective ALECs with access to the appropriate United/Centel E911 tandems, including the designated secondary tandem.

2) If the primary tandem trunks are not available, the respective ALEC should alternate route the call to the designated secondary E911 tandem. If the secondary tandem trunks are not available, the respective ALEC should alternate route the call to the appropriate Traffic Operator Position System (TOPS) tandem.

3) The respective ALECs should be responsible for providing the trunking, via leased or owned facilities which are capable of carrying Automatic Number Identification, to the E911 tandems.

4) All technical arrangements should conform with industry standards.

5) United/Centel should notify the respective ALECs 48 hours in advance of any scheduled testing or maintenance, and provide immediate notification of any unscheduled outage.

6) United/Centel should provide the respective ALECs with mechanized access to any database used for provisioning E911 service. The respective ALECs and United/Centel should work together and file with this Commission, within 60 days from the date of this order, a comprehensive proposal for mechanized access to any database used for provisioning E911 service. The proposal should include cost and price support, and a list of operational procedures.

7) If a municipality has converted to E911 service, the ALEC should forward 911 calls to the appropriate E911 primary tandem along with the ANI, based upon the current E911 end office to tandem homing arrangement as provided by United/Centel.

In Issue 6, staff recommends that the technical arrangement proposed by United/Centel be used to provide operator services. The technical arrangement is comprised of a dedicated trunk group from the ALEC's end office to the United/Centel Operator Service System. The trunk group can be the same as that used for Inward Operator Services (busy line verification and emergency interrupt services) and Operator Transfer Service. Staff also recommends that busy line verification and emergency interrupt services be purchased under United/Centel's tariffed rates.

In Issue 7, staff recommends the Commission require United/Centel to list the ALEC's customers in United/Centel's directory assistance database. To ensure compatibility with United/Centel's database, United/Centel should provide the ALECs with the appropriate database format in which to submit the necessary information. United/Centel should update its directory assistance database under the same timeframes afforded itself. United/Centel should provide branding upon a firm order for the service.

Issue 8 recommends the Commission require United/Centel to provide directory listings for ALEC customers in United/Centel's white page and yellow page directories at no charge. United/Centel should also publish and distribute these directories at no charge. To ensure compatibility with United/Centel's database, United/Centel should provide the ALECs with the appropriate database format in which to submit the necessary information. Enhanced listings should be provided to ALEC customers at the same rates, terms and conditions offered to United/Centel customers.

Issue 9 recommends the ALECs have access to the United/Centel's tariffed billing services and access to databases such as Centralized Message Distribution Service (CMDS) and Line Identification Database (LIDB) in order to bill and clear credit card, collect, and third party calls. Staff recommends that the ALECs should purchase the services and access to databases through United/Centel's tariff or by contract if it is not currently tariffed. If the billing and collection arrangement is set by contract, the arrangement should be filed with the Commission before it becomes effective.

Issue 10 recommends that ALECs and United/Centel should provide LEC-to-LEC Common Channel Signalling (CCS) to one another, where available, in conjunction with all POTS traffic, in order to enable full interoperability of CLASS/LASS features and functions. All privacy indicators should be honored, and ALECs and United/Centel should use industry standards for CCS signalling between their networks. Because CCS will be used cooperatively for the mutual handling of traffic, the ALECs and United/Centel should each be responsible for the costs associated with the installation and use of their respective CCS networks.

Issue 11 recommends the Commission require United/Centel to provide interconnection, trunking and signalling arrangements at the tandem and end office levels. United/Centel should also provide ALECs with the option of interconnecting via one-way or two-way trunks. Mid-span meets should be permitted where technically and economically feasible.

Issue 12 recommends the Commission require carriers providing any intermediary functions on calls routed through number portability solutions to collect only those access charges that apply to the functions they perform. The Residual Interconnection Charge should be billed and collected by the carrier terminating the call, just as it is today among adjacent LECs.

Issue 13 recommends that the mechanized intercompany operational procedures, similar to the ones between IXCs and LECs today, should be co-developed by the ALECs and United/Centel. Operational disputes that the ALECs and United/Centel are unable to resolve through negotiations should be handled by filing a petition or motion with the Commission. Further, staff recommends that the ALECs and United/Centel adhere to the following requirements:

(1) ALECs and United/Centel should provide their respective repair contact numbers to one another on a reciprocal basis;

(2) Misdirected repair calls should be referred to the proper company at no charge, and the end user should be provided the correct contact telephone number;

(3) Extraneous communications beyond the direct referral to the correct repair telephone number should be prohibited;

(4) United/Centel should provide operator reference database (ORDB) updates on a monthly basis at no charge to enable ALEC operators to respond in emergency situations; and

(5) United/Centel should work with the ALECs to ensure that the appropriate ALEC data, such as calling areas, service installation, repair, and customer service, is included in the informational pages of GTEFL's directory.

For GTEFL and MFS-FL, both want to continue to negotiate this issue as outlined in their partial co-carrier agreement. If an agreement is reached on these operational issues, it should be filed with the Commission. If no agreement is reached, then staff recommends that GTEFL adhere to the same operational arrangements that are ordered for United/Centel in this issue.

Issue 14 recommends that the Commission require, to the extent that United/Centel has control over NXX codes in its territory, NXX assignments to the respective ALECs should be on the same basis that such assignments are made to United/Centel and other code holders today. MFS-FL and GTEFL have stipulated to this issue.

Issue 15 was orally argued and ruled upon at the beginning of the March 11, 1996 hearing. The Commission ruled as follows:

> Any intervenor ALEC who fully participates in this proceeding is bound by the resolution of the issues. Such ALEC is still free to negotiate its own interconnection rate. To the extent negotiations fail, the affected ALEC may petition the Commission to set interconnection rates.

Issue 16 requires that the docket remain open. Staff has recommended the United/Centel file additional information in various issues discussed above. In addition, this docket should remain open to address any other requests for interconnection.

CASE BACKGROUND

Section 364.16(3), Florida Statutes, requires each local exchange telecommunications company to provide interconnection with its facilities to any other provider of local exchange telecommunications services requesting such interconnection. Section 364.162, Florida Statutes, provides alternative local exchange companies 60 days to negotiate with a local exchange telecommunications company mutually acceptable prices, terms, and conditions for interconnection. If a negotiated price is not established, either party may petition the Commission to establish non-discriminatory rates, terms, and conditions of interconnection.

On October 20, 1995 Continental Cablevision, Inc. (Continental) filed a petition to establish mutual compensation rates for the exchange of telephone traffic between Continental, United Telephone Company of Florida (United), Central Telephone Company of Florida (Centel), and GTE Florida Incorporated (GTEFL) in Docket No. 950985-TP (interconnection). On October 31, 1995 Continental filed a motion for stay of proceeding until December 15, 1995 to review the TCG and BellSouth agreement.

On December 18, 1995 Continental filed a notice of dismissal without prejudice of GTEFL from its petition and from the March 11-12, 1996 hearings. Continental concluded that its current plans for providing service in the territory of GTEFL are not near enough in time to justify the continuation of the proceeding with regard to GTEFL.

On December 22, 1995, Time Warner AxS of Florida, L.P. (Time Warner) and Digital Media Partners (DMP), filed petitions requesting the Commission establish nondiscriminatory rates, terms, and conditions for local interconnection with United.

On January 23, 1996 Metropolitan Fiber Systems of Florida, Inc. (MFS-FL), filed a petition requesting the Commission establish nondiscriminatory rates, terms, and conditions for local interconnection with United/Centel and GTE Florida Incorporated.

All of these petitions were addressed at a Commission hearing on March 11-13, 1996. Witnesses of Continental, Time Warner, MFS-FL, MCImetro, AT&T, GTEFL, and United/Centel presented testimony at the hearing. Intervenors who participated in the hearing, but who did not present testimony, included: FCTA, Intermedia, and McCaw Communications of Florida, Inc. Staff notes that the term "respective ALECs" means the petitioners, Continental, Time Warner, and MFS-FL.

ISSUE 1: What are the appropriate rate structures, interconnection rates, or other compensation arrangements for the exchange of local and toll traffic between the respective ALECS and United/Centel and GTEFL?

GTEFL PRIMARY RECOMMENDATION: For the termination of local traffic, GTEFL and MFS-FL should compensate each other by mutual traffic exchange. If at some point they agree that traffic is imbalanced to the point they are not receiving benefits comparable to those provided through mutual traffic exchange, then the GTEFL and MFS-FL should compensate each other on a per minute of use basis for terminating local traffic on each other's network. The per minute rate for interconnection should be $.0025. While staff understands that GTEFL's costs are a combination of estimated TSLRIC and LRIC costs, staff believes that this rate level would be sufficient to cover the greater of TSLRIC or LRIC in addition to possibly providing some contribution to common costs. If the GTEFL and MFS-FL cannot agree to a level of imbalanced traffic to trigger a per MOU rate, then resolution of this issue should be made by the Commission. If resolution by the Commission is required, GTEFL and MFS-FL should present the following information to the Commission for evaluation:

- GTEFL and MFS-FL should both provide monthly MOU data for terminating local traffic which will reflect the trends in the flow of traffic;

- GTEFL and MFS-FL should both provide the financial impact to their respective firms due to the traffic imbalance since the implementation of mutual traffic exchange;

- GTEFL and MFS-FL should both provide the estimated costs which would be incurred due to the additional processing and software required to measure usage.

For originating and terminating intrastate toll traffic, staff recommends that the Commission require the GTEFL and MFS-FL to pay each other GTEFL's tariffed intrastate switched network access service rates on a per minute of use basis. This means that when a MFS-FL customer places a toll call to a GTEFL customer and MFS-FL serves as the toll carrier, GTEFL should charge the ALEC terminating network access service rates and vice versa. If MFS-FL is serving as a GTEFL customer's presubscribed long distance carrier, then GTEFL can charge the MFS-FL originating access charges and vice versa.

When it cannot be determined whether a call is local or toll, the local exchange provider should be assessed originating switched access charges for that call unless the local exchange provider originating the call can provide evidence that the call is actually a local call. GTEFL and MFS-FL are encouraged to negotiate alternative terms for compensating each other for exchanging toll traffic. If an agreement for such terms is negotiated, the agreement should be filed with the Commission before it becomes effective. **[SIRIANNI]**

UNITED/CENTEL PRIMARY RECOMMENDATION: For the termination of local traffic, United/Centel and the respective ALECs should compensate each other by mutual traffic exchange. If at some point United/Centel and the respective ALECs mutually agree that traffic is imbalanced to the point they are not receiving benefits comparable to those provided through mutual traffic exchange, then United/Centel and the respective ALECs should compensate each other on a per minute of use basis for terminating local traffic on each other's network. However, based on the information provided in the record, staff does not believe an interconnection rate for the termination of local traffic by United/Centel can be accurately determined at this time. Staff recommends that United/Centel provide the appropriate cost support for the Commission's review 60 days from the issuance of the order in this proceeding. The information should include the specific switching and transport investments, along with all inputs and how they were derived in determining the interconnection cost for end office, local tandem and access tandem. The Company should also provide a detailed explanation of what the data represents (i.e., LRIC or TSLRICIC), and a description of the methodology utilized in determining the provided costs.

If United/Centel and the respective ALECs cannot agree to a level of imbalanced traffic to trigger a per MOU rate, then resolution of this issue should be made by the Commission. If resolution by the Commission is required, United/Centel and the respective ALECs should present the following information to the Commission for evaluation:

- United/Centel and the respective ALECs should both provide monthly MOU data for terminating local traffic which will reflect the trends in the flow of traffic;
- United/Centel and the respective ALECs should both provide the financial impact to their respective firms due to the traffic imbalance since the implementation of mutual traffic exchange;
- United/Centel and the respective ALECs should both provide the estimated costs which would be incurred due to the additional processing and software required to measure usage.

For originating and terminating intrastate toll traffic, staff recommends that the Commission require United/Centel and the respective ALECs to pay each other United/Centel's tariffed intrastate switched network access service rates on a per minute of use basis. This means that when an ALEC customer places a toll call to a United/Centel customer and the ALEC serves as the toll carrier, United/Centel should charge the ALEC terminating network access service rates and vice versa. If the ALEC is serving as a United/Centel customer's presubscribed long distance carrier, then United/Centel can charge the ALEC originating access charges and vice versa.

When it cannot be determined whether a call is local or toll, the local exchange provider should be assessed originating switched access charges for that call unless the local exchange provider originating the call can provide evidence that the call is actually a local call. United/Centel and the respective ALECs are encouraged to negotiate alternative terms for compensating each other for exchanging toll traffic. If an agreement for such terms is negotiated, the agreement should be filed with the Commission before it becomes effective. **[SIRIANNI]**

GTEFL AND UNITED/CENTEL ALTERNATIVE RECOMMENDATION: For the termination of local traffic, GTEFL and ALECs should compensate each other on a per minute of use based rate. This interconnection rate should be equal to $.0025. Staff at this time cannot recommend a permanent rate for interconnection between United/Centel and the ALECs. Therefore, staff recommends an interim rate of $.006 per minute be applied until United/Centel files appropriate cost study information to establish a permanent rate. This cost information should be filed 60 days from the issuance of the order for this proceeding as discussed in the alternative staff analysis.

In order to ensure the LECs and ALECs measuring systems are in place to bill a per minute of use rate, the Commission should allow a LEC or an ALEC to request a waiver of this requirement until their measuring and billing systems are in place. In no case should the waiver exceed 18 months from the issuance of a final order for this proceeding. During the requested waiver period, the LECs and ALECs should terminate local traffic on a mutual exchange basis.

Termination of toll traffic should be handled as discussed in the primary recommendation for this issue. **[D'HAESELEER]**

POSITION OF PARTIES

CONTINENTAL: "Bill and Keep" should apply to: (1) local traffic delivered to an end office or a tandem; and (2) intra-LATA toll traffic delivered to an end office. Switched access rates should apply to inter-LATA toll traffic delivered to an end office or tandem and to intra-LATA toll traffic delivered to the tandem.

MFS-FL: The appropriate compensation arrangement for local traffic termination between MFS and GTE and between MFS and Sprint is the bill and keep method of traffic exchange. Once reliable LRIC studies are available, bill and keep should transition to LRIC-based rates if justified by the costs associated with such rates.

TIME WARNER: The appropriate local interconnection arrangement is bill and keep. In addition, there should be no toll default mechanism. The provisions of Chapter 364.16, F.S. prohibit the termination of toll over a local interconnection arrangement and provide a course of action for alleged violations.

GTEFL: The Commission should adopt an originating responsibility plan (ORP) for interconnection. Under this plan, the carrier serving the customer originating the call compensates any carriers involved in transporting or terminating that call. Under this arrangement, the charge for local switching ($0.0089 per minute) clearly covers the cost of interconnection as mandated by Section 364.162(4).

UNITED/CENTEL: There are two appropriate compensation arrangements for local interconnection: a flat rate port charge and a per minute of use charge. Both should maintain the existing relationship to access charges. Mutual traffic exchange is inconsistent with the statute and not supported by the record.

AT&T: The best compensation arrangement for the exchange of local traffic is "bill and keep." The exchange of toll traffic should be billed at current switched access rates and should be provided by Sprint and GTEFL to all toll providers at the same rates, and on the same terms and conditions.

FCTA: At this entry stage in the development of local competition, the appropriate local interconnection arrangement is a bill and keep arrangement.

INTERMEDIA: No position.

MCCAW: Interconnection rates, structure and arrangements should not impair development of competition. A bill and keep approach appears to be the most appropriate interim approach, and it may be a long term viable solution. If a minute of use charge is to be established, it should be set at cost without any further mark up or contribution.

MCIMETRO: The appropriate arrangement for exchange of local traffic is mutual traffic exchange in which the parties have co-carrier status and compensate each other "in kind" by terminating traffic from the other party without cash compensation. The appropriate basis for exchange of toll traffic is the payment of terminating switched access charges.

PRIMARY STAFF ANALYSIS: The parties were divided into two groups on this issue: GTEFL and United/Centel advocated an access charge-based compensation payment arrangement, while Continental, Time Warner, MFS-FL, AT&T, MCImetro, FCTA, and McCaw favored "bill and keep," or mutual traffic exchange. While there are many parties involved in this proceeding, only MFS-FL, Continental and Time Warner have actually filed petitions in this proceeding. MFS-FL has filed a petition for interconnection with United/Centel and GTEFL, Continental filed an interconnection petition with United/Centel, and Time Warner filed an interconnection petition with United.

GTEFL's Proposal - Switched Access Charges

GTEFL advocates an originating responsibility plan (ORP). Under the proposed ORP, the carrier serving the customer originating the call assures the call is completed, and any carriers involved in either transporting or terminating the call are compensated for use of GTEFL's network. GTEFL contends that the use of its existing switched access rates less the carrier common line and residual interconnection charges would be most consistent with the goal of establishing an efficient pricing structure for the competitive environment for local traffic.

United/Centel's Proposal

United/Centel advocates two methods for setting an interconnection charge: a flat rated port charge or a per minute of use charge. Under either method, United/Centel contends that the use of its existing switched access rates less the carrier common line and residual interconnection charges would be the appropriate rate for terminating local traffic.

MFS-FL, Continental and Time Warner's Proposal

Continental, Time Warner, MFS-FL, AT&T, MCIMetro, FCTA, and McCaw propose mutual traffic exchange, or "bill and keep," as an appropriate compensation mechanism, at least for an interim period. (Devine TR 495, Cornell TR 831, Guedel TR 746, Schleiden TR 118, Wood TR 353) Bill and keep was a term originally used in LEC toll settlements after divestiture. LECs would "bill" their originating callers and "keep" the revenues from toll calls while paying the terminating LEC terminating access charges. In the local interconnection context, "mutual traffic exchange" is the more theoretically correct terminology since no billing occurs.

Analysis of GTEFL's Proposal

GTEFL advocates an originating responsibility plan (ORP). Under the proposed ORP, the carrier serving the customer originating the call assures the call is completed, and any carriers involved in either transporting or terminating the call are compensated for use of their network. The originating carrier would also be responsible for collecting the revenues from the originating customer. In this scenario, each company should develop its own interconnection prices and be required to determine the net compensation due. The net compensation would depend on the traffic flows between the companies and their interconnection prices. (TR 987)

GTEFL witness Beauvais states that while each carrier should independently develop its own prices for the use of its facilities based on its cost and demand conditions, he believes that payments should be mutual. That is, an incumbent LEC should efficiently compensate a new entrant for use of that company's facilities just as the new entrant should pay the LEC for services it obtains from the incumbent provider. (TR 995)

GTEFL proposes that the use of its existing switched access rates, excluding the carrier common line (CCL) and residual interconnection charges (RIC), is most consistent with the goal of establishing an efficient pricing structure for the competitive environment for local traffic. (TR 994) Witness Beauvais agrees that the resulting price of approximately $.0111 for terminating local traffic is in excess of the long run incremental costs (LRIC) and the total service long run incremental cost (TSLRIC), and generates a contribution to the specific shared costs attributable to switching, but not necessarily directly attributable to switched access. (TR 1044)

While witness Beauvais believes that shared and common costs should be recovered in local interconnection charges, he states these costs should certainly not be recovered in the proportion that was done as a matter of public policy in the initial establishment of access charges. (TR 986) However, witness Beauvais believes that if the price were set equal to incremental cost, the company would not generate sufficient revenues to break even. Therefore, he argues that there is little to suggest that only IXCs and end users should be subjected to recovery of such common costs so that ALECs can receive the benefits of pricing at TSLRIC. All parties using the network should make some contribution to those costs. (TR 1021)

Staff would note that there was much discussion in this proceeding regarding LRIC and TSLRIC and exactly what constitutes the difference. MCImetro witness Cornell and GTEFL witness Beauvais agree that a TSLRIC study considers the change in the total cost to the firm for a change in output, where output would be the entire service. (EXH 24, pp. 10-11, EXH 26, p. 17) In other words, a TSLRIC study would consider the world optimized to produce everything **but** that which you are studying. Witness Beauvais and witness Cornell also agree that a LRIC study represents the cost difference between the cost to the company with and without offering the service. (GTEFL EXH 30, p.9; MCImetro EXH 24, pp. 11-12) In other words, LRIC is based on producing an additional increment of the service, as opposed to the entire service.

Witness Cornell asserts that the fundamental principle behind TSLRIC is that all the costs, both volume-sensitive and volume-insensitive, that are caused by the decision to offer this service are considered. (Cornell TR 925) While the volume sensitive costs vary with the amount of the service offerd but nothing more, the volume-insensitive costs are fixed with respect to changes in the output, but are directly associated with offering the service. (GTEFL EXH 30, p. 9; Cornell TR 925-926) However, costs that do not vary by offering the service are not included, such as the president's desk. (Cornell TR 926; GTEFL EXH 30, p. 10)

MCImetro witness Cornell asserts that because the terms "return on capital" and "profit" are used somewhat synonymously in the telecommunications industry, the company would be generating a normal profit, which is the cost of capital. While the company may not have made money on the service, they are not made worse by offering the service. (TR 926) Witness Cornell and witness Beauvais also agree that joint or shared and common costs would not be included in TSLRIC because they do not vary with the volume of the service. These joint or shared and common costs are caused by a multiplicity of offerings. Because these costs are not caused by any one service, the decision to offer this service does not change the quantity of the costs; therefore, these costs should not be allocated to the individual services which they support. (Cornell TR 927; GTEFL EXH 30, pp. 9-10)

MCImetro and Time Warner believe that if a "payment in cash" mechanism is adopted, rates for interconnection should be set at a level equal to the incumbent LEC's TSLRIC of providing the service. (Cornell TR 846, Wood TR 388) If rates for interconnection are set higher than TSLRIC, witness Cornell asserts an artificial barrier to entry will be created. (TR 895) Witness Wood contends that if interconnection rates are set at TSLRIC, one can be assured of two things. First, there will be no additional costs that are caused by the LEC's decision or requirement to offer local interconnection that aren't being recovered. Second, there is no need to add additional contribution for additional costs into any rate. (TR 391) MCImetro witness Cornell and Time Warner witness Wood both agree that at a rate equal to TSLRIC the LECs would be fully compensated, including a fair return on capital, for all costs incurred as a result of offering local interconnection. (Wood TR 388, Cornell TR 896)

MFS-FL witness Devine believes that if any rate above TSLRIC is set, the LEC in effect would be subsidized by its new entrant competitors. He believes this would result in current inefficiencies in the LEC's network becoming incorporated into its price floor despite the introduction of competition. (TR 614)

According to Time Warner's witness Wood, advantages to mutual traffic exchange include simplified administration and elimination of the need for the development of an imputation test for interconnection rates. (TR 359) Witness Wood argues that if a bill and keep arrangement is rejected and interconnection is provided at an above-cost rate, a price squeeze would be created and the LECs should be required to pass an imputation test. As described by witness Cornell, a price squeeze exists when a supplier sets the price or prices of the bottleneck monopoly inputs at a level such that its end user price does not recover both the price(s) for the monopoly input(s) and the rest of the costs of producing the end user service(s). (TR 843) Witness Wood contends that an imputation test would ensure that the LEC cannot use its bottleneck facilities to impose rates on its competitors that are not also imposed on itself, thereby preventing a price squeeze. (TR 358)

Time Warner contends that the least cost method of avoiding a price squeeze is a "payment in kind" mechanism. (Wood TR 388) Although no monies are traded under this type of arrangement, the mutual traffic exchange requiring the LEC to terminate their rivals' local exchange traffic is not "for free." As witness Cornell states, "Mutual traffic exchange simply involves each carrier "paying" for the other to terminate local calls originated by its subscribers by mutually terminating local calls originated by the customers of the other carrier. That is why I referred to it as payment in kind rather than in cash." (TR 840)

Staff agrees that GTEFL's switched access charges, excluding the CCL and RIC, are not the appropriate rate for purposes of interconnection. Based on GTEFL's cost study, GTEFL's witness Menard agreed that the Company's cost for terminating a local call was less than two-tenths of a cent per minute of use. This cost includes the LRIC for tandem switching and transport and an estimate of the TSLRIC for the end office switching. (TR 1088; EXH 33) Although witness Menard testified that no contribution to shared or joint and common costs is included in GTEFL's cost study, she agreed that a return on capital for the investment is included in performing the Company's cost study. (TR 1100)

The underlying cost support provided by GTEFL included technology specific investments to aid in the development of its usage costs. After the investments were weighted by the percent technology mix in the state, state and account specific factors were applied to the equipment investment to account for its labor costs. Account specific annual cost factors (ACFs) for such items as return on investment, depreciation, maintenance/repair, customer operations and taxes were then applied to the total investment to determine the operating expenses and generate annual costs. (EXH 26, p. 64)

Staff has reviewed GTEFL's underlying cost support for the termination of local traffic and believes it to be appropriate. MCImetro witness Cornell also agreed that the costs provided by GTEFL appear to be consistent with costs reviewed in other jurisdictions. (TR 957) Further, one of the few TSLRIC cost figures that is publicly available is three-tenths of a cent for end office interconnection. This figure was provided to the Maryland Commission and was clearly stated to include contribution. (Cornell TR 957) Staff would also note that GTEFL's costs appear to be consistent with those provided by BellSouth in an earlier proceeding. (Order No. PSC-96-0445-FOF-TP, issued March 29, 1996)

Based on staff's analysis, if a MOU rate is required, staff would recommend that a per minute of use rate of $.0025 be adopted for purposes of terminating a local call. Staff believes that this rate is appropriate since it covers GTEFL's estimated TSLRIC cost for end office switching, and the LRIC for the tandem switching and transport components. While staff understands that GTEFL's costs are a combination of estimated TSLRIC and LRIC costs, staff believes that this rate level would be sufficient to cover the greater of TSLRIC or LRIC in addition to possibly providing some contribution to common costs.

<u>Analysis of United/Centel's Proposal</u>

United/Centel advocates two methods of compensation for interconnection: a flat-rated port charge arrangement or a per minute of use charge. United/Centel witness Poag asserts that while either arrangement would be appropriate, it should be reciprocal between the ALECs and United/Centel and should cover cost. (TR 1182) United/Centel proposes that its existing network access charges, exclusive of the CCL and RIC, serve as the basis for a local interconnection rate. Witness Poag agrees that the CCL and RIC should be excluded from the interconnection rate since they are primarily contribution rate elements that were established in the interexchange access environment and are inappropriate in a competitive environment. (TR 1183) While each alternative has advantages and disadvantages, witness Poag contends that either arrangement can be developed to fairly compensate the ALECs and not impair the development of competition. (TR 1183)

With a port charge arrangement, the ALEC could purchase the capacity of a DS1 for terminating traffic at United/Centel's access tandem, local tandem or at an end office. Similarly, United/Centel would purchase the capacity of a DS1 from the ALEC. (TR 1184) While actual usage would not be measured, United/Centel proposes the port charge be based on its current switched access charges, excluding the CCL and RIC. The port charge would be based on the number of minutes that could be terminated over the port in a month (estimated at 216,000 minutes), assuming a P.01 grade of service. (Poag TR 1225) Witness Poag also contends that because the access tandem requires more switching and transport facilities, a higher rate for interconnection at a tandem versus an end office is required. (TR 1185)

United/Centel contends the advantages to the port charge are that it is administratively simple and it provides an efficiency incentive in that the interconnectors can maximize the utilization of the facility by encouraging off-peak usage. (TR 1186) Time Warner agrees that the port charge has advantages if it is priced close to or at cost. (Engleman TR 205) However, as pointed out by both United/Centel and Time Warner, the port charge also includes some potential disadvantages. Because a port must be purchased in a fixed capacity, an ALEC may not have sufficient traffic to justify purchasing a full port on the first day of its operations. Additionally, if a second port is required to deter blockage of the first port, full utilization of the second port may not take place until some time later, but the interconnector must pay the full rate on the first day. (Poag TR 1186-1187; Wood TR 375-376) Witness Wood further states that such a rate structure creates a barrier to entry for the ALECs and is inconsistent with the goal of developing consumer benefits by creating a competitive marketplace. (TR 376)

Time Warner's witness Engleman argues that there are also several additional problems with the proposed port arrangement:

1) Proposed switched access charge rate levels to be used for the port charge are loaded with contribution; (TR 206)

2) Assumptions about the amount of traffic that can be sent over the port are too high; (TR 206)

3) United/Centel's proposal reflects its network architecture inefficiencies by charging for use of its tandem; (TR 206)

4) The need to fill the ports with traffic penalizes a company that will be serving both business and residential customers and will tend to have its customers spread over a wide area; (TR 206)

5) The flat rated port charge is only for United/Centel's local calls and does not include EAS calls to points outside of United/Centel's local calling area; (TR 208)

6) Purchase of usage in large blocks of capacity reduces the ALEC's retail pricing flexibility. (TR 209)

While Continental and Time Warner agree that a flat-rated port charge may alleviate some of the problems associated with a usage based compensation arrangement, they agree that the level of the proposed charge by United/Centel is highly excessive. They also assert that if the port charge compensation arrangement were set at a vastly lower level it may be entirely acceptable. (Schleiden TR 138; McGrath TR 277)

The second method of compensation that United/Centel advocates is a minute of use charge. Similar to access charge billing, measurement and billing based on actual usage is required. The recording of the usage requires special software which United/Centel contends has not been deployed in its switches. Witness Poag asserts that the company plans to install the software in its access tandem switches in the first and second quarter of 1996; however, because of the high cost it has no plans to deploy the software in any other switches. (TR 1196) An advantage to the minute of use approach is that there is no minimum purchase of capacity required and billing tracks the actual usage. However, the major disadvantage to the minute of use approach is the cost of recording and billing for usage. (Poag TR 1196)

As with the port charge, United/Centel proposes that the minute of use charge be based on its current switched access charges, excluding the CCL and RIC. Witness Poag believes this to be the appropriate rate for several reasons. First, because the local interconnection facilities will not have the capability to distinguish between local and toll traffic for billing purposes, maintaining a relationship between the interconnection rates for local and toll will help to mitigate arbitrage between terminating local and toll traffic. Second, from an administrative perspective there is already familiarity with the access charge rate elements and the underlying basis for the rate elements. Third, the rate elements are related to the underlying cost elements. Last, such an arrangement has been accepted by the industry and the Commission in the Stipulation and Agreement between BellSouth and a number of ALECs. (TR 1226)

Contrary to witness Poag's assertion that traffic cannot be distinguished between local and toll, witness Englemen asserts in his testimony that traffic will be measured on an originating basis to determine the local/toll distinction. (TR 236) Staff notes that witness Poag's characterization of maintaining a relationship between local and toll rates to mitigate arbitrage is faulty since the rates proposed by the LECs differ from the current switched access charges for toll (proposed local rates exclude CCL and RIC). Therefore, the ability to distinguish between a local or toll call terminating on its network would still be required regardless of the type of compensation plan implemented (mutual exchange or MOU). Witness Schleiden also argues that the Commission's acceptance of a stipulation between certain parties does not require the Commission to establish the same solution regarding other parties. (TR 131) Staff would also point out that just because we currently have something in place, such as switched access charges, and it is familiar to the parties, does not suggest that it is appropriate in this instance. Staff believes that since the Commission's goal in this instance is to foster competition, the use of switched access charges, which provide a great deal of contribution to the LEC, may conflict with that goal.

Witness Poag also argues that rates for interconnection should not be set at TSLRIC. He believes that incremental costing methods should not be utilized for price setting, but rather to determine a price floor which is used to test for cross-subsidization. (TR 1226) Witness Poag also asserts that some contribution to joint or shared and common cost is appropriate if the firm is to maintain financial viability. (TR 1188, 1228)

As discussed earlier, all parties participating in this proceeding, with the exception of the LECs, argue that switched access charges are not appropriate for purposes of setting an interconnection rate. The non-LEC participating parties believe that if a payment in cash is the desirable compensation method for interconnection, then the rate should be set at a level equal to the incumbent LEC's TSLRIC of providing it. Since the arguments supporting this position were presented earlier in relation to GTEFL's proposal they will not be repeated here. However, in regard to the cost study provided by United/Centel, staff will provide a separate analysis from that provided above for GTEFL.

Staff agrees that United/Centel's switched access charges, excluding the CCL and RIC, do not yield the appropriate rate for purposes of interconnection. Although United/Centel has requested confidential classification for its costs, United/Centel witness Poag agreed that the cost for termination of a local call at the access tandem is between \$.005 and \$.0075 a minute. (TR 1347) While witness Poag testified that no contribution to shared or joint and common costs is included in United/Centel's cost study, he agreed that a return on capital for the investment **is** included in performing the Company's cost study. (TR 1428)

United/Centel originally provided cost information to staff on March 6, 1996. (EXH 43) Witness Poag asserted that this information was based on LRIC and matched the cost data for local transport provided in Docket No. 921074-TL. (TR 1425) Revised cost information was provided to staff on March 11, 1996, the first day of the hearing. (EXH 44) Witness Poag asserted that the revised data included changes in the annual charge factors, removal of excessive investments in some SS7 trunks, and changes from LRIC to TSLRIC. (TR 1424) However, when asked if the revised figures represented TSLRIC or LRIC, witness Poag stated that he could not be sure, but he believed they were TSLRIC. (TR 1346) While he stated that he did not believe there to be a significant difference in the costs between LRIC and TSLRIC, in earlier testimony he asserted that TSLRIC would provide a higher cost than LRIC. (TR 1346; EXH 38, p. 53)

United/Centel asserts it used the switching cost information system model (SCIS), licensed by BellCore, in performing its cost study. (TR 1352) Staff has reviewed this model in previous dockets and believes it to be appropriate; however, the inputs into the model are company specific and, although requested by staff, were not provided. (TR 1410) Witness Poag stated that the SCIS model does not do TSLRIC for switching, but it could perform TSLRIC for other things. (EXH 38, p. 54) However, as mentioned above, he believes that the revised cost information represents TSLRIC. When asked what exactly United/Centel did to change its cost from LRIC to TSLRIC, witness Poag asserted that after consulting BellCore, it basically performed a "different run" with the SCIS model and developed what it believed to be comparable to TSLRIC. (TR 1427) United/Centel's indecision regarding exactly what this data represents leaves staff with uncertainty as to the reliability of the results.

While United/Centel's witness Poag testified at hearing that forward looking technology was used in performing its cost study, no account specific technology investments or supporting backup regarding the inputs for this information was provided. (TR 1351-1353) Staff does not believe that the cost support provided by United/Centel contains sufficient information regarding the technology specific investments or specific annual cost factors to determine the operating expenses and generate annual costs. In addition, staff does not believe that the cost for termination of a local call provided by United/Centel is consistent with either GTEFL's cost, which witness Menard stated was less than $.002 per minute, or the costs provided by BellSouth in an earlier proceeding. (Order No. PSC-96-0445-FOF-TP, issued March 29, 1996)

MCImetro witness Cornell and Time Warner witness Wood also agree that the costs provided by United/Centel were vastly higher than one would expect. (Wood TR 446; Cornell TR 956) Witness Cornell went further to state that this would indicate that either the company is very inefficient, or they have done a very bad cost study. (TR 956) Further, one of the only TSLRIC cost figures that is publicly available is three-tenths of a cent for end office interconnection. This figure was provided to the Maryland

Commission and was clearly stated to include contribution. (Cornell TR 957)

Based on the many uncertainties in the cost information provided by United/Centel, staff is unable to determine if the underlying costs provided by United/Centel are reasonable. It appears that United/Centel's costs are overstated. Based on the cost information provided in this proceeding, staff does not believe that United/Centel's costs can be accurately determined and an interconnection rate based on this cost data should not be set at this time. However, staff believes that United/Centel should provide the appropriate cost support for the Commission's review 60 days from the issuance of the order in this proceeding. The information should include the specific switching and transport investments, along with all inputs and how they were derived in determining the interconnection cost for end office, local tandem and access tandem. The Company should also provide a detailed explanation of what the data represents, such as LRIC or TSLRICIC, and a description of the methodology utilized in determining the provided costs.

<u>Analysis of Mutual Traffic Exchange</u>

Most of the parties involved in this proceeding, with the exception of GTEFL and United/Centel, propose that the best compensation arrangement is mutual traffic exchange. In support of this proposal, Time Warner, Continental and MCImetro argue that mutual traffic exchange has the following advantages:

1) Mutual traffic exchange is reciprocal, thus acknowledging that all participants are co-carriers. The ALEC can charge the same exact price as the incumbent LEC charges for terminating access. (Cornell TR 830; Schleiden TR 119; Wood TR 354)

2) Mutual traffic exchange is the least-cost means of compensation for terminating traffic, and therefore is the method most likely to encourage lower local exchange rates for consumers. (Cornell TR 832; Schleiden TR 119; Wood TR 355)

3) Mutual traffic exchange provides the least ability for the LECs to use the compensation mechanism to impose unnecessary and anticompetitive costs on the entrants, making it the method least likely to result in unnecessary barriers to entry. (Cornell TR 832; Schleiden TR 119; Wood TR 355)

4) Mutual traffic exchange is neutral in terms of both the technology and architecture that the ALEC might choose to adopt because the amount paid to each participant does

not depend upon the choices of technology or architecture. (Cornell TR 836; Schleiden TR 120; Wood TR 355)

5) Mutual traffic exchange creates incentives for the LECs to cooperate with the development and deployment of permanent number portability. Since the LECs benefit from temporary number portability, they have an incentive to resist development and deployment of permanent number portability. (Cornell TR 837)

Continental's witness Schleiden also states that any type of compensation put in place would drive behavior. Although he agrees that the type of behavior that may develop is difficult to foresee he provides an example. To avoid paying under a compensation arrangement based on measured terminating traffic, an ALEC could direct its marketing efforts toward inbound calling customers. (TR 120) This would skew the compensation being paid to the ALEC. Depending on the incumbent LEC's practices, it could also be skewed in the other direction. Witness Schleiden believes that the only way to avoid such a problem and reduce contention between service providers is to implement a bill and keep arrangement. (TR 121)

GTEFL's witness Beauvais states that bill and keep is appropriate under certain circumstances. (TR 987) For instance, if no intermediate carrier is involved in the transport of a call and the quantity of terminating minutes on one carrier is equal to the quantity of terminating minutes sent to the other carrier, and the price charged for traffic termination by the carriers are equal, then an ORP and bill and keep would result in the same net payment between carriers--$0.00. However, GTEFL believes that these circumstances will not be prevalent in Florida, and therefore the Commission should not establish the bill and keep approach for all other scenarios. (TR 987-988)

GTEFL claims that existence of a transiting carrier between the originating and terminating carriers supports rejection of a bill and keep arrangement. For example, a GTEFL customer makes a local call to a customer of MCImetro, and to complete that call it transits an MFS-FL facility. Under the proposed ORP plan, MFS-FL would bill GTEFL for its transport price and MCI would bill for its terminating price. Under the assumption of equal traffic and equal prices in both directions in a bill and keep approach, no one gets billed. Although MFS-FL has carried the call in this example, it is not paid under the bill and keep arrangement because it terminated no calls. Although GTEFL agrees that the incremental cost of transport is quite low, it does not believe that the price should be zero. (TR 988)

While GTEFL agrees that bill and keep is financially appropriate under the circumstances discussed above, it believes that preference should be given to an ORP plan, with bill and keep viewed as a unique, special case of ORP. Witness Beauvais states that it is unlikely that exchanged traffic among carriers will be in balance; therefore, establishing a zero price for interconnection is in the financial interest of the newly interconnected companies. He believes that this approach does nothing to facilitate the transition to an economically efficient overall product line and rate structure. (TR 983)

GTEFL believes another disadvantage of the bill and keep approach is that it lacks certain incentives for economic infrastructure development. If an entrant can use existing network facilities at a zero nominal price, then there is little incentive for the ALEC to deploy alternative facilities, even if those facilities would be more efficient in terminating traffic. (TR 1010)

There is also some question as to whether or not the traffic between the LECs and an ALEC will be in balance. United/Centel witness Poag testified that a five week study of traffic between four other independent LECs and United/Centel shows the traffic to be out of balance by an average of 12.6%. The range of the out of balance traffic was between 1.5% for ALLTEL and 80.1% for Vista-United. Witness Poag asserts that because Vista-United serves predominantly business customers, this suggests that in the competitive marketplace, ALECs serving niche markets or predominantly business customers may have traffic patterns that are not in balance. (TR 1224) United/Centel states in its brief that just because this traffic involves extended area service (EAS) traffic and did not cover an entire year, it does not diminish the value of the evidence. (BR p. 15)

Staff does not believe that traffic studies involving EAS routes that are either within a LEC's local calling area or that may include provision of service by two different LECs are representative of the local interconnection situation we are dealing with in this proceeding. As stated by witness Wood, there are good reasons to expect EAS traffic not to be representative of competing local exchange traffic. The reason that EAS areas get created in the first place is because groups of customers want to call another location. Usually, customers located in an outlying area want to call a larger metropolitan area, but there are not nearly as many people in the metropolitan area wishing to call the outlying area. (TR 410)

Although MCImetro witness Cornell, Time Warner witness Wood, and AT&T witness Guedel testified that traffic would be balanced, no empirical evidence or studies were provided to support their assumptions. (Cornell TR 837; Wood TR 408-409; Guedel TR 779) MFS-FL's witness Devine presented the only practical experience with local interconnection. He stated that in New York, MFS was terminating more traffic than it originated. (TR 499) Although GTEFL witness Beauvais believes that it is unlikely that traffic exchanged between carriers will be in balance, no evidence has been provided that traffic will be out of balance or in balance. Witness Beauvais states, "I think it's an empirical question, and the only way we can know is watch over time and see what happens." (TR 1045)

Based on the record in this proceeding, staff believes that the existing evidence on traffic balance is inconclusive. Although practical experience with local interconnection in New York was provided by MFS, there has not been any practical experience regarding local interconnection in Florida. Staff believes that since there is no empirical evidence available as to the traffic balance in Florida, it is highly speculative to predict whether traffic will be imbalanced to the LEC or the ALECs detriment. Staff believes that a supposition that the LECs or the ALECs will terminate significantly more traffic than they originate through local interconnection is unfounded at this time.

GTEFL also pointed out that mutual traffic exchange would not eliminate the need for billing and administrative systems. Witness Beauvais argues that given the mixed nature of the traffic on a trunk group (both toll and local minutes on a single trunk group), traffic measurement will be required under the local bill and keep approach in order to determine a percent local usage factor. (TR 1009-1010) However, MFS-FL witness Devine argues that bill and keep should be adopted in order to save on the costs of measurement and billing. (TR 496) While Witness Devine offers the basis of high measurement costs as a primary reason for a bill and keep approach, staff does not believe that he has made an attempt to quantify these costs or otherwise support this assumption, which is crucial to his promotion of bill and keep.

GTEFL witness Beauvais believes that witness Devine has ignored the fact that measurement and billing costs are very low. Witness Beauvais states that the incremental costs of billing and collection are between $.0003 and $.0005 per local message. (TR 989) Contrary to witness Beauvais's claim that the cost of measurement and billing are low, witness Cornell argues that a call terminated for an entrant is not the same as a measured local exchange call. For a local termination of a call that originates on another network, the incumbent LEC would be the terminating switch, not the originating switch. As a result, the same measurement equipment or billing systems as used in measured local exchange service would not be used. (TR 865) Additionally, GTEFL does not propose to use a local exchange interconnection, it proposes to use switched access. Witness Cornell contends that her review of cost data from other jurisdictions shows that the measurement and billing costs for a switched access call are much higher than for a measured local service call. (TR 883)

While Time Warner's witness Wood and MFS-FL's witness Devine both agree that the total traffic to be terminated **will** be measured, they state whether it is measured in a way that would distinguish between toll and local is a different question. (Wood TR 440-441; Devine TR 650) The ability to measure traffic is inherent in a digital switch, whether it is Time Warner's switch or United/Centel's switch. The problem is that there is additional processing that is required in recording the usage that is not inherent in the switch. (TR 444)

Based on witness Wood's review of costs associated with the system necessary to conduct the required measurement of traffic, he agrees with witness Poag's characterization of the necessary software as "high cost." (TR 386) Witness Cornell and witness Wood both contend that based on proprietary cost information reviewed in other states, developing such a measurement and billing system could more than double the total service long run incremental cost of the switching function for terminating traffic from the cost without measurement and billing. (Wood TR 374; Cornell TR 834) Witness Wood argues that if a capability which is expensive enough to constitute more than half of the incremental cost of providing interconnection can be avoided, then customers of both incumbents and new entrants would benefit. (TR 387) Witness Cornell stated that mutual traffic exchange is by far the least-cost method of interconnection. (TR 831)

Although toll traffic will be measured and billed, there appears to be consistency between the parties that there is a significant expense to measuring local terminating traffic. Several witnesses in this proceeding stated that considering the additional administrative costs of billing and collection, traffic may need to be out of balance by more than 10% to justify a per minute of use rate be implemented. (Devine TR 713; Schleiden TR 179) Witness Cornell also agreed that at some point where the out of balance traffic is sufficient to cover the transaction costs, then a per minute of use rate should be substituted for mutual traffic exchange. (TR 911) To illustrate this point witness Cornell provided a scenario where 50 million minutes of traffic are generated in one month. Assuming a rate of $.0025 and that traffic is 10% out of balance, it produces $12,500 worth of uncompensated costs for termination. (TR 916-917) The missing factor in this illustration is the cost of measuring and rating local traffic. Once those costs are known, one must determine if the uncompensated costs outweigh the costs of measuring local terminating traffic.

Since specific costs related to the additional processing and software required to measure terminating usage were not provided in this proceeding, staff does not believe there is sufficient evidence available at this time to determine the level of imbalanced traffic that would be required to make such measurement worthwhile. Staff believes that the companies will be the best judges of if and when this threshold is reached, so they should be allowed to agree that the method be changed if traffic becomes imbalanced.

If the parties cannot agree to a threshold level, then resolution of this issue should be made by the Commission. If resolution by the Commission is required, staff believes that the parties should present certain information to the Commission for evaluation. First, the LECs and ALECs should provide monthly MOU data for terminating local traffic which will reflect the trends in the flow of traffic. While staff realizes that the parties could request evaluation by the Commission on this issue at any time, staff believes that a such a request should not be made until after at least nine months of practical experience with local interconnection. Staff believes that data collected over this period of time would provide sufficient trends in the flow of traffic in order for the Commission to make a determination as to whether the traffic is significantly out of balance. Second, the companies should provide the relevant financial impact due to the traffic imbalance since the implementation of mutual traffic exchange. Last, staff believes that the estimated costs which would be incurred by each company due to the additional processing and software required to measure usage should be provided. Staff believes this information is necessary to determine if implementation of a MOU rate outweighs the costs of measuring the local terminating traffic.

The approach described above is similar to the Michigan plan discussed by witness Wood in his testimony. He described that plan as essentially providing a safety net. If the traffic imbalance exceeds five percent, then a reciprocal payment in cash would apply. Until the point that the traffic imbalance exceeds five percent, compensation in kind would apply. (TR 418) GTEFL's witness Beauvais also agreed that this plan seemed like a reasonable alternative. (TR 1024)

United/Centel and GTEFL argue that unlike the LECs' proposal of switched access charges, a mutual traffic exchange plan will not be able to distinguish whether a call terminating on its network is local or toll. (Poag TR 1226; Beauvais TR 995-996) Staff notes that because the rates proposed by the LECs differ from the current switched access charges for toll (proposed local rates exclude CCL and RIC), the ability to distinguish between a local or toll call terminating on its network would still be required regardless of the type of compensation plan implemented (mutual traffic exchange or MOU). Although MFS-FL asserts it prefers a single LATA-wide rate for local and toll traffic, MFS-FL offers the use of a percent local utilization factor to determine the amount of calls that are local versus toll. (TR 526) The PLU factor is similar to the percent interstate usage (PIU) factor used by IXCs. (TR 525) Witness Devine states that auditing can also be utilized to determine the origin of local and toll calls, including ported calls under a system of interim number portability. MFS-FL believes that by applying PLU percentages against the total ported minutes any jurisdictional problems will be alleviated. (TR 609)

While MCImetro agrees that toll traffic should be exchanged using each LEC's switched access charges, witness Cornell testified that MCImetro should be allowed to file an access charge tariff of its own, with the only requirement being that the total charge for originating and terminating toll calls by MCImetro not exceed the total rate that would have been paid based on United/Centel or GTEFL's access charges. (TR 853)

Time Warner witness McGrath asserts that the toll default proposal advocated by United/Centel is not appropriate. (TR 279-280) United/Centel proposes that in the event it cannot determine whether the traffic it delivers to an ALEC is local or toll because of the manner in which the ALEC uses NXX codes, it will charge the ALEC originating switched access charges unless the ALEC can provide United/Centel with sufficient informtion to make a determination as to whether the traffic is local or toll. (Poag TR 119-120) Time Warner argues that the Florida law requires that a company may not knowingly terminate a call for which toll access charges would apply over a local interconnection arrangement; therefore, such a penlty mechanism is not necessary. (BR p. 11) In addition witness McGrath asserts that one way to resolve this issue is to let the statutory complaint process be the mechanism. If United/Centel believes that an ALEC is terminating interexchange company calls over local interconnection arrangements, it should file a complaint with the FPSC. (TR 279-280)

United/Centel and GTEFL argue that mutual traffic exchange does not meet the statutory requirements of Section 364.162(4), Florida Statutes, which states in part:

> In setting the local interconnection charge, the commission shall determine that the charge is sufficient to cover the cost of furnishing interconnection.

Section 364.162(3), Florida Statutes, provides that the rates the Commission sets for interconnection shall not be below cost. These LECs assert that the statute clearly requires the Commission to set a local interconnection rate or charge. In fact, United/Centel seeks the definition of those words from the dictionary to attest to their meaning. United/Centel asserts the definitions do not mention "in-kind exchange" or any other form of bartering. United/Centel says that to argue that Section 364.162, Florida Statutes, implicitly allows "in-kind" compensation would violate the prohibition against reading words into a statute. GTEFL argues that mutual interconnection is made without regard to the costs incurred by the carrier in providing interconnection or the imbalance of traffic terminated by interconnected carriers. GTEFL argues that mutual traffic exchange precludes charging altogether. Moreover, GTEFL asserts that the Commission cannot determine that the local interconnection charge is sufficient to cover the cost of furnishing interconnection because under the evidence submitted, it cannot find that the traffic flow will be equally balanced.

MCImetro contends that contrary to the assertion that compensation for terminating local traffic must be in cash to meet the statutory requirement, mutual traffic exchange provides compensation "in kind" which is sufficient in economic terms to cover the LECs' cost of providing interconnection. (Cornell TR 846) Specifically, witness Cornell states:

> Mutual traffic exchange simply involves each carrier 'paying' for the other to terminate local calls originated by its subscribers by mutually terminating local calls originated by the customers of the other carrier. That is why I referred to it as payment 'in kind' rather than 'in cash.' (TR 840)

As long as traffic is roughly balanced, as MCImetro believes it will be, mutual traffic exchange enables the LECs to recover their cost of interconnection.

Time Warner and MCImetro also contend that mutual traffic exchange would meet the statutory requirements. (Wood TR 432; Cornell TR 846) Contrary to United/Centel's assertion that compensation for terminating local traffic must be in cash for terminating local traffic, Time Warner asserts that mutual traffic exchange provides compensation "in kind", which is sufficient in economic terms to cover United/Centel's cost of providing interconnection. (Wood 371-372) Time Warner further argues that the value received from the ALEC's termination of United/Centel's calls will cover the cost of terminating ALEC traffic. (TR 432) Further, because of the value received from the termination of calls by the ALEC, neither United/Centel nor the ALECs are using anyone's network for "free". (TR 372)

Staff believes the ALECs' arguments are compelling ones. Mutual traffic exchange appears to be the most efficient, least-cost method of interconnection, and should provide the lowest barrier to entry of any method discussed. However, as discussed earlier, if traffic becomes imbalanced to a significant degree, a usage-based rate may be more appropriate. Staff believes that the companies will be the best judges of which method is least-cost over time.

Staff disagrees with LECs' argument that mutual traffic exchange would violate Section 364.162, Florida Statutes. The Commission is obligated to foster competition while ensuring that the charge set for interconnection covers LECs' costs. The intent of Section 364.162, Florida Statutes, is to ensure that interconnection rates are not set below LECs' costs. Witness Cornell and witness Wood's testimony assert that mutual traffic exchange is akin to payment in kind. To construe the statutory language so narrowly to say that mutual traffic exchange would not be an adequate form of compensation would, in staff's opinion, yield an absurd result. In addition, staff finds the LECs' argument incredulous since in their agreements with Intermedia there is a 105% cap on the exchange of traffic with a default to mutual traffic exchange. Assuming arguendo that the LECs are correct that mutual exchange of traffic violates Section 364.162(4), Florida Statutes, then it is also true that the provisions of their agreements with Intermedia providing a limit on compensation of 105% also violates the same provision. Nothing in their agreements with Intermedia even pretend to ensure the recovery of costs of termination.

Staff's Primary Recommendation for GTEFL

For the termination of local traffic, GTEFL and MFS-FL should compensate each other by mutual traffic exchange. If at some point GTEFL and MFS-FL agree that traffic is imbalanced to the point they are not receiving benefits comparable to those provided through mutual traffic exchange, then GTEFL and MFS-FL should compensate each other on a per minute of use basis for terminating local traffic on each other's network. The rate for interconnection should be $.0025 per minute. While staff understands that GTEFL's costs are a combination of estimated TSLRIC and LRIC costs, staff believes that this rate level would be sufficient to cover the greater of TSLRIC or LRIC in addition to possibly providing some contribution to common costs. If the GTEFL and MFS-FL cannot agree to a level of imbalanced traffic to trigger a per MOU rate, then resolution of this issue should be made by the Commission. If resolution by the Commission is required, parties should present the following information to the Commission for evaluation:

- GTEFL and MFS-FL should both provide monthly MOU data for terminating local traffic which will reflect the trends in the flow of traffic;

- GTEFL and MFS-FL should both provide the financial impact to their respective firms due to the traffic imbalance since the implementation of mutual traffic exchange;

- GTEFL and MFS-FL should both provide the estimated costs which would be incurred due to the additional processing and software required to measure usage.

For originating and terminating intrastate toll traffic, staff recommends that the Commission require the parties to pay each other GTEFL's tariffed intrastate switched network access service rate on a per minute of use basis. This means that when an ALEC customer places a toll call to a GTEFL customer and the ALEC serves as the toll carrier, GTEFL should charge the ALEC terminating network access service rates and vice versa. If the ALEC is serving as a GTEFL customer's presubscribed long distance carrier, then GTEFL can charge the ALEC originating access charges and vice versa.

While MFS-FL stated it prefers LATA-wide interconnection rates for local and toll, the parties have not demonstrated any opposition to use of switched access charges for the exchange of toll traffic. The parties agree that use of a PLU factor to distinguish between local and toll calls is appropriate. While staff is not averse to the use of a PLU factor, staff cannot recommend that the Commission approve a PLU factor at this time because the record does not contain sufficient evidence that could be used to calculate a PLU. To address the issue of distinguishing between local and toll calls, staff recommends that when it cannot be determined whether a call is local or toll, the local exchange provider should be assessed originating switched access charges for that call unless the local exchange provider originating the call can provide evidence that the call is actually a local call. GTEFL and MFS-FL are encouraged to negotiate alternative terms for compensating each other for exchanging toll traffic. If an agreement for such terms is negotiated, the agreement should be filed with the Commission before it becomes effective.

Staff's Primary Recommendation for United/Centel

Staff recommends that for the termination of local traffic, United/Centel and the respective ALECs should compensate each other by mutual traffic exchange. If at some point United/Centel and the respective ALECs agree that traffic is imbalanced to the point they are not receiving benefits comparable to those provided through mutual traffic exchange, then those parties should compensate each other on a per minute of use basis for terminating local traffic on each other's network. However, based on the information provided in the record, staff does not believe an interconnection rate for the termination of local traffic by United/Centel can be accurately determined at this time. Staff recommends that United/Centel should provide appropriate cost support for the Commission's review 60 days from the issuance of the order in this proceeding. The information should include the specific switching and transport investments, along with all inputs and how they were derived in determining the interconnection cost for end office, local tandem and access tandem. The Company should also provide a detailed explanation of what the data represents (i.e., LRIC or TSLRIC), and a description of the methodology utilized in determining the provided costs.

If United/Centel and the respective ALECs cannot agree to a level of imbalanced traffic to trigger a per MOU rate, then resolution of this issue should be made by the Commission. If resolution by the Commission is required, United/Centel and the respective ALECs should present the following information to the Commission for evaluation:

- United/Centel and the respective ALECs should both provide monthly MOU data for terminating local traffic which will reflect the trends in the flow of traffic;

- United/Centel and the respective ALECs should both provide the financial impact to their respective firms due to the traffic imbalance since the implementation of mutual traffic exchange;

- United/Centel and the respective ALECs should both provide the estimated costs which would be incurred due to the additional processing and software required to measure usage.

Staff also recommends that for originating and terminating intrastate toll traffic the Commission should require United/Centel and the respective ALECs to pay each other United/Centel's tariffed intrastate switched network access service rate on a per minute of use basis. This means that when a respective ALEC customer places a toll call to a United/Centel customer and the respective ALEC serves as the toll carrier, United/Centel should charge the respective ALEC terminating network access service rates and vice versa. If the respective ALEC is serving as a United/Centel customer's presubscribed long distance carrier, then United/Centel can charge the respective ALEC originating access charges and vice versa. We believe that since IXCs are currently treated this way, ALECs and LECs competing in the long distance market should also be treated this way.

While MFS-FL stated it prefers LATA-wide interconnection rates for local and toll, the parties have not demonstrated any opposition to use of switched access charges for the exchange of toll traffic. The parties agree that use of a PLU factor to distinguish between local and toll calls is appropriate. While staff is not adverse to the use of a PLU factor, staff cannot recommend that the Commission approve a PLU factor at this time because the record does not contain sufficient evidence that could be used to calculate a PLU. To address the issue of distinguishing between local and toll calls, staff recommends that when it cannot be determined whether a call is local or toll, the local exchange provider should be assessed originating switched access charges for that call unless the local exchange provider originating the call can provide evidence that the call is actually a local call. United/Centel and the ALECs are encouraged to negotiate alternative terms for compensating each other for exchanging toll traffic. If an agreement for such terms is negotiated, the agreement should be filed with the Commission before it becomes effective.

ALTERNATIVE STAFF ANALYSIS: Staff's alternative recommendation that compensation between GTEFL and United/Centel and ALECs for the exchange of local traffic be on a per minute of use rate is premised on the probability of traffic being out of balance. Since there is a significant chance that traffic will be out of balance, staff believes that the Commission should err on the side of caution and establish a rate for GTEFL and United/Centel that is above their respective costs for termination as required by the Florida Statutes and approve a per minute of use interconnection rate. The establishment of a per minute of use rate is the best means to ensure the LECs cover their stated cost for local interconnection when the traffic volume is out of balance.

The discussions in this alternative only deal with the portions of the primary recommendation that need to be modified to implement a per minute of use rate. Staff would agree with the primary recommendation on all other arguments not addressed in the alternative.

MFS-FL's witness Devine provided the only specific evidence associated with the traffic flow in a local interconnection environment. This evidence clearly showed that the traffic flow between NYNEX and MFS in New York was out of balance. (TR 499) This information provides the only reliable illustration of traffic flows in a local interconnection environment, which is that the traffic flow is out of balance. In contrast to the primary, staff believes the Commission should implement a per minute rate now, since staff believes the traffic will be out of balance.

As discussed in the primary recommendation, staff has reviewed GTEFL's underlying cost support for the termination of local traffic and believes it to be appropriate. Staff believes the Commission should set GTEFL's rate at $.0025. This rate is appropriate since it covers GTEFL's stated costs for providing local interconnection.

As for United/Centel, staff agrees with the primary analysis of the company's cost information filed in this proceeding. However, based on the belief that the traffic volumes will be unbalanced, staff believes it is necessary for the Commission to establish an interim rate to cover the costs as required by the statute. Since United/Centel's cost data is suspect, staff is proposing the Commission set an interim interconnection rate of $.006. Staff believes this rate will cover United/Centel's cost for providing local interconnection. United/Centel witness Poag attempted to explain the difference between the cost information provided at the hearing and the company's initial cost information filed in this proceeding. As discussed in the primary recommendation, staff was not persuaded with the explanation of the cost information. The original data that staff used to evaluate the appropriate level of the interim rate has been accepted by the Commission and the parties in the LTR proceeding, except for the local switching cost. The local switching cost used in determining the interim interconnection rate is the local switching cost filed by United/Centel at the hearing. Although staff believes this interim rate may be too high based on other companies' information, staff does not believe the Commission can set a lower rate until better cost information is filed. Staff believes it is appropriate to use an interim interconnection rate of $.006 since it appears to cover United/Centel's initial cost information plus the local switching cost provided at the hearing. However, staff believes United/Centel should provide the appropriate cost support for the Commission's review 60 days from the issuance of the order in this proceeding. The information should include the specific switching and transport investments, and all inputs and how they were derived in determining the cost for end office, local tandem and access tandem. The company should also provide a detailed explanation of what the data represents (i.e., LRIC and TSLRIC), and a description of the methodology utilized in determining the provided costs.

Parties expressed some concern with the implementation of a per minute rate since carriers would incur costs to measure and bill the traffic passed between carriers. As presented in the primary, most parties indicate that there is some cost associated with measuring interconnection traffic. The level of this cost for measuring and billing depends on the specific type of network each carrier utilizes. No party specifically identified the cost associated with development of this measuring and billing system for their company. Some parties have indicated that even adoption of a mutual traffic exchange compensation mechanism would not eliminate the need to develop a measuring and billing system for interconnection traffic.

As local competition evolves, staff believes a viable company will develop the measuring and billing systems essential to compete in the local telecommunications market. Carriers will be required to measure and bill for toll calls passed via interconnection the day they begin operating as an ALEC. This measurement and billing necessity will require the carriers to distinguish between local and toll traffic. Without this measuring capability, carriers will be unable to even determine if it is a net winner or loser under the mutual traffic exchange mechanism identified in the primary recommendation.

Staff is concerned with the short-term views that may be taking place. In the event ALECs wish to be more than niche players, they must have capabilities similar to the billing capabilities of long distance companies and the LECs. We believe it is shortsighted to entertain the notion the LECs will continue to market their local telephone services in the present manner. In our view, competitors will have to have the same marketing tools which includes billing capability as the LECs, if they truly want to be major players. Staff believes the ALECs' intent is to be more than a niche player in the local telecommunications market.

Although staff believes the Commission should establish a per minute of use rate, staff realizes some carriers may need time to ensure their billing and measuring systems are properly working to meet their needs. Therefore, staff believes the Commission should allow LECs and ALECs to request a waiver of implementation of the per minute of use rate until their measuring and billing systems are in place to handle a per minute of use rate. In no case should the waiver exceed 18 months from the issuance of a final order for this proceeding. During the waiver period, the LECs and ALECs should terminate local traffic on a mutual exchange basis.

Staff believes the Commission should handle the termination of toll traffic in the manner discussed in the primary recommendation.

ISSUE 2: If the Commission sets rates, terms, and conditions for interconnection between the respective ALECs and United/Centel and GTEFL, should United/Centel and GTEFL tariff the interconnection rate(s) or other arrangements?

GTEFL AND UNITED/CENTEL RECOMMENDATION: Yes. Staff recommends that GTEFL and United/Centel tariff their interconnection rate(s) and other arrangements set by the Commission. **[CHASE]**

POSITION OF PARTIES

CONTINENTAL: Under the "bill and keep" arrangement, the tariffs that are on file for United/Centel should be sufficient. No tariff is required for the interconnection of local traffic since no payments would change hands and the technical requirements would be established in the Commission's order in this docket.

MFS-FL: Yes, both GTE and Sprint should tariff the interconnection rate(s) or other arrangements.

TIME WARNER: Yes.

GTEFL: Carriers should be afforded maximum flexibility in devising arrangements that fit their particular circumstances, as long as nondiscriminatory prices are established across interconnected companies. The Commission should not require detailed tariffs concerning interconnection elements.

UNITED/CENTEL: Yes. Sprint-United/Centel would tariff its interconnection arrangements.

AT&T: Yes.

FCTA: Yes. They should be tariffed separate from LEC basic, non-basic, and network access services.

INTERMEDIA: Yes.

MCCAW: Yes.

MCIMETRO: Yes, interconnection rates or other arrangements established by the Commission should be tariffed and should be available on a non-discriminatory basis to all parties similarly situated.

STAFF ANALYSIS: Parties generally agree that United/Centel and GTEFL should file tariffs for interconnection arrangements set by the Commission. (Wood TR 361; Devine EXH 20, p. 53 and 61; Menard EXH 31, p.8; Poag TR 1202 and 1236) However, Continental's position is that additional tariffing is not required if the Commission orders mutual traffic exchange.

Tariffing the interconnection rates, terms, and conditions means that any certified ALEC can purchase the rates, terms, and conditions contained in the tariff. Tariffing interconnection does not preclude companies from negotiating different arrangements.

Section 364.162(2), Florida Statutes, states, "Whether set by negotiation or by the Commission, interconnection and resale prices, rates, terms, and conditions shall be filed with the Commission before their effective date."

Although all parties agree that tariffs should be filed, GTEFL argues that the Commission should not require detailed tariffs concerning all interconnection elements. GTEFL states that negotiated interconnection agreements are probably more efficient than attempting to develop tariffs to meet all possible situations. However, GTEFL states that such agreements should contain non-discriminatory prices across interconnected companies. Further, GTEFL states that for customer information purposes, a requirement to file such contractually negotiated arrangements with the Commission is appropriate for all parties. (Beauvais TR 999) GTEFL witness Beauvais states that one possible approach is for "standard" local interconnection arrangements to be tariffed and to then utilize those tariffs as the basis for crafting customized individual contracts as required. (TR 1000)

GTEFL witness Menard states GTEFL's position on tariffing of interconnection agreements slightly differently than witness Beauvais'. She states that, "our position is, we don't have a problem tariffing it, and their (MFS-FL) position is that we should tariff it." (Menard EXH 31, p.8)

United/Centel witness Poag even states that, "interconnection rates, terms, and conditions should be tariffed and made available on a nondiscriminatory basis to all ALECs." (TR 1202)

Staff believes that interconnection rates, terms, and conditions that are set by the Commission should be tariffed for three reasons. First, it avoids discrimination against other ALECs who wish to interconnect with United/Centel and GTEFL in the future. Second, section 364.162(2), Florida Statutes, states that arrangements set by the Commission or by negotiation should be filed before they can become effective. Staff believes that an appropriate means of "filing" these arrangements is to file them as a tariff. Third, by filing the arrangements as tariffs, the information is publicly available. In addition, tariffing is consistent with the Commission's decision in the BellSouth portion of this docket. Therefore, staff recommends that United/Centel and

GTEFL tariff their interconnection rate(s) and other arrangements set by the Commission.

ISSUE 3: What are the appropriate technical and financial arrangements which should govern interconnection between the respective ALECs and United/Centel and GTEFL for the delivery of calls originated and/or terminated from carriers not directly connected to the respective ALEC's network?

GTEFL AND UNITED/CENTEL RECOMMENDATION: For intermediary handling of local traffic where ALECs are not collocated in the same wire center, the appropriate rate for GTEFL should be $.00075. An appropriate rate cannot be determined for United/Centel until reliable cost data is filed as recommended in Issue 1.

For intermediary handling of toll traffic, LECs providing tandem switching and other intermediary functions should collect only those access charges that apply to the functions they perform, specifically Local Switching and Intertoll Trunking at the approved tariffed rates.

In general, toll traffic should be handled under the same terms and conditions as contained in the Modified Access Based Compensation Plan. The LECs should establish meet-point billing arrangements with ALECs. Meet-points, for rating purposes, should be established at mutually agreeable locations. Terminating access charges should be paid to the carrier performing the terminating function, including the Residual Interconnection Charge.

ALECs collocated in the same LEC wire center should be permitted to cross-connect without transiting the LEC switch. LECs should charge the ordering ALEC the special access cross-connect rate. Any tariff provision that would restrict the ability of ALECs to cross-connect with each other in a LEC central office should be eliminated. **[NORTON]**

POSITIONS OF PARTIES

CONTINENTAL: The Commission should resolve this issue in the same manner it decided the identical issue in the BellSouth/MCI/MFS phase of this docket on March 5, 1996.

MFS-FL: All carriers should subtend the LEC tandem for jointly provided switched access service to IXCs. Meet-point billing should follow industry guidelines. Collocated ALECs should cross-connect without transiting the GTE/Sprint network. The carrier providing terminating access should collect the RIC as between GTE/Sprint and independents today.

TIME WARNER: For local traffic, the LECs should provide the intermediary function at a price equal to each LEC's direct economic cost. For toll traffic, the LECs should provide the intermediary function to ALECs on the same basis that it is provided to other LECs.

GTEFL: If GTEFL's access tandem is used for traffic transiting the tandem, tandem switching charges apply. GTEFL supports the use of an additional element ($0.002) to compensate for traffic transiting GTEFL's access tandem which does not go to an end office. GTEFL's collocation tariffs do not support cross-connects between two entities collocated in a GTEFL wire center.

UNITED/CENTEL: The intermediary funtion should be provided based on tandem switching and transport rate elements similar to the Companies' approved local transport rate elements. The tandem switching rate element should include full recovery of the access tandem, not the 20% recovery used for the interLATA access tariff.

AT&T: For local calls, Sprint and GTEFL should be entitled to charge the originating ALEC the TSLRIC associated with the tandem switching function. For toll calls, standard, meet-point billing arrangements should apply.

FCTA: The appropriate arrangements are contained in Staff's February 26, 1996 recommendation on this issue for the BellSouth phase of this docket as ordered by the Commission on March 5, 1996.

INTERMEDIA: No position.

MCCAW: The requests of the ALECs should be approved.

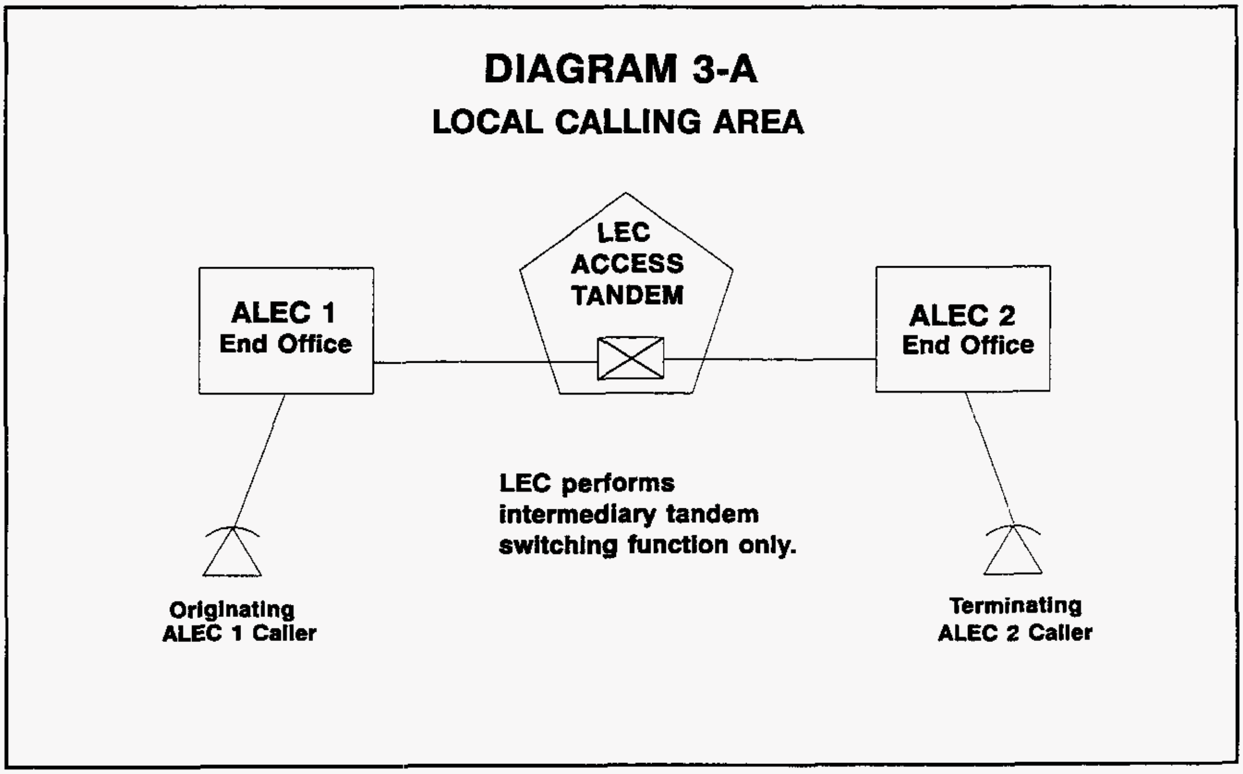
MCIMETRO: For local traffic, the LECs should provide the intermediary function to ALECs at a price equal to its direct economic cost (i.e. TSLRIC). For toll traffic, the LECs should provide the intermediary function to ALECs on the same basis that it is provided to other LECs.

STAFF ANALYSIS: This issue addresses the appropriate way to compensate an intermediary carrier for switching calls between originating and terminating carriers. Eventually, all LECs and ALECs may have to perform intermediary functions, but initially, the incumbent LEC would be the most frequently used intermediary carrier since it has the most subscribers and ALECs will have to interconnect with the incumbent LEC. Thus, this situation will occur most frequently where the ALECs are interconnected to the incumbent LEC but not to each other.

The main points of discussion in this issue focused on the following:

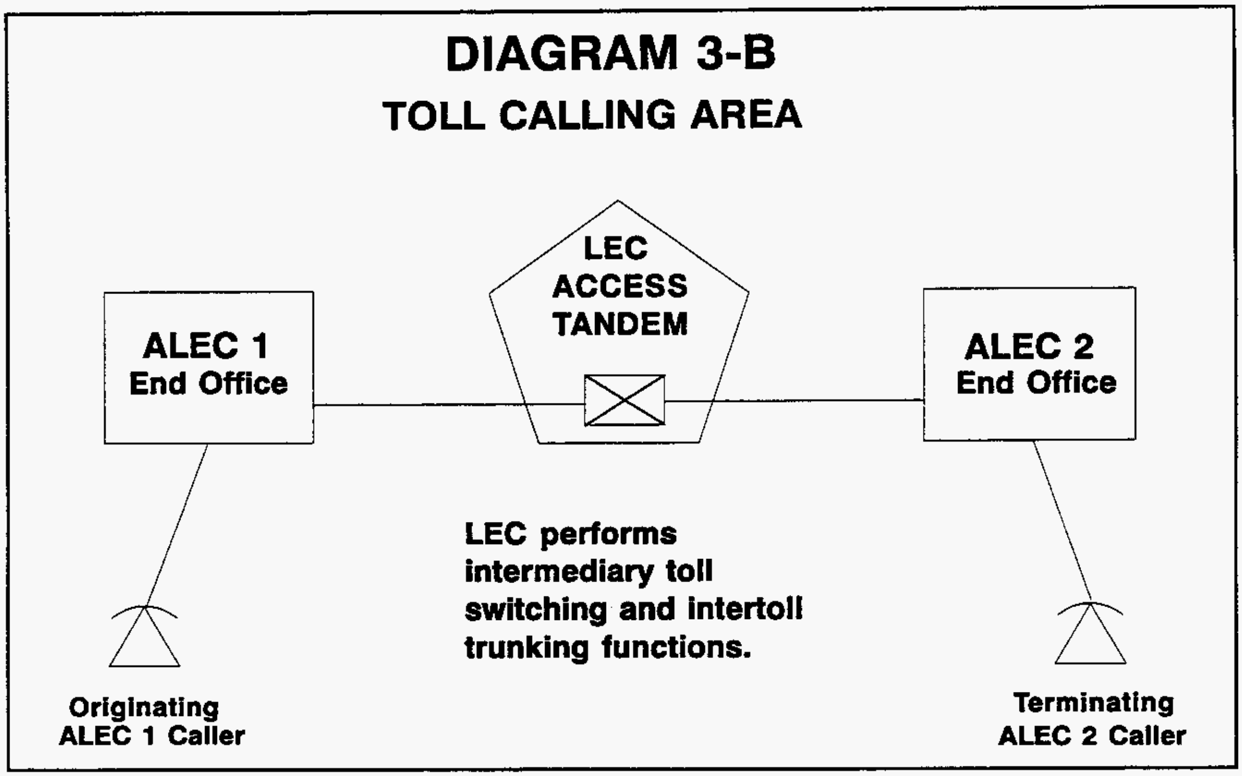
1) Charges for intermediary handling of local traffic,

This issue involves the appropriate charges to be assessed when a carrier (typically the incumbent LEC) switches a local call between two ALECs who are not interconnected with each other.



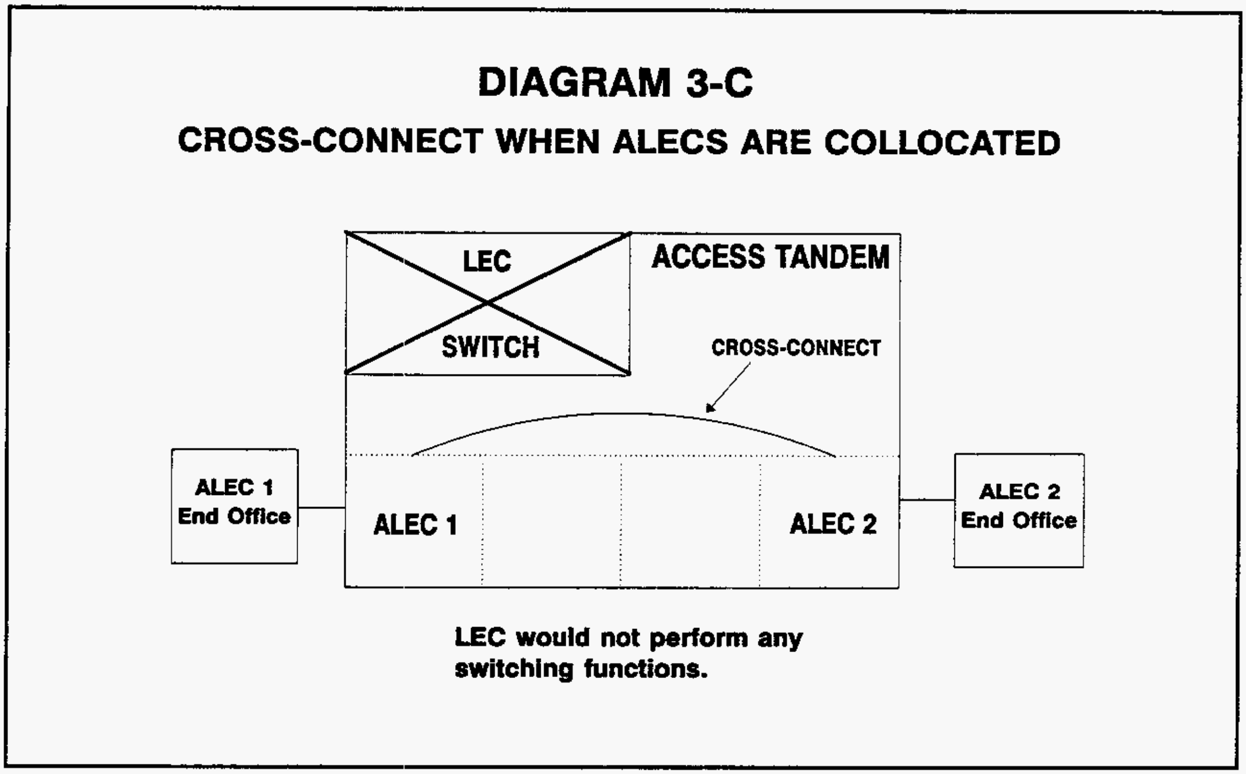
2) Charges for intermediary handling of toll traffic,

This issue involves the appropriate charges to be assessed when a carrier (typically the incumbent LEC) switches and transports a toll call between two ALECs who have not interconnected with each other.



3) Cross connection and pricing arrangements where ALECs are collocated at the LEC tandem.

This issue centers on whether ALECs which are collocated at the same LEC tandem should be allowed to cross connect with each other rather than transit the LEC switch, and if so, what rates should be assessed.



Three of the non-LEC participants in this proceeding specifically endorse the Commission's decision on this issue in the BellSouth phase of this docket. (Order No. PSC-96-0445-FOF-TP) (Continental BR p. 10; MFS-FL BR p. 27; FCTA BR p. 11) In that order, the Commission ruled that:

1) Meet-point billing arrangements should be established with ALECs as they have been with LECs, and that meet points should be established at mutually agreeable locations;

2) ALECs collocated in the same LEC wire center should be allowed to cross-connect without being required to transit the LEC switch, and should be assessed one-half the Special Access cross-connect rate.

3) Carriers providing intermediary functions should collect only those access charges that apply to the function they perform.

4) The RIC should be billed and collected by the carrier terminating the call, just as it is today among adjacent LECs.

In this phase, MFS-FL emphasizes that it is critical that ALECs be treated in the same manner as other LECs, and that ALEC arrangements with GTEFL and United/Centel should be consistent with ALEC arrangements with BellSouth. (MFS-FL BR p. 31)

GTEFL and MFS-FL have agreed on the technical issues with respect to the handling of intermediary traffic. (Menard TR 1095) Although United/Centel and MFS-FL do not have a written agreement as yet, MFS-FL believed that they would be able to do that. (Devine TR 718-719) None of the parties, however, were able to agree on the appropriate rates to charge for intermediary handling of traffic.

Intermediary Handling of Local Traffic

The Commission will be setting new policy here since charging for intermediary handling is new with respect to local traffic. (EXH 41, p. 82)

GTEFL proposes that both the tandem switching rate and an intermediary switching charge of $.002 be assessed for intermediary handling of local traffic. (Menard TR 1057-1058) In his testimony, United/Centel witness Poag proposed that he charge tandem switching and transport for handling of intermediary traffic. (TR 1202, TR 1237) However, in his summary at hearing, he proposed an additional element of $.002. (TR 1279)

MFS-FL witness Devine proposes that the lesser of the interstate or intrastate tandem switching access rate element, or $.002, whichever is less, be assessed for intermediary handling of traffic until a LRIC based rate is established. He further proposed that this rate be assessed only where the ALECs involved in the call are not collocated in the same wire center. (TR 715-716; MFS-FL BR p. 30) AT&T witness Guedel and MCImetro witness Cornell propose that the TSLRIC of the tandem switching function is the appropriate level at which to compensate LECs for intermediary handling of local traffic. (Guedel TR 787; Cornell TR 856-857)

Staff recommends that the rates proposed by the LECs for intermediary handling of local traffic should not be approved. We believe that a rate more closely related to cost is appropriate. GTEFL could not provide a TSLRIC estimate for tandem switching in this proceeding. (Menard TR 1093) Instead, GTEFL supplied a LRIC estimate for tandem switching that was the same as that submitted in DN 921074 as part of the Local Transport restructure. In that docket, LECs were ordered to design the new components of Local Transport to be based on costs, and to provide the underlying cost support. (See Order No. PSC-95-0034-FOF-TP) This cost support was analyzed by the interested parties, who then negotiated with the LECs, including GTEFL and United/Centel. The parties eventually agreed on a revised set of rates. Those rates, including tandem switching, were ultimately approved by the Commission and are currently in effect. (See Order No. PSC-96-0099-FOF-TP) Current local transport rates are therefore based closely on LRIC costs.

In keeping with our recommendation that rates should cover the greater of TSLRIC or LRIC, the rate for GTEFL for intermediary handling of local traffic should be set at $.00075 per minute of use, which matches its tandem switching rate approved in DN 921074. Several parties testified that cost figures from existing incremental cost studies for the same basic functional components should provide a reasonable approximation of TSLRIC. (Wood TR 452-453; Guedel TR 788) Staff believes the recommended rate is sufficiently greater than the LRIC estimate provided in both DN 921074 and this docket, that it is reasonable to believe that it also covers TSLRIC.

Staff does not believe that we have reliable data upon which to base a rate for United/Centel. In Issue 1, we have recommended the terms under which the cost data should be provided.

Handling of Toll Traffic, including Intermediary Functions

Carrier to carrier compensation for termination of toll traffic is not a new concept in Florida. The Commission established this policy in DN 850310-TP when it approved the Modified Access Based Compensation Plan (MABC plan), which established the rates, terms and conditions for compensation by LECs for terminating each others' intraLATA toll traffic. In this proceeding, ALECs and LECs endorse the continued use of this plan to compensate for handling each others' toll traffic. (McGrath TR 255-56; Devine TR 715; Guedel TR 788; Cornell TR 856-857; Poag TR 1201; Menard TR 1058) The intermediary handling of toll traffic is addressed in the MABC plan as well.

Under the MABC plan, LECs charge each other terminating switched access charges for termination of each others' intraLATA toll traffic. When intermediary handling of a toll call is required, the LEC performing the intermediary function receives the tariffed toll switching and intertoll trunking charges as compensation. Parties in this proceeding agree that this should continue when the LEC performs this function for ALECs. (McGrath TR 255-56; Devine TR 482; Guedel TR 788; Cornell TR 856-857; Poag TR 1202; Menard TR 1058)

Specifically, parties agree that all carriers should subtend, or interconnect with, the LEC tandem to jointly provide switched access for IXC toll traffic. (Schleiden TR 184-185; McGrath TR 255-256; Devine TR 481-482; Menard TR 1091) The parties also agree that for toll traffic, standard industry meet point billing arrangements should be established between LECs and ALECs in order to divide Local Transport revenues. ALECs should get the balance of switched access charges from the IXCs, less the amount of Local Transport revenues to which the LEC is entitled based on meet point billing arrangements in connection with jointly handled switched access traffic. (McGrath TR 255-256; Wood TR 363; Devine TR 482, 485-554; Guedel TR 788; Cornell TR 853) Witness Cornell also noted that ALECs should be allowed to file their own access tariffs with like terms and conditions and rates, not to exceed those that the LEC charges for the same function. (TR 853)

There was a dispute between United/Centel and the ALECs with respect to the collection of the RIC for compensation for terminating toll traffic. The non-LEC parties argued that the RIC should be collected by the carrier performing the terminating end office switching function. (Devine TR 717; Guedel TR 787) In addition, GTEFL has agreed in its settlement with MFS-FL that MFS-FL may collect the RIC when it performs the terminating end office switching. (EXH 4; Menard TR 1094) MFS-FL states in its brief that arrangements with LECs in other states also allow the ALECs to keep the RIC when they perform the end office switching function. (BR p. 29)

United/Centel opposes this, arguing that the policy establishing the RIC was designed to recover its own "shared and common overhead costs," not the ALECs'. He further states that the carrier with the Universal Service and Carrier of Last Resort requirements should retain those revenues. Therefore, United/Centel argues that the carrier providing the tandem switching function, i.e., itself, should collect the RIC. (Poag TR 1255-1256)

In the BellSouth phase of this proceeding, the Commission ruled that the RIC should be collected by the carrier performing the end office switching function. BellSouth had made the same argument as United/Centel in this phase. As we did in the BellSouth phase of this proceeding, staff recommends that the RIC be collected by the carrier performing the terminating end office switching function, whether it be the LEC or ALEC.

Nevertheless, staff believes that the RIC needs to be phased out as rapidly as possible. It was originally designed to be a "make whole" element in the restructure of Local Transport so that LECs would not experience a severe revenue impact (DN 921074). (Beauvais TR 1041) This decision was made when LECs operated in a Rate of Return regulated environment. Since then, both GTEFL and

United/Centel have elected Price Cap regulation, and thus they now forego the restrictions and protections afforded under Rate of Return regulation. In addition, the Telecommunications Act of 1996 (the new federal law) allows LECs the opportunity to compete in markets from which they were previously restricted. The RIC is a LEC revenue protection mechanism that staff believes has no place in a competitive market. Its existence has created the current situation where ALECs argue that they should be allowed to collect this non-cost based subsidy rate element in order that the LEC not have an unfair advantage in the market. Several parties noted this anomaly and agreed that it should be eliminated. (Schleiden TR 187; Wood TR 451-452; Devine TR 717; Guedel TR 786-787) GTEFL witness Beauvais also noted that "everyone agrees" that the RIC should be phased out. (TR 1041)

Although Staff is not recommending to eliminate the RIC in this docket, we do not believe the long run public interest is served when <u>all</u> competitive local carriers are collecting the RIC from IXCs. We believe that none of them should be collecting it. Staff believes that the RIC should be phased out as quickly as possible in the course of the scheduled switched access reductions required by Section 364.163(6), Florida Statutes.

<u>Cross Connection</u>

The ALECs endorse the proposal that, where they are collocated in the same LEC wire center, they should be allowed to cross connect with each other, and pay only the LEC special access cross connect rates. In this way, the LEC would not be needed to switch the call for the ALEC, who could then save on LEC switching charges for intermediary handling of local and toll traffic. ALECs argue that allowing cross connection is efficient for them. (McGrath TR 258) MFS-FL argues that the LECs, who oppose this proposal, are attempting to impose "hidden costs" on ALECs. (MFS-FL BR p. 29-30) MFS-FL proposes a rate of one-half the special access cross connect rate. (Devine TR 507)

LECs oppose allowing collocated ALECs to deliver traffic to each other via cross connection. (Menard TR 1064, 1092; Poag TR 1277-1278) Witness Menard states that "collocation is not a service and that GTEFL access tariffs do not support cross-connects between two entities collocated in a GTEFL wire center." (Menard TR 1057) Witness Poag states that the purpose of the Commission's allowing expanded interconnection was to permit ALECs to have access to the LEC's customers, not to interconnect them to anybody else collocated in that building. However, he did state that he was willing to interconnect ALECs with each other but that he wanted to charge full expanded interconnection rates and charges. (TR 1277-1278) This would involve recurring and non-recurring charges for cable, power equipment, maintenance, engineering & installation. Where ALECs neither need nor want that level of service or equipment from the LECs, they do not want to be required to pay for them. MFS-FL states that the LEC proposals constitute a barrier to entry as they would require excessive charges for collocation arrangements. (TR 508)

Staff believes that allowing cross connection for collocated ALECs would be efficient, and would help encourage development of the local competition market. Although at the time the Commission authorized collocation it did not contemplate cross-connection between ALECs, staff believes that this should be authorized now. Staff recommends that GTEFL's and United/Centel's Access Tariffs be amended to eliminate any language that would restrict cross-connection by ALECs.

The concept and rates for special access cross connections were approved in Order Nos. PSC-94-0285-FOF-TP and PSC-95-0034-FOF-TL in DN 921074-TP. The current monthly rates were approved as follows:

		GTEFL	UNITED/CENTEL
per	DS-0	$ .83	$1.30
	DS-1	3.50	4.45
	DS-3	26.51	53.55

Witness Menard stated that if GTEFL were required to allow cross connection between ALECs, it should charge the rate element contained in the tariff. (TR 1092) Time Warner witness McGrath endorsed the assessment of special access cross connect rates only. (McGrath TR 282) Only MFS-FL has specifically proposed that these rates be divided in half and billed separately to the two collocated ALECs. The LECs have stated that, if they were required to offer the cross connection, they do not want to have to bill half of that rate to each ALEC. They would prefer to charge it to whichever entity ordered it, and let the ALECs work together to split the order. (Poag TR 1279; EXH 31, p. 11) Staff agrees that, if the Commission allows cross connection between collocated ALECs, that it would be a simpler administrative procedure to bill the rate to the ALEC ordering the cross connection.

Staff would note that in the BellSouth phase of this proceeding, the Commission ruled that cross connection should be allowed and that the Special Access cross connect rate was appropriate. However, it also ruled that BellSouth should bill half the special access cross connect rate to each ALEC. In this proceeding, staff is recommending a slight modification that the LEC only be required to bill the charge to the ordering ALEC.

Recommendation

In summary, the five specific points that staff is recommending in this issue are:

1. ALECs should be allowed to subtend the LEC tandems to jointly provide switched access services to IXCs.

2. ALECs collocated in the same LEC wire center should be allowed to cross connect without transiting the LEC switch. LECs should be allowed to charge the applicable special access cross connect rate to the ALEC ordering the cross connect.

3. The rate for intermediary handling of local traffic for non-collocated ALECs should be $.00075 for GTEFL. No rate can be established for United/Centel at this time.

4. Rates for toll traffic should be the applicable terminating switched access charges. The RIC should be collected by the carrier performing the terminating function until such time as it is eliminated entirely.

5. The rate for intermediary handling of toll traffic should be the toll transport and intertoll trunking rates currently in effect in the LECs' switched access tariffs under the MABC plan. Appropriate meet-point billing arrangements should be made with meet-points established at mutually agreed upon locations.

ISSUE 4: What are the appropriate technical and financial requirements for the exchange of intraLATA 800 traffic which originates from the respective ALEC's customer and terminates to an 800 number served by or through United/Centel?

GTEFL RECOMMENDATION: This issue was stipulated by MFS-FL and GTEFL. The stipulation was approved at the March 11, 1996 hearing. (TR 102) Therefore, this issue is resolved.

UNITED/CENTEL RECOMMENDATION: United/Centel should compensate ALECs for the origination of 800 traffic terminated to United/Centel pursuant to the ALEC's originating switched access charges, including the data-base query. The ALEC should provide to United/Centel the appropriate records necessary for United/Centel to bill its customers. The records should be provided in a stardard ASR/EMR industry format. United/Centel should compensate the ALECs per record based on United/Centel's current tariffed rate for this function. At such time as an ALEC elects to provide 800 services, the ALEC should reciprocate this arrangement. **[SIRIANNI]**

POSITION OF PARTIES

CONTINENTAL: The Commission should resolve this issue in the same manner it decided the identical issue in the BellSouth/MCI/MFS phase of this docket on March 5, 1996.

MFS-FL: ALECs cannot route 800 numbers to the appropriate carrier. MFS and GTE have reached an agreement on this issue as outlined in Exhibit 4. Sprint should be required to handle database queries and route ALEC 800 number calls to the appropriate carrier. It will be compensated for this by switched access billed to IXCs and there should therefore be no fee for providing records.

TIME WARNER: This issue has been reasonably settled between MFS and GTEFL, although it does not yet include sufficient detail as to time intervals, performance standards, and service assurance warranties. The companies should deal with intraLATA 800 in the same manner as LECs do today.

GTEFL: This issue has been fully stipulated between GTEFL and MFS and should not be decided by the Commission. Rather, this issue shall be controlled by the terms and conditions set forth in the GTEFL/MFS agreement which was approved by the Commission before evidence was taken in this docket.

UNITED/CENTEL: The ALEC would route the calls to the LEC via interconnection facilities. The ALEC would record the call and forward the record to a clearinghouse which forwards the record to the LEC for billing, and the LEC would compensate the ALEC for originating access charges. A reciprocal arrangement should apply.

AT&T: When an ALEC customer places an 800 call that terminates to a LEC 800 number, the LEC should compensate the ALEC with appropriate 800 originating access charges and an 800 database query charge.

FCTA: The appropriate arrangements are contained in Staff's February 26, 1996 recommendation on this issue for the BellSouth phase of this docket as ordered by the Commission on March 5, 1996.

INTERMEDIA: No position.

MCCAW: The requests of the ALECs should be approved.

MCIMETRO: The companies should compensate each other through switched access charges applied in the same manner as when two LECs exchange intraLATA 800 traffic today. In addition, the ALEC should be permitted to utilize the LEC's tariffed 800 access features at those tariffed rates.

STAFF ANALYSIS: United/Centel's witness Poag proposes that United/Centel will compensate ALECs for the origination of 800 traffic terminated to United/Centel pursuant to the ALEC's originating switched access charges, including the data-base query. The ALEC will provide to United/Centel the appropriate records necessary for United/Centel to bill its customers. (EXH 39, p. 9; TR 1207) The records will be provided in a standard ASR/EMR format in which United/Centel will compensate the ALECs based on United/Centel's current tariffed rates for this function. (TR 1207) At such time as an ALEC elects to provide 800 services, the ALEC will reciprocate this arrangement. (EXH 39, p.9)

Staff found no evidence in the record offered by MCImetro or AT&T that opposed the terms proposed for intraLATA 800 calls described by United/Centel. MFS-FL, Time Warner, and Continental agreed that United/Centel should compensate ALECs for the origination of 800 traffic terminated to United/Centel pursuant to the ALEC's originating switched access charges, including data-base queries. (EXH 20, p. 27; McGrath TR 258; Schleiden TR 123) Time Warner and Continental also agreed that companies may charge for the record provisioning, and such time as the ALECs elect to provide 800 services United/Centel should reciprocate this arrangement. (McGrath TR 259; EXH 8, p.11) However, MFS-FL took issue with the portion of United/Centel's proposal that United/Centel and ALECs mutually provide appropriate records in the standard ASR format for a fee. MFS-FL argues that United/Centel will be compensated for these queries by billing the IXCs switched access. (EXH 20, p. 126)

Staff believes that compensating a local exchange service provider for the origination of 800 traffic is appropriate. United/Centel should compensate ALECs for the origination of 800 traffic terminated to United/Centel pursuant to the ALEC's originating switched access charges, including the data-base query. The ALEC should provide to United/Centel the appropriate records necessary for United/Centel to bill its customers. The records should be provided in a stardard ASR/EMR industry format. United/Centel should compensate the ALECs per record based on United/Centel's current tariffed rate for this function. At such time as an ALEC elects to provide 800 services, the ALEC should reciprocate this arrangement.

ISSUE 5a: What are the appropriate technical arrangements for the interconnection of the respective ALEC's network to United/Centel and GTEFL's 911 provisioning network such that the respective ALECs customers are ensured the same level of 911 service as they would receive as a customer of United/Centel and GTEFL?

GTEFL RECOMMENDATION: This issue was stipulated by MFS-FL and GTEFL. The stipulation was approved at the March 11, 1996 hearing. (TR 102). Therefore, this issue is resolved.

UNITED/CENTEL RECOMMENDATION: The Commission should require that:

1) United/Centel provide the respective ALECs with access to the appropriate 911 tandems/selective routers.

2) The respective ALECs should be responsible for providing the trunking, via leased or owned facilities, to the 911 tandems/selective routers.

3) All technical arrangements should conform with industry standards.

4) United/Centel should notify the respective ALECs 48 hours in advance of any scheduled testing or maintenance, and provide immediate notification of any unscheduled outage.

5) United/Centel should provide the respective ALECS with a list consisting of each municipality in Florida that subscribes to Basic 911 service, the E911 conversion date and a ten-digit directory number representing the appropriate emergency answering position for each municipality subscribing to 911 service.

6) Each ALEC should arrange to accept 911 calls from its customer and translate the 911 call, where appropriate, to the 10-digit directory number and route that call to United/Centel at the appropriate tandem or end office.

7) When a municipality converts to E911 service, the ALEC should discontinue the Basic 911 procedures and begin the E911 procedures. **[REITH]**

POSITION OF PARTIES

CONTINENTAL: The Commission should resolve this issue in the same manner it decided the identical issue in the BellSouth/MCI/MFS phase of this docket on March 5, 1996. Additionally, Continental wishes to retain the option of providing trunks directly to the provider of emergency services.

MFS-FL: MFS and GTE have reached agreement on this issue in the MFS/GTE Agreement. Sprint must provide trunk connections to its 911/E-911 selective routers/911 tandems for the provision of 911/E911 services and for access to subtending Public Safety Answering Points ("PSAPs"). Interconnection should be at the appropriate Sprint 911/E911 selective router/tandem.

TIME WARNER: This issue has been reasonably settled between MFS and GTEFL, although it does not yet include sufficient detail as to time intervals, performance standards, and service assurance warranties. There must be a cooperative effort between the ALECs and Sprint United for network configuration, standard 911 signaling, deployment, routing and alternate routing and other operational issues, so that Time Warner's customers receive the same level of access to reliable 911 as Sprint United's customers.

GTEFL: These issues have been fully stipulated between GTEFL and MFS and should not be decided by the Commission. Rather, this issue shall be controlled by the terms and conditions set forth in the GTEFL/MFS agreement which was approved by the Commission before evidence was taken in this docket.

UNITED/CENTEL: For basic 911 service, Sprint-United/Centel will share emergency number data with the ALECs for those municipalities that subscribe to basic 911 services. For Enhanced 911 (E911) service, Sprint United/Centel will offer a daily update to the Companies' data bases of ALECs' emergency information when provided to Sprint United/Centel.

FCTA: The appropriate arrangements are contained in Staff's February 26, 1996 recommendation on this issue for the BellSouth phase of this docket as ordered by the Commission on March 5, 1996.

AT&T: The provision of 911 service to ALEC customers requires interconnection of ALEC facilities at the appropriate LEC 911 tandem. The ALEC should have the option of building or leasing the necessary trunking facilities to the interconnection point.

INTERMEDIA: No position.

MCCAW: The requests of the ALECs should be approved.

MCIMETRO: United/Centel should be required to make trunking and network arrangements available so that an ALEC can route 911 calls through the existing 911 network. Such arrangements should be equal in type and quality to the arrangements United/Centel provides to itself.

STAFF ANALYSIS: This issue addresses the provision of Basic 911 service to ALEC customers. The following issue, Issue 5b, will address Enhanced 911. Basic 911 provides direct access to an emergency operator so the caller can report its location and reason for calling. Enhanced 911 automatically provides the emergency operators with the customer's location and telephone number.

Continental and Time Warner assert that their customers must have the same level of access to reliable 911 services as United/Centel customers. (TR 123; TR 259)

Continental and Time Warner state that United/Centel should provide a list consisting of each county in Florida that subscribes to 911, and the E911 conversion date. (Schleiden EXH 8, p. 12; McGrath EXH 12, p.5) Witness Poag states that United/Centel will share emergency number data with the ALECs for those municipalities that subscribe to basic 911. (TR 1203)

Continental and MFS-FL request that, for network routing purposes, United/Centel provide a ten-digit directory number representing the emergency answering position for each municipality subscribing to basic 911 service. (Schleiden EXH 8, p. 12; Devine EXH 20, p. 127) Schleiden maintains that when Continental receives a basic 911 call it will translate it to the proper ten-digit directory number and route that call to United/Centel at the appropriate tandem or end office. (EXH 8, p. 12) United/Centel explains that there is no need for the ALECs to use the ten-digit POTS number of the Public Safety Answering Point (PSAP). In most cases, calls to the PSAP must route via 911/E911 trunks. Depending on the switch, access to the PSAP obtained by dialing the ten-digit number will be blocked in order to eliminate erroneous calls. Witness Poag states that any contact numbers required by the ALECs should be obtained from the 911/E911 coordinators or the agencies themselves. (TR 1251) Staff has concerns that a 911 call may be blocked by United/Centel's switches if the emergency operator's ten-digit number is dialed by the ALEC. Staff is also concerned that blocking is not consistent throughout United/Centel's network because this type of blocking depends on the switch that is used. Staff believes that United/Centel and the ALECs need to work together to ensure that all emergency calls are completed to the appropriate emergency coordinators. In addition, staff believes that United/Centel should provide the ALECs with the ten-digit directory number for the 911 emergency answering positions of each municipality.

MFS-FL requests that United/Centel provide trunk connections to United/Centel's selective routers/911 tandems for the provision of 911 services and for access to all sub-tending PSAPs. (Devine TR 508) Witness Poag is agreeable and states that United/Centel will provide trunk connections to its 911 tandem switches and selective routers to the extent United/Centel provides selective routers. (TR 1250) Staff believes that the ALECs should be responsible for providing the trunking, via leased or owned facilities that conform to industry standards, to the appropriate 911 tandems/selective routers.

Witness McGrath believes that all 911 trunking and switching arrangements should conform with industry standards and that United/Centel should offer the same level of priority restoration to Time Warners trunks as it does its own. McGrath adds that United/Centel should provide Time Warner at least 48 hours advanced notice of any scheduled testing or maintenance of the 911 network, and provide immediate notification of any unscheduled outage. (EXH 12, p. 5) Although United/Centel did not directly address Time Warner's concern, staff believes it has merit and is an operational measure that would be acceptable to all parties.

Staff believes that 911/E911 emergency service should be transparent to the enduser. Therefore, staff recommends the Commission require that:

1) United/Centel provide the respective ALECs with access to the appropriate 911 tandems/selective routers.

2) The respective ALECs should be responsible for providing the trunking, via leased or owned facilities, to the 911 tandems/selective routers.

3) All technical arrangements should conform with industry standards.

4) United/Centel should notify the respective ALECs 48 hours in advance of any scheduled testing or maintenance, and provide immediate notification of any unscheduled outage.

5) United/Centel should provide the respective ALECs with a list consisting of each municipality in Florida that subscribes to Basic 911 service, the E911 conversion date and a ten-digit directory number representing the appropriate emergency answering position for each municipality subscribing to 911 service.

6) Each ALEC should arrange to accept 911 calls from its customer and translate the 911 call, where appropriate, to the 10-digit directory number and route that call to United/Centel at the appropriate tandem or end office.

7) When a municipality converts to E911 service, the ALEC should discontinue the Basic 911 procedures and begin the E911 procedures.

ISSUE 5b: What procedures should be in place for the timely exchange and updating of the respective ALEC's customer information for inclusion in appropriate E911 databases?

GTEFL RECOMMENDATION: This issue was stipulated by MFS-FL and GTEFL. The stipulation was approved at the March 11, 1996 hearing. (TR 102). Therefore, this issue is resolved.

UNITED/CENTEL RECOMMENDATION: Staff recommends the Commission require that:

1) United/Centel provide the respective ALECs with access to the appropriate United/Centel E911 tandems, including the designated secondary tandem.

2) If the primary tandem trunks are not available, the respective ALEC should alternate route the call to the designated secondary E911 tandem. If the secondary tandem trunks are not available, the respective ALEC should alternate route the call to the appropriate Traffic Operator Position System (TOPS) tandem.

3) The respective ALECs should be responsible for providing the trunking, via leased or owned facilities which are capable of carrying Automatic Number Identification, to the E911 tandems.

4) All technical arrangements should conform with industry standards.

5) United/Centel should notify the respective ALECs 48 hours in advance of any scheduled testing or maintenance, and provide immediate notification of any unscheduled outage.

6) United/Centel should provide the respective ALECs with mechanized access to any database used for provisioning E911 service. The respective ALECs and United/Centel should work together and file with this Commission, within 60 days from the date of this order, a comprehensive proposal for mechanized access to any database used for provisioning E911 service. The proposal should include cost and price support, and a list of operational procedures.

7) If a municipality has converted to E911 service, the ALEC should forward 911 calls to the appropriate E911 primary tandem along with the ANI, based upon the current E911 end office to tandem homing arrangement as provided by United/Centel. **[REITH]**

POSITION OF PARTIES

CONTINENTAL: The Commission should resolve this issue in the same manner it decided the identical issue in the BellSouth/MCI/MFS phase of this docket on March 5, 1996. Additionally, Continental wishes to retain the option of providing trunks directly to the provider of emergency services.

MFS-FL: MFS and GTE have reached agreement on this issue as outlined in the MFS/GTE Agreement. Sprint should provide on-line access for immediate E-911 database updates.

TIME WARNER: This issue has been reasonably settled between MFS and GTEFL, although it does not yet include sufficient detail as to time intervals, performance standards, and service assurance warranties. Sprint United should provide the LECs access to the Master Street Access Guide (MSAG) for proper 911 data entry, and mechanized update ability.

GTEFL: These issues have been fully stipulated between GTEFL and MFS and should not be decided by the Commission. Rather, this issue shall be controlled by the terms and conditions set forth in the GTEFL/MFS agreement which was approved by the Commission before evidence was taken in this docket.

UNITED/CENTEL: Daily updates would be required from ALECs in order to maintain the accuracy of the 911 data-base information. Sprint United/Centel will work with the ALECs to define the requirements for records and other data base related procedures.

AT&T: Procedures must be established to ensure a seamless E911 database regardless whether the customer is served by a LEC or ALEC. ALEC information must be updated on the LEC database in the same manner as LEC data. Electronic interfaces between the ALEC and the 911/E911 databases should also be established.

FCTA: The appropriate arrangements are contained in Staff's February 26, 1996 recommendation on this issue for the BellSouth phase of this docket as ordered by the Commission on March 5, 1996.

INTERMEDIA: No position.

MCCAW: The requests of the ALECs should be approved.

MCIMETRO: United/Centel should be required to make trunking and network arrangements available so that an ALEC can route 911 calls through the existing 911 network. Such arrangements should be equal in type and quality to the arrangements United/Centel provides to itself.

STAFF ANALYSIS: This issue addresses the provision of Enhanced 911 service to ALEC customers.

Continental and Time Warner assert that their customers must have the same level of access to reliable E911 services as United/Centel customers. (TR 123; TR 259)

Continental and Time Warner state that United/Centel should provide a list consisting of each county in Florida that subscribes to 911, and the E911 conversion date. (Schleiden EXH 8, p. 12; McGrath EXH 12, p.5; McGrath TR 260) Witness Schleiden states that when a municipality converts to E911 service, the ALEC should discontinue basic 911 procedures and start E911 procedures. (TR 124) Witness Poag states that United/Centel will share emergency number data with the ALECs for those municipalities that subscribe to basic 911. (TR 1203) Staff believes United/Centel should include the conversion dates for each municipality's cutover from 911 to E911 service in their emergency number data.

MFS-FL requests that United/Centel provide trunk connections to United/Centel's selective routers/E911 tandems for the provision of E911 services and for access to all sub-tending Public Safety Access Points (PSAPs). (Devine TR 508) Witness Poag agrees and states that United/Centel will provide trunk connections to its E911 tandem switches and selective routers to the extent United/Centel provides selective routers. (TR 1250) However, to the extent that administering and providing access to E911 facilities increases United/Centel's costs, such costs should be recovered from the ALECs, but only to the extent they are recovered from other LECs for the same service. (TR 1204) Staff believes that the ALECs should be responsible for providing the trunking, via leased or owned facilities that conform to industry standards, to the appropriate E911 tandems/selective routers. Staff agrees that to the extent access to E911 facilities increases United/Centel's costs, such costs should be recovered from the ALECs, but only to the extent they are recovered from other LECs for the same service.

Witness McGrath states that United/Centel should cooperate with the Time Warner to ensure that Time Warner's customer data is in the proper format for inclusion in the 911 Automatic Location Identifier (ALI) database. Customer data, specifically the street addresses, are edited against the Master Street Address Guide (MSAG) database to guarantee the uniform listing of street addresses. (TR 261-262) MFS-FL and Time Warner believe that United/Centel should provide the ALECs access to the MSAG so ALECs can provide accurate data transfers. (Devine TR 508; McGrath EXH 12, p. 5) Witness Poag asserts that the MSAG is the property of the county and only the county can provide this information. Poag maintains that the provision of the MSAG to the ALECs would be dependent on the county, and the operation of the county E911 system. (TR 1251) Staff believes the ALECs should go to the appropriate county emergency authorities to acquire access to the MSAG.

Continental and MFS-FL believe that the ALECs and United/Centel should work together to provide daily updates to the E911 databases. (Schleiden TR 125; Devine TR 508) As stated above, witness McGrath asserts that the ALEC's customer data should be submitted to United/Centel in the proper format for inclusion in United/Centel's emergency databases. (TR 261) Witness Poag states that United/Centel will offer daily updates to United/Centel's E911 databases with the ALECs' emergency information. In addition, United/Centel will work with the ALECs to define record layouts, media requirements and operating procedures. (TR 1204)

Witness Devine requests that United/Centel arrange for MFS-FL's automated input and daily updates to the E911 database. (EXH 20, p. 128) Witness McGrath believes that United/Centel should provide access to the same mechanized systems it uses to edit customer data against the MSAG. (TR 262) United/Centel recommends that data be transmitted via a Network Data Mover (NDM) data line. With this type of electronic transfer of information, a confirmation will be automatic. (Poag EXH 41, p. 67) United/Centel's recommendation is confusing to staff because witness Poag also states that United/Centel does not have an E911 electronic database access system available yet. (TR 1420) Staff believes that the ALECs should have access to any United/Centel database used for provisioning E911 service. Staff believes that the ALECs and United/Centel should work together and file with this Commission, within 60 days from the date of this order, a comprehensive proposal for mechanized access to any database used for provisioning E911 service. The proposal should include cost and price support, and a list of operational procedures.

Witness McGrath believes that United/Centel should provide Time Warner at least 48 hours advanced notice of any scheduled testing or maintenance of the 911 network, and provide immediate notification of any unscheduled outage. McGrath adds that all E911 trunking and switching arrangements should conform with industry standards and that United/Centel should offer the same level of priority restoration to Time Warners trunks as it does its own. (EXH 12, p. 5) Witness Schleiden asserts that Feature Group D trunks should be used to connect the ALECs to the appropriate E911 tandem, including the designated secondary tandem. The Automatic Number Identification (ANI) should be forwarded based upon the current E911 end office to tandem homing arrangements used in the industry today. Schleiden states that if the primary tandem trunks are not available, the ALECs should alternate route the call to the designated secondary E911 tandem. If the secondary tandem trunks are not available, the emergency call should alternate route to the appropriate Traffic Operator Position System (TOPS) tandem. (TR

124) Staff recognizes that witness Schleiden is requesting the same parameters as those United/Centel agreed to with ICI. (EXH 7, p.132) Witness Poag did not directly address the ALEC's technical concerns, but he does state that United/Centel has backup systems in place for their emergency network. Staff believes that the ALECs' backup systems for E911 should be consistent with United/Centel's and that this is an operational concern that should be a priority to all parties.

Staff believes that E911 emergency service should be transparent to the enduser. Therefore, staff recommends the Commission require that:

1) United/Centel provide the respective ALECs with access to the appropriate United/Centel E911 tandems, including the designated secondary tandem.

2) If the primary tandem trunks are not available, the respective ALEC should alternate route the call to the designated secondary E911 tandem. If the secondary tandem trunks are not available, the respective ALEC should alternate route the call to the appropriate Traffic Operator Position System (TOPS) tandem.

3) The respective ALECs should be responsible for providing the trunking, via leased or owned facilities which are capable of carrying Automatic Number Identification, to the E911 tandems.

4) All technical arrangements should conform with industry standards.

5) United/Centel should notify the respective ALECs 48 hours in advance of any scheduled testing or maintenance, and provide immediate notification of any unscheduled outage.

6) United/Centel should provide the respective ALECs with mechanized access to any database used for provisioning E911 service. The respective ALECs and United/Centel should work together and file with this Commission, within 60 days from the date of this order, a comprehensive proposal for mechanized access to any database used for provisioning E911 service. The proposal should include cost and price support, and a list of operational procedures.

7) If a municipality has converted to E911 service, the ALEC should forward 911 calls to the appropriate E911 primary tandem along with the ANI, based upon the current E911 end office to tandem homing arrangement as provided by United/Centel.

ISSUE 6: What are the appropriate technical and financial requirements for operator handled traffic flowing between the respective ALECs and United/Centel and GTEFL including busy line verification and emergency interrupt services?

GTEFL RECOMMENDATION: This issue was stipulated by MFS-FL and GTEFL. The stipulation was approved at the March 11, 1996 hearing. (TR 102). Therefore, this issue is resloved.

UNITED/CENTEL RECOMMENDATION: Staff recommends that the technical arrangement proposed by United/Centel be used to provide operator services. The technical arrangement is comprised of a dedicated trunk group from the ALEC's end office to the United/Centel Operator Service System. The trunk group can be the same as that used for Inward Operator Services (busy line verification and emergency interrupt services) and Operator Transfer Service. Staff also recommends that busy line verification and emergency interrupt services be purchased under United/Centel's tariffed rates. **[SIRIANNI]**

POSITION OF PARTIES

CONTINENTAL: The Commission should resolve this issue in the same manner it decided the identical issue in the BellSouth/MCI/MFS phase of this docket on March 5, 1996.

MFS-FL: MFS and GTE have reached agreement on this issue in the MFS/GTE Agreement. MFS and Sprint should provide LEC-to-LEC Busy Line Verification and Interrupt ("BLV/I") trunks to one another to enable each carrier to support this functionality. MFS and Sprint should compensate one another for the use of BLV/I according to the effective rates listed in Sprint's tariffs.

TIME WARNER: This issue has been reasonably settled between MFS and GTEFL, although it does not yet include sufficient detail as to time intervals, performance standards, and service assurance warranties. Dedicated trunk groups will be set up in each direction between the operator service providers of the two entities, and used for busy line verification and emergency interrupt, as well as operator transfer. The companies should mutually provide these services on a bill and keep basis.

GTEFL: This issue has been fully stipulated between GTEFL and MFS and should not be decided by the Commission. Rather, this issue shall be controlled by the terms and conditions set forth in the GTEFL/MFS agreement which was approved by the Commission before evidence was taken in this docket.

UNITED/CENTEL: Sprint United/Centel and the ALECs shall mutually provide each other busy line verification and emergency interrupt services pursuant to tariff. It will be necessary to establish dedicated trunk groups between each company's operator services system.

AT&T: Busy Line Verification and Emergency Interrupt (BLV/I) should be made available to all local service providers. In most cases trunking arrangements must also be established. If the ALEC utilizes the LEC's BLV/I operators and services, the LEC should charge the ALEC appropriate tariffed rates.

FCTA: A LEC and an ALEC should mutually provide each other busy line verification and emergency interrupt services. Sprint-United/Centel's and GTEFL's services should be a tariffed part of the Commission-established local interconnection arrangements.

INTERMEDIA: No position.

MCCAW: The requests of the ALECs should be approved.

MCIMETRO: United/Centel should provide trunking and signalling that complies with industry standards, should institute procedures to enable ALEC operators to perform busy line verification and operator interrupt for United/Centel customers, and should provide operator services to ALECs on the same basis as other LECs.

STAFF ANALYSIS: Upon review of the evidence in the record, there appears to be no objection to the use of United/Centel's tariffed rates as the compensation arrangement for providing operator handled traffic between the respective ALECs and United/Centel. (Schleiden TR 125; McGrath TR 263-264, 293; Devine TR 494) Although, Time Warner in their brief asserts that it would also be reasonable to provide busy line verification service and emergency interrupt service on a bill and keep basis, no evidence to support this position was presented in this proceeding. (BR p.18)

MCIMetro or AT&T did not provide testimony documenting underlying costs of United/Centel's busy line verification or interrupt service. Since there is no overall objection to the use of United/Centel's tariffed rates and since none of the parties have proferred any additional evidence as to the reasonableness of United/Centel's rates, staff recommends that United/Centel's tariffed rates for busy line verification and emergency interrupt services be used to fulfill the financial requirements for operator handled traffic flowing between the respective ALECs and United/Centel.

The technical arrangement proposed by United/Centel for operator handled traffic between ALECs and United/Centel is a dedicated trunk group, either one-way or two-way, between the ALEC's end office and United/Centel's Operator Services System. (Poag TR 1240) The trunk group can be the same as that used for

Inward Operator Services (busy line verification and emergency interrupt services) and Operator Transfer Service. Busy line verification and emergency interrupt services are currently tariffed in United/Centel's Access Service Tariff. Witness Devine asserted that United/Centel's proposal to provide busy line verification and interrupt services from United/Centel's federal and state access tariffs was acceptable. (EXH 20 p. 129) Review of the record indicates that none of the parties had any objection to the technical provision of operator services as provided in United/Centel's tariff. Staff recommends that the technical arrangement proposed by United/Centel be used to provide operator services.

ISSUE 7: What are the appropriate arrangements for the provision of directory assistance services and data between the respective ALECs and United/Centel and GTEFL?

GTEFL RECOMMENDATION: This issue was stipulated by MFS-FL and GTEFL. The stipulation was approved at the March 11, 1996 hearing. (TR 102). Therefore, this issue is resolved.

UNITED/CENTEL RECOMMENDATION: The Commission should require United/Centel to list the ALEC's customers in United/Centel's directory assistance database at no charge. United/Centel and the ALECs should work cooperatively on issues concerning timeliness, format and content of listing information. United/Centel should update its directory assistance database with ALEC data under the same timeframes afforded itself. United/Centel should tariff branding, when available, upon a firm order for the service. United/Centel should tariff the directory assistance resale, database access, and purchase options as discussed in the staff analysis, when available. **[REITH]**

POSITION OF PARTIES

CONTINENTAL: The Commission should resolve this issue in the same manner it decided the identical issue in the BellSouth/MCI/MFS phase of this docket on March 5, 1996.

MFS-FL: MFS and GTE have reached agreement on this issue in the MFS/GTE Agreement. The Commission should require Sprint to list competing carriers' customers in their directory assistance databases. All LECs should be required to update their directory assistance databases with data provided by competitors on at least as timely a basis as they update these databases with information regarding their own customers.

TIME WARNER: This issue has been reasonably settled between MFS and GTEFL, although it does not yet include sufficient detail as to time intervals, performance standards, and service assurance warranties. Sprint United should list and update the ALECs' listings (for the directory listings and directory assistance) in its database at no charge.

GTEFL: This issue has been fully stipulated between GTEFL and MFS and should not be decided by the Commission. Rather, this issue shall be controlled by the terms and conditions set forth in the GTEFL/MFS agreement which was approved by the Commission before evidence was taken in this docket.

UNITED/CENTEL: The Companies will include ALECs' customer information in its directory assistance (DA) data base and provide DA operator services on the same terms and conditions as those services are provided to other LECs and IXCs. Sprint-United/Centel will work cooperatively with the ALECs on other issues.

FCTA: Each LEC should include an ALEC's customers' primary listings (residence and business listings) and yellow page (business) listings in its directory assistance database at no charge.

INTERMEDIA: No position.

MCCAW: The requests of the ALECs should be approved.

MCIMETRO: United/Centel should be required to list ALECs' customers in its directory assistance data bases at no charge and should be required to offer ALECs three options to support the ALECs' provision of directory assistance.

STAFF ANALYSIS: This issue concerns the terms and conditions requested by Continental, Time Warner and MFS-FL with respect to United/Centel's directory assistance (DA) services and database.

Continental and Time Warner believe that United/Centel should include the ALECs' customer listings in its directory assistance database at no charge. (Schleiden TR 125; McGrath EXH 12, p. 6) MFS-FL asserts that United/Centel should be required to update its DA database with ALEC data on at least as timely a basis as United/Centel provides updates regarding their own customers. (Devine EXH 20, p. 130) United/Centel states that it will include ALECs' customer information in its DA database and provide DA operator services on the same terms and conditions as those services are provided to other LECs and IXCs. Witness Poag maintains that United/Centel will work cooperatively with the ALECs on issues concerning timeliness, format and listing information content. (TR 1203; EXH 39, p. 13)

Time Warner asserts that United/Centel should provide at least three options for DA provision. First, there should be a resale arrangement whereby Time Warner would simply utilize United/Centel's DA service to provide DA to Time Warner's customers. Second, United/Centel should provide a database access option so that Time Warner's operators can obtain the necessary DA listing information. Third, there should be a purchase option that requires United/Centel to sell its DA database to Time Warner. (McGrath EXH 12, p.6) United/Centel has already agreed to provide these three DA options to ICI and is willing to offer them to other ALECs. Witness Poag states that all three options should be available by the end of the year 1996. (EXH 7, pp. 133-134; Poag TR 1421-1422)

In addition, MFS-FL is requesting that United/Centel offer DA service under MFS-FL's brand (branding) which is comparable in every way to United/Centel DA service. (Devine TR 513) United/Centel is willing to provide this service and is currently deploying a new DA technology that will allow for ALEC branding. However, the new technology will not be available until September/October 1996. (EXH 41, p. 65)

Staff believes that the Commission should require United/Centel to list the ALEC's customers in United/Centel's directory assistance database at no charge. United/Centel and the ALECs should work cooperatively on issues concerning timeliness, format and content of listing information. United/Centel should update its directory assistance database with ALEC data under the same timeframes afforded itself. United/Centel should tariff branding, when available, upon a firm order for the service. United/Centel should tariff the directory assistance resale, database access, and purchase options as discussed in the staff analysis, when available.

ISSUE 8: Under what terms and conditions should United/Centel and GTEFL be required to list the respective ALEC's customers in its white and yellow page directories and to publish and distribute these directories to the respective ALEC's customers?

GTEFL RECOMMENDATION: This issue was stipulated by MFS-FL and GTEFL. The stipulation was approved at the March 11, 1996 hearing. (TR 102). Therefore, this issue is resolved.

UNITED/CENTEL RECOMMENDATION: The Commission should require United/Centel to provide directory listings for ALEC customers in United/Centel's white page and yellow page directories at no charge. United/Centel should also publish and distribute these directories at no charge. To ensure compatibility with United/Centel's database, United/Centel should provide the ALECs with the appropriate database format in which to submit the necessary information. Enhanced listings should be provided to ALEC customers at the same rates, terms and conditions offered to United/Centel customers. **[REITH]**

POSITION OF PARTIES

CONTINENTAL: The Commission should resolve this issue in the same manner it decided the identical issue in the BellSouth/MCI/MFS phase of this docket on March 5, 1996.

MFS-FL: MFS and GTE have reached agreement on this issue in the MFS/GTE Agreement. Sprint should be required to list competing carriers' customers in its White and Yellow Pages directories, should be required to distribute these directories to ALEC customers at no charge, and should provide enhanced listings, all in the identical manner that it does for Sprint customers.

TIME WARNER: This issue has been reasonably settled between MFS and GTEFL, although it does not yet include sufficient detail as to time intervals, performance standards, and service assurance warranties. Sprint United should timely provide a single line white page listing for the ALEC's customers at no charge to either the ALEC or the end user, with a single line yellow page listing for business customers at no charge as well. In addition, information white and yellow pages should be provided by Sprint United to the ALEC, as well as directory printing, delivery, and recycling.

GTEFL: This issue has been fully stipulated between GTEFL and MFS and should not be decided by the Commission. Rather, this issue shall be controlled by the terms and conditions set forth in the GTEFL/MFS agreement which was approved by the Commission before evidence was taken in this docket.

UNITED/CENTEL: The cost for directories should be shared on a pro rata basis by Sprint-United/Centel and the ALECs for the basic directory printing and distribution services. Sprint-United/Centel should not be required to incur additional costs on behalf of ALECs and be expected to absorb those costs.

AT&T: The LECs should include basic white page listings for ALEC residential customers and basic yellow page and business white page listings for ALEC business customers. The LECs should distribute these directories to ALEC customers at no charge. ALECs will provide the LECs with necessary customer information.

FCTA: The LEC should include an ALEC's customers' primary listings in the white page and yellow page directories, distribute directories to the customers of each and recycle all customers' directory books at no charge. The parties should work cooperatively on issues concerning lead time, timeliness, format, and content of list information.

INTERMEDIA: No position.

MCCAW: The requests of the ALECs should be approved.

MCIMETRO: United/Centel should list ALEC customers in its white and yellow page directories, and should distribute directories to ALEC customers, at no charge, in the same manner as if they were United/Centel customers. United/Centel should also include information on ALECs' services in the "informational" section of the white pages directory.

STAFF ANALYSIS: This issue deals with the terms and conditions requested by MFS-FL and MCImetro with respect to United/Centel's white and yellow page directory.

Continental, MFS-FL,and Time Warner assert that United/Centel should include the ALECs' customers' primary listings in United/Centel's white and yellow page directories and should distribute these directories at no charge. Time Warner believes that any cost United/Centel incurs will be recovered through directory advertising United/Centel gains from Time Warner customers. (Schleiden EXH 8, p. 17; Devine EXH 20, p. 131; McGrath EXH 12, pp. 6-7) Witness McGrath maintains that additional revenues will be realized when United/Centel sells the listings to its publishing affiliate. (TR 266) United/Centel states that it will provide one free listing in the classified section to each ALEC business customer, the same as is currently provided to the United/Centel business customer. (Poag EXH 41, p. 29) However, witness Poag believes that the cost for directories should be shared on a pro rata basis by United/Centel and the ALECs for the basic directory printing and distribution services. (EXH 39, p. 14) Staff believes United/Centel should provide directory listings for ALEC residential and business customers in its white page and yellow page directories at no charge. Directory printing and distribution is discussed in more detail below.

Witness Poag states that yellow page advertising is provided by United/Centel's affiliate directory company, and the revenues associated with that advertising belong to the directory company. (TR 1205) United/Centel has separate business units, Sprint Publishing and Advertising (SPA) and a partnership between Centel Directory Company and Reuben Donnelly Corporation named CenDon, that are responsible for publishing the white and yellow page directories. (Poag EXH 41, p.10) SPA and CenDon do not charge United/Centel for residence and business listings. In fact, SPA and CenDon pay United/Centel a contracted amount for business listings included in the yellow pages. (Poag EXH 41, pp. 15-16)

Staff recognizes the possibility of United/Centel incurring costs on behalf of the ALECs for directory services. However, staff also recognizes that United/Centel will be gaining revenues from the ALECs' directory listings. Staff does not believe there is sufficient support in the record to determine whether United/Centel will experience net loss or gain specific to ALEC directory services. Therefore, staff believes that United/Centel should publish and distribute ALEC directories at no charge. Staff notes that this recommendation is consistent with the Commission's decision for BellSouth.

MFS-FL is requesting that enhanced listings, such as bolding and indention, be provided under the same rates, terms and conditions as are available to United/Centel's customers. In addition, witness Devine states that MFS-FL must provide United/Centel with directory listings and daily updates in an accepted industry format. In turn, United/Centel should provide MFS-FL with a magnetic tape or computer disk containing the proper format. (TR 511-512) Staff agrees that enhanced listings should be provided to the ALECs under the same rates, terms, and conditions as afforded to United/Centel's customers. We also believe that United/Centel should provide the ALECs with the appropriate format United/Centel requires to populate its database. In turn, the ALECs should submit their customer data in compliance with this format.

Yellow page maintenance is another concern for MFS-FL. Witness Devine believes that United/Centel and MFS-FL should work together to ensure that yellow page advertisements purchased by customers that switch their service to MFS-FL are maintained without interruption. (TR 514) Staff is in agreement with MFS-FL but would add that these parameters should apply anytime a customer changes its local exchange carrier (i.e., LEC to ALEC, ALEC to LEC, ALEC to ALEC).

In summary, staff recommends that the Commission require United/Centel to provide directory listings for ALEC customers in United/Centel's white page and yellow page directories at no charge. United/Centel should also publish and distribute these directories at no charge. To ensure compatibility with United/Centel's database, United/Centel should provide the ALECs with the appropriate database format in which to submit the necessary information. Enhanced listings should be provided to ALEC customers at the same rates, terms and conditions offered to United/Centel customers.

ISSUE 9: What are the appropriate arrangements for the provision of billing and collection services between the respective ALECs and United/Centel and GTEFL, including billing and clearing credit card, collect, third party and audiotext calls?

GTEFL RECOMMENDATION: This issue was stipulated by MFS-FL and GTEFL. The stipulation was approved at the March 11, 1996 hearing. (TR 102) Therefore, this issue is resolved between MFS-FL and GTEFL.

UNITED/CENTEL RECOMMENDATION: Staff recommends that ALECs should have access to United/Centel's tariffed billing services and access to databases such as Centralized Message Distribution Service (CMDS) and Line Identification Database (LIDB) in order to bill and clear credit card, collect, and third party calls. Staff recommends that the ALECs should purchase the services and access to databases through United/Centel's tariff or by contract if it is not currently tariffed. If the billing and collection arrangement is set by contract, the arrangement should be filed with the Commission before it becomes effective. **[CHASE]**

POSITION OF PARTIES

CONTINENTAL: Continental and United/Centel should bill and clear credit card, collect and third party calls (calls where the recording company is different from the billing company) through Centralized Message Distribution Service provided by United/Centel.

MFS-FL: MFS and GTE have reached agreement on this issue in the MFS/GTE Agreement. Sprint and ALECs need to exchange records in an accurate and timely manner and therefore need to develop arrangements for the reciprocal exchange of a wide variety of information without the assessment of charges between carriers. For calls provided by Sprint's interim number portability service, consolidated billing should be required.

TIME WARNER: This issue has been reasonably settled between MFS and GTEFL, although it does not yet include sufficient detail as to time intervals, performance standards, and service assurance warranties. Sprint United should provide ALECs with access to the line identification database (LIDB) in order to validate calls placed to Sprint United customers. For third party, credit card, collect, audiotext, it should treat the ALECs like other LECs today.

GTEFL: This issue has been fully stipulated between GTEFL and MFS and should not be decided by the Commission. Rather, this issue shall be controlled by the terms and conditions set forth in the GTEFL/MFS agreement which was approved by the Commission before evidence was taken in this docket.

UNITED/CENTEL: Appropriate interconnection facilities to the Access Tandem TOPS Center will be required. Sprint-United/Centel will work with the ALECs to define the interconnection activities required. Billing would be handled via tariff or contract rates on a mutual compensation basis.

AT&T: To the extent such arrangements exist today between LECs or between LECs and IXCs, the same arrangements should be made available to ALECs.

FCTA: No position.

INTERMEDIA: No position.

MCCAW: The requests of the ALECs should be approved.

MCIMETRO: United/Centel should provide ALECs with access to the line information database (LIDB) in order to validate calls placed to United/Centel customers, and should be required to treat ALECs like any other LEC in the billing and clearing of fund transfers for credit card, collect, third-party and audiotext calls.

STAFF ANALYSIS: This issue addresses the appropriate billing and collection services between the respective ALECs and United/Centel and GTEFL. MFS-FL and GTEFL have stipulated to this issue. (EXH 19, TDD-9, pp.11-12 and 16) The stipulation was approved at the March 11, 1996 hearing. (TR 102) MFS-FL was the only ALEC to petition for interconnection with GTEFL. Continental, Time Warner, and MFS-FL also petitioned United/Centel for interconnection. Therefore, the Commission only needs to determine the arrangements with respect to United/Centel.

Continental states that the ALECs and United/Centel should bill and clear credit card, collect, and third party calls through United/Centel's Centralized Message Distribution Service (CMDS). (Schleiden TR 126) Continental states that it should be allowed to participate in CMDS. (EXH 7, p.18)

Time Warner states that there are many intercompany arrangements necessary for the proper billing of services in a multiple provider environment, most of which are in existence between United and other telecommunications providers today. These types of arrangements would benefit both the LECs and ALECs. (McGrath TR 267) Time Warner gives an example that it must be able to validate credit card or third party calls where the customer is a Sprint United customer, and that this is accomplished through a line identification database (LIDB). Time Warner asserts that it must have access to the LIDB database under reasonable terms and conditions. Time Warner witness McGrath states, "For efficiency's sake, Sprint United should treat Time Warner the way it treats other LECs today in the clearing of such funds transfers, through standard industry procedures and systems." (McGrath TR 267-268)

Witness Devine states that MFS-FL will deliver, using the appropriate trunks, information services traffic originated over its exchange services to United/Centel's information services platform. (Devine TR 509) These information services would be any pay-per-call number such as 976 or N11 where callers obtain weather information or sports scores. (EXH 20, p.42) MFS-FL states that United/Centel should provide at MFS-FL's option a direct real time electronic feed or a daily or monthly magnetic tape in a mutually specified format, listing the appropriate billing listing and effective daily rate for each information service by telephone number. (Devine TR 509) Witness Devine asserts that if MFS-FL provides its own information services platform, United/Centel should cooperate with MFS-FL to develop LATA-wide NXX code(s) which MFS-FL may use in conjunction with such platform. (TR 510)

With respect to compensation, MFS-FL will bill and collect from its end users the specific end user calling rates United/Centel bills its own end users for such services, unless MFS-FL obtains approval to charge rates different from those rates charged by United/Centel. (Devine TR 510)

United/Centel disagrees with MFS-FL that it is the responsibility of United/Centel to provide a direct real-time electronic feed or a daily or monthly magnetic tape listing the appropriate billing listing and effective daily rates for each information service by telephone number. (Poag TR 1252) United/Centel witness Poag states, "I would propose that we just do the same thing with MFS-FL that we do with Southern Bell or anybody else, and we have tariffs filed for that." (EXH 38, p.42) United/Centel argues that the current procedure, as supported by the tariff, is that the information provider (IP) assumes responsibility for making suitable arrangements with the appropriate telephone company for the provisioning of service and the billing of charges for those calls to 976 numbers that originate outside the United/Centel service area. United/Centel's position is that the ALEC would need to block all calls to pay-per-call numbers until such time as the IP would provide the necessary billing information to them. Witness Poag asserts that conversely, any IP contracting for service with MFS-FL would be responsible for contacting United/Centel to provide the information for call completion and billing, and it would not be the responsibility of MFS-FL to provide. (Poag TR 1252)

United/Centel states that appropriate interconnection facilities to the access tandem TOPS Center will be required for the appropriate arrangements for the provision of billing and collection services between ALECs and United/Centel. (Poag TR 1242; EXH 39, p.15) Witness Poag further states that United/Centel will work with the ALECs to define the interconnection activities required to perform these billing and collection services, and that billing would be handled via tariff or contract rates on a mutual compensation basis. (TR 1242)

Staff recognizes that in order for competition to be successful ALECs and LECs will have to work closely together for the provision of billing and collection services. Staff agrees with United/Centel that the IP should assume the responsibility for making suitable arrangements with the appropriate LEC or ALEC for the provisioning of service and the billing of charges for those calls to pay-per-call numbers that originate outside the LEC's or ALEC's territory. In addition, staff believes that ALECs should have access to United/Centel's tariffed billing services and access to databases such as Centralized Message Distribution Service (CMDS) and Line Identification Database (LIDB) in order to bill and clear credit card, collect, and third party calls. The ALECs should purchase the services and access to databases through United/Centel's tariff or by contract if it is not currently tariffed. Staff believes that if the billing and collection arrangement is set by contract, the arrangement should be filed with the Commission before it becomes effective.

Therefore, staff recommends that ALECs should have access to United/Centel's tariffed billing services and access to databases such as CMDS and LIDB in order to bill and clear credit card, collect, and third party calls. However, the specific arrangements should be worked out between the ALECs and United/Centel. Staff recommends that the ALECs should purchase the services and access to databases through United/Centel's tariff or by contract if it is not currently tariffed. If the billing and collection arrangement is set by contract, the arrangement should be filed with the Commission before it becomes effective.

ISSUE 10: What arrangements are necessary to ensure the provision of CLASS/LASS services between the respective ALECs and United/Centel and GTEFL's networks?

GTEFL RECOMMENDATION: This issue was stipulated by MFS-FL and GTEFL. The stipulation was approved at the March 11, 1996 hearing. (TR 102). Therefore, this issue is resolved.

UNITED/CENTEL RECOMMENDATION: Staff recommends that ALECs and United/Centel should provide LEC-to-LEC Common Channel Signalling (CCS) to one another, where available, in conjunction with all POTS traffic, in order to enable full interoperability of CLASS/LASS features and functions. All privacy indicators should be honored, and ALECs and United/Centel should use industry standards for CCS signalling between their networks. Because CCS will be used cooperatively for the mutual handling of traffic, the ALECs and United/Centel should each be responsible for the costs associated with the installation and use of their respective CCS networks. **[REITH]**

POSITION OF PARTIES

CONTINENTAL: The Commission should resolve this issue in the same manner it decided the identical issue in the BellSouth/MCI/MFS phase of this docket on March 5, 1996.

MFS-FL: MFS and GTE have reached agreement on this issue in the MFS/GTE Agreement. ALECs and Sprint should provide LEC-to-LEC CCS to one another, where available, in conjunction with LATA-wide traffic. All CCS signaling parameters should be provided. Sprint and MFS should cooperate on the exchange of Transactional Capabilities Application Part ("TCAP") messages to facilitate full interoperability of CCS-based features between their respective networks.

TIME WARNER: This issue has been reasonably settled between MFS and GTEFL, although it does not yet include sufficient detail as to time intervals, performance standards, and service assurance warranties. All signaling, including CCS and others, should be delivered through the Sprint United network to the ALEC network.

GTEFL: This issue has been fully stipulated between GTEFL and MFS and should not be decided by the Commission. Rather, this issue shall be controlled by the terms and conditions set forth in the GTEFL/MFS agreement which was approved by the Commission before evidence was taken in this docket.

UNITED CENTEL: Sprint-United/Centel will provide Common Channel Signaling (CCS) on a reciprocal basis, where available in conjunction with all traffic in order to enable full interoperability of CLASS features and functions.

AT&T: Unbundling and interconnection of the SS7 signaling network is required.

FCTA: The LECs and each ALEC should provide LEC-to-LEC Common Channel Signaling (CCS) to one another, where available, in conjunction with all traffic in order to enable full interoperability of CLASS features and functions.

INTERMEDIA: No position.

MCCAW: The requests of the ALECs should be approved.

MCIMETRO: United/Centel should deliver to ALECs, without limitation or modification, any and all CCS7 signalling information generated by the caller or by United/Centel on behalf of the caller.

STAFF ANALYSIS: Custom Local Area Signalling Services (CLASS) or Local Area Signalling Services (LASS) are certain features that are available to end users. These include such features as Automatic Call Back, Call Trace, Caller ID and related blocking features, Distinctive Ring, Call Waiting, Selective Call Forwarding, and Selective Call Rejection. (EXH 16, TDD-2, pp.2-3)

This issue does not appear to be controversial. Continental, MFS-FL, Time Warner, and United/Centel agree that the ALECs and United/Centel should provide Common Channel Signalling (CCS) to one another, where available, in conjunction with all traffic in order to enable full interoperability of CLASS features and functions. In addition, all CCS should be provided including Automatic Number Identification (ANI), Originating Line Information (OLI), calling party category, charge number, etc. All privacy indicators should be honored. The privacy indicator is a signal that is sent when the calling party has blocked release of its number, either by per line or per-call blocking. United/Centel and the ALECs agree to cooperate on the exchange of Transactional Capabilities Application Point (TCAP) messages to facilitate full interoperability of CCS-based features between their respective networks. (Poag TR 1209; Schleiden TR 126; McGrath TR 268; Devine EXH 20, p. 133)

In addition, MFS-FL states that since the CCS will be used cooperatively for the mutual handling of traffic, link facility and link termination charges should be prorated 50% each between parties. MFS-FL states that for traffic where CCS is not available, in-band multi-frequency, wink start, and E&M channel-associated signalling should be forwarded. (Devine TR 491; EXH 20, p.133)

Staff recommends that ALECs and United/Centel should provide LEC-to-LEC Common Channel Signalling (CCS) to one another, where available, in conjunction with all traffic, in order to enable full interoperability of CLASS/LASS features and functions. All privacy indicators should be honored, and ALECs and United/Centel should use industry standards for CCS signalling between their networks. Because CCS will be used cooperatively for the mutual handling of traffic, the ALECs and United/Centel should each be responsible for the costs associated with the installation and use of their respective CCS networks.

ISSUE 11: What are the appropriate arrangements for physical interconnection between the respective ALECs and United/Centel and GTEFL, including trunking and signalling arrangements?

GTEFL RECOMMENDATION: This issue was stipulated by MFS-FL and GTEFL. The stipulation was approved at the March 11, 1996 hearing. (TR 102). Therefore, this issue is resolved.

UNITED/CENTEL RECOMMENDATION: The Commission should require United/Centel to provide interconnection, trunking and signalling arrangements at the tandem and end office levels. United/Centel should also provide the respective ALECs with the option of interconnecting via one-way or two-way trunks. Mid-span meets should be permitted where technically and economically feasible. **[REITH]**

PARTIES POSITIONS

CONTINENTAL: The Commission should resolve this issue in a similar manner, giving consideration to the additional concerns expressed below, it decided the identical issue in the BellSouth/MCI/MFS phase of this docket on March 5, 1996.

MFS-FL: MFS and GTE have reached agreement on this issue in the MFS/GTE agreement. ALECs and Sprint should jointly establish at least one location per LATA as a Designated Network Interconnection Point ("D-NIP"). Sprint should exchange traffic between its network and ALEC networks using reasonably efficient routing, trunking, and signaling arrangements. ALECs and Sprint should reciprocally terminate LATA-wide traffic via two-way trunking arrangements.

TIME WARNER: Interconnection should be permitted wherever reasonably possible, rather than being arbitrarily limited. Signaling networks need to be interconnected and need to pass sufficient signaling information so that all of the services possible with today's technology can be offered to all customers.

GTEFL: This issue has been fully stipulated between GTEFL and MFS and should not be decided by the Commission. Rather, this issue shall be controlled by the terms and conditions set forth in the GTEFL/MFS agreement which was approved by the Commission before evidence was taken in this docket.

UNITED/CENTEL: Sprint-United/Centel is willing to review engineering requirements on a quarterly basis and establish forecasts for trunk utilization. New trunk groups will be implemented as dictated by engineering requirements for both Sprint United/Centel and the ALEC.

AT&T: Interconnection should take place either at the LEC tandem, end-office or a central point. Collocation of ALEC facilities and various trunking arrangements should be permitted. Separate trunk groups for local and toll traffic should not be required. Unbundled SS7 signaling and interface arrangements should be provided.

FCTA: The Commission should require LECs to provide interconnection, trunk and signaling arrangements at the tandem and end office levels.

INTERMEDIA: No position.

MCCAW: The requests of the ALECs should be approved.

MCIMETRO: ALECs should be permitted to designate one point of interconnection (POI) in each local calling area and should have the option to establish the POI via collocation, an entrance arrangement, or a mid-span meet. ALECs should have the option to use either one-way or two-way trunks, and United/Centel should be required to provide CCS7 signalling on all trunk types that support it.

STAFF ANALYSIS: This issue pertains to the physical arrangements requested by MFS-FL, Time Warner and Continental with respect to where interconnection should take place with United/Centel.

MFS-FL's proposal is that within each LATA served, MFS-FL and United/Centel will identify a wire center to serve as the Default Network Interconnection Point (D-NIP). At the D-NIP, MFS-FL would have the right to specify one of the following methods of interconnection: a) a mid-fiber meet at the D-NIP or some point near the D-NIP; b) a digital cross connect hand off where MFS-FL and United/Centel maintain such facilities at the D-NIP; or c) a collocation facility maintained by MFS-FL, United/Centel or a third party. (Devine TR 487) Witness Wood believes that interconnection should be permitted wherever reasonably possible. He asserts that Time Warner should have the flexibility to interconnect at an end office, tandem or other mutually agreed upon point in the network. (EXH 14, p. 1) Witness Poag appears agreeable by stating that United/Centel will provide facilities 1) to the ALECs point of presence, 2) for collocation and 3) to mid-span meets. (TR 1368) Staff agrees with the parties that interconnection should be available at United/Centel's tandem and end office and via a mid-span meet arrangement.

Continental is requesting that in the event trunks to end offices are busy, traffic will be alternate routed through the tandem for call completion. (EXH 8, p. 20) Witness Poag states that if requested, United/Centel will overflow ALEC traffic through

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the access tandem if a direct trunk to an end office were full. He states this is standard operating procedure. (EXH 38, p. 101)

MFS-FL believes that traffic should be exchanged between competing carriers networks using efficient routing, trunking and signalling arrangements. (Devine TR 490) Witness Devine states that two-way trunk groups are the most efficient means of interconnecting for MFS-FL because they minimize the number of ports needed. MFS-FL asserts that this is standard practice in the industry today. (TR 493-494) Witness Schleiden requests that interconnecting facilities conform to telecommunications industry standards such as those developed by BellCore. (TR 127) Although United/Centel did not directly address the ALECs' trunking concerns, United/Centel did state that it is willing to review engineering requirements on a quarterly basis and establish forecasts for trunk utilization. (EXH 39, p. 17) Staff believes that trunking and signalling arrangements should conform with industry standards which includes interconnecting via one-way or two-way trunks.

The Commission should require United/Centel to provide interconnection, trunking and signalling arrangements at the tandem and end office levels. United/Centel should also provide ALECs with the option of interconnecting via one-way or two-way trunks. Mid-span meets should be permitted where technically and economically feasible.

ISSUE 12: To the extent not addressed in the number portability docket, Docket No. 950737-TP, what are the appropriate financial and operational arrangements for interexchange calls terminated to a number that has been "ported" to the respective ALECs?

GTEFL RECOMMENDATION: This issue was stipulated by MFS-FL and GTEFL. The stipulation was approved at the March 11, 1996 hearing. (TR 102). Therefore, this issue is resolved.

UNITED/CENTEL RECOMMENDATION: Carriers providing any intermediary functions on calls routed through number portability solutions should collect only those access charges that apply to the functions they perform. The Residual Interconnection Charge should be billed and collected by the carrier terminating the call. **[REITH]**

POSITION OF PARTIES

CONTINENTAL: The Commission should resolve this issue in the same manner it decided the identical issue in the BellSouth/MCI/MFS phase of this docket on March 5, 1996.

MFS-FL: MFS and GTE reached agreement on this issue in the MFS/GTE Agreement. Switched access (toll) or local compensation (local) should still apply when calls are completed using interim number portability. Sprint should compensate ALECs as if traffic were terminated directly to the ALEC. Interim number portability processing and billing procedures should be established herein.

TIME WARNER: This issue has been reasonably settled between MFS and GTEFL, although it does not yet include sufficient detail as to time intervals, performance standards, and service assurance warranties. Sprint United should develop a way to measure this traffic, or develop a surrogate for estimating it, and remit the correct switched access charges, including the RIC, to the ALEC.

GTEFL: This issue has been fully stipulated between GTEFL and MFS and should not be decided by the Commission. Rather, this issue shall be controlled by the terms and conditions set forth in the GTEFL/MFS agreement which was approved by the Commission before evidence was taken in this docket.

UNITED/CENTEL: For terminating toll traffic ported to the ALEC, Sprint-United/Centel will bill the IXC tandem switching, the RIC and a portion of the transport, and the ALEC should bill the IXC local switching, the carrier common line and a portion of the transport.

AT&T: The LECs are entitled only to the switched access charges associated with the local transport function (either dedicated or tandem/common transport elements). If the LECs bill the nontransport switched access charges, they should be remitted to the ALEC or local number portability charges should be adjusted.

FCTA: The RIC should be billed and collected by the terminating carrier

INTERMEDIA: No position.

MCCAW: The requests of the ALECs should be approved.

MCIMETRO: Since the ALEC is the carrier terminating the call, it is entitled to terminating access charges. Any such charges collected by United/Centel with respect to such a call should be remitted to the ALEC.

STAFF ANALYSIS: The interim number portability docket, Docket No. 950737-TP, did not address the issue of compensation for termination of ported calls and the entitlement to terminating network access charges on ported calls. (Devine 516-517)

Witness McGrath believes that United/Centel should develop a way to measure toll traffic, or develop a surrogate for estimating it, and remit the correct switched access charges, including the residual interconnection charge (RIC), to Time Warner. (EXH 12, p. 8) MFS-FL believes that when United/Centel forwards traffic from an IXC to MFS-FL via temporary number portability that United/Centel should receive entrance fees, tandem switching and part of the tandem transport charges. MFS-FL should receive local switching, the RIC, the carrier common line (CCL) and part of the transport charge. (TR 520) Witness Poag asserts that United/Centel will bill the IXC tandem switching, the RIC, and a portion of the transport. The ALEC should bill the IXC local switching, CCL and a portion of the transport. (TR 1243) Staff recognizes that the difference between these positions is the collection of the RIC. Staff believes this situation is no different than the intermediary functions discussed in Issue 3.

MFS-FL states that procedures for the processing and billing of interim number portability should be established by the Commission in this proceeding. (Devine EXH 20, p. 135) Staff is confused as to what types of processing and billing procedures MFS-FL is referring. Processing and billing procedures for temporary number portability were addressed in Order No. PSC-95-1604-FOF-TP, issued December 28, 1995, in Docket No. 950737-TP, Investigation into temporary local number portability solution to implement competition in local exchange telephone markets.

Staff believes the recommendation for this issue should be consistent with staff's recommendation in Issue 3. Therefore, carriers providing any intermediary functions on calls routed through number portability solutions should collect only those access charges that apply to the functions they perform. The Residual Interconnection Charge should be billed and collected by the carrier terminating the call.

ISSUE 13: What arrangements, if any, are necessary to address other operational issues?

GTEFL RECOMMENDATION: GTEFL and MFS-FL should continue to negotiate as outlined in their partial co-carrier agreement. If an agreement is reached on these operational issues, it should be filed with the Commission before it becomes effective. If no agreement is reached, then staff recommends that GTEFL and MFS-FL adhere to the same operational arrangements that are ordered for United/Centel.

UNITED/CENTEL RECOMMENDATION: Mechanized intercompany operational procedures, similar to the ones between IXCs and LECs today, should be co-developed by the ALECs and United/Centel and should conform to national industry standards which are currently being developed. In addition, operational disputes that the respective ALECs and United/Centel are unable to resolve through negotiations should be handled by filing a petition or motion with the Commission. Further, staff recommends that respective the ALECs and United/Centel should adhere to the following requirements:

(1) The respective ALECs and United/Centel should provide their respective repair contact numbers to one another on a reciprocal basis;

(2) Misdirected repair calls should be referred to the proper company at no charge, and the end user should be provided the correct contact telephone number;

(3) Extraneous communications beyond the direct referral to the correct repair telephone number should be prohibited;

(4) United/Centel should provide operator reference database (ORDB) updates on a monthly basis at no charge to enable ALEC operators to respond in emergency situations; and

(5) United/Centel should work with the respective ALECs to ensure that the appropriate ALEC data, such as calling areas, service installation, repair, and customer service, is included in the informational pages of United/Centel's directory. **[CHASE]**

POSITION OF PARTIES

CONTINENTAL: The Commission should resolve this issue in the same manner it decided the identical issue in the BellSouth/MCI/MFS phase of this docket on March 5, 1996.

MFS-FL: Certain operational issues remain to be resolved between MFS and GTE, but the MFS and GTE have agreed to negotiate a solution within 60 days. MFS and GTE have reached agreement on all other aspects of this issue in the MFS/GTE Agreement. With respect to Sprint, the Commission should establish reasonable arrangements to address transfer of service announcements, coordinated repair calls, information pages, and the operator reference database.

TIME WARNER: To ensure competition, the ALECs' high quality service must not suffer because of a lack of adequate repair procedure. All companies providing local service must notify other telephone companies of outages and troubles.

GTEFL: GTEFL believes that any other operational issues that may arise are best resolved through ongoing negotiations with MFS.

UNITED/CENTEL: Operational issues, such as repair service arrangements, are most appropriately resolved through the negotiation process. Should issues arise between the parties that cannot be resolved, the existing complaint procedures are the appropriate means for resolution.

AT&T: AT&T has not identified any necessary arrangements to address other operational issues associated with this docket.

FCTA: Arrangements should be made for cooperative network design and management procedures.

INTERMEDIA: No position.

MCCAW: The requests of the ALECs should be approved.

MCIMETRO: United/Centel must provide mechanized procedures to support the ordering by ALECs of unbundled loops, interoffice facilities, remote call forwarding, and any other service or function necessary for the interoperability of the networks. Mechanized intercompany procedures must also be developed to support all types of repair services.

STAFF ANALYSIS: This issue addresses how other operational issues between the respective ALECs and United/Centel and GTEFL should be addressed. It is not possible to identify every operational problem that might occur when an ALEC begins operation in the local market. Some of the parties argue that some guidelines should be set in the beginning to avoid future operational problems.

GTEFL and MFS-FL signed a partial co-carrier agreement which pertained to this issue. (EXH 19, TDD-9) However, GTEFL and MFS-FL were not able to fully agree on this issue, so it was not approved as a stipulation by the Commission. The agreement states that each party will use its best efforts to address, within 60 days, certain operational issues which remain to be resolved by GTEFL and MFS-FL. (EXH 19, TDD-9, p.26; EXH 20, p.157) The only aspect of this issue upon which MFS-FL and GTEFL do not agree is the handling of further operational disputes that may arise in the future. Since the issue was not fully stipulated, the Commission still needs to determine the other operational arrangements with respect to United/Centel and GTEFL.

MFS-FL, Continental, and FCTA take the position that the Commission should adopt the same policies that it did for the BellSouth portion of this docket in Order No. PSC-96-0445-FOF-TP, issued March 29, 1996.

MFS-FL states that the Commission should establish detailed arrangements for certain additional operational issues such as transfer of service announcements, repair calls, information pages, service announcements and the operator reference database. (Devine TR 515-516; EXH 20, p.136)

MFS-FL argues the Commission should establish more detailed operational arrangements up front because it has always had difficulty with the LECs in the past on these types of issues. MFS-FL asserts that: (1) ALECs and United/Centel and GTEFL should provide their respective repair contact numbers to one another on a reciprocal basis; (2) misdirected repair calls should be referred to the proper company at no charge, and the end user should be provided the correct contact telephone number; (3) extraneous communications beyond the direct referral to the correct repair telephone number should be prohibited; and (4) United/Centel and GTEFL should provide operator reference database (ORDB) updates on a monthly basis at no charge to enable MFS-FL operators to respond in emergency situations. (Devine TR 515-516)

Included in United/Centel's white pages directory is an "informational" section which provides a listing of their services. Witness Devine believes that MFS-FL should have access to this section in order to provide its customers with data on MFS-FL calling areas, services installation, repair and other customer services. (Devine TR 516)

Time Warner states that in the new multi-provider environment, each participating company must notify other companies of outages and troubles because without notification it would not be possible to isolate and clear a problem in one part of a multi-provider network. Time Warner witness McGrath further asserts that notification and repair procedures in the event of outages must be coordinated between Time Warner and United/Centel. Time Warner also states that United/Centel should develop mechanized systems for network monitoring to which other providers have access. (McGrath TR 262)

MCImetro also asserts that the use of mechanized interfaces between the ALECs and LECs is critical to the development of an effectively competitive local exchange market. (Price TR 796-797) Further, MCImetro states that intercompany operational procedures must be developed to support the ordering of unbundled loops, interoffice facilities, interim number portability mechanisms, and customer listing databases on some type of mechanized basis. These mechanized systems are similar to the ones used today between IXCs and LECs. MCImetro asserts that such mechanized procedures should be developed as soon as possible, but in any event within one year. (Price TR 797)

Continental states that any operational issue which cannot be negotiated to the satisfaction of both the interconnecting companies should be resolved by the Commission through an expedited complaint process. (Schleiden TR 128) Witness Schleiden stated that by expedited complaint process he meant one that is resolved by the Commission in 30 days. (EXH 7, p.19) An example of such an issue, given by Continental, is the handling of maintenance calls that are reported to the wrong company. Continental asserts that such misdirected calls must be handled in manner that focuses on the end-user's interests. Witness Schleiden states, "United/Centel and the ALECs must develop consumer educational campaigns for maintenance management. These campaigns should assure that consumers are made aware of the proper maintenance numbers." (TR 128) Continental's post hearing position is that this issue should be resolved in the same manner as was decided in the BellSouth portion of this docket. (Order No. PSC-96-0445-FOF-TP, issued March 29, 1996)

GTEFL believes that any other operational issues that may arise are best resolved through ongoing negotiations with MFS. (EXH 31, p.8)

United/Centel states that operational issues, such as repair service arrangements, are most appropriately resolved through negotiation because these issues will be different for each ALEC and can best be addressed as the parties develop more specific operational details and procedures and actual points of interconnection. (Poag TR 1244; EXH 39, p.19) United/Centel asserts that if issues arise between the parties that cannot be resolved, the existing Commission complaint procedures are the appropriate means for resolving disputes. (Poag TR 1244; EXH 39, p.19)

United/Centel disagrees with MCImetro that LECs should be required to implement mechanized systems for interconnection order processing within a year. Witness Poag argues that even if it were possible to develop such a system for MCImetro, it would be inappropriate to offer this service if other ALECs could not use the system. (Poag TR 1259) United/Centel states that it makes sense to provide interfaces where it is practical and economically efficient for all the parties involved. However, United/Centel asserts that developing such systems will require input from ALECs to determine needs, standards and appropriate interfaces. (Poag TR 1260) In fact, United/Centel states that the industry Ordering and Billing Forum (OBF) is currently working to develop national standards for a local competition environment. (Poag TR 1261)

Witness Poag also states that there are several problems with providing the mechanized interfaces requested by the ALECs. One problem according United/Centel is that there are no standards agreed to by the industry. United/Centel asserts that standards are very important because they minimize the cost to each company, and ultimately the consumer. United/Centel states that another problem with providing mechanized interfaces is that no on really knows the total costs. Still another problem that United/Centel discusses is that the existing systems do not have the type of security that would be necessary to keep one company from accessing another company's proprietary data. (Poag TR 1260)

United/Centel witness Poag summarizes his position on mechanized intercompany interfaces when he says:

> Before we can build, we need to know what to build. Without standards and cost quantification it is inappropriate to proceed. As the industry develops standards, priorities will be established and those interfaces that make the most economic sense will be implemented. This will not happen overnight, but when accomplished, if done properly will benefit all competitors by increasing productivity and, in the long-run, reducing the cost to serve customers. (TR 1261-1262)

Staff is concerned about how to address the intercompany operational issues in the interim. In response to this question by staff, United/Centel witness Poag stated, "That's getting back to our intent to work very cooperatively with those folks. You've got to remember, this is a two-way street. If we are taking orders from them, hopefully they are going to be taking some orders from us. And we hope to demonstrate to them that we are going to do everything we can to meet their requirements, and I'm going to expect the same thing out of them." (EXH 38, p.46)

Staff understands that there are many operational issues that will arise as the ALECs begin to provide service. Staff believes that the mechanized intercompany operational procedures supported by the ALECs are appropriate, since similar procedures are currently used today between LECs and IXCs. However, the parties need to work together to determine how much these interfaces will cost, how long they will take to develop, and who should pay for them. Staff also believes that such mechanized systems should conform to industry standards, so that they will function for all interconnecting companies.

Staff believes that MFS-FL's requests for detailed arrangements regarding repair calls, information pages, service announcements and the operator reference database should be granted at this time. Staff recommends that the Commission should implement MFS-FL's specific operational requests now because they will make the transition to local competition more seamless for consumers. The specific operational issues are listed at the end of this issue.

Staff believes that on a going forward basis, parties should attempt to work out operational problems that arise. If the parties cannot come to a resolution, they can request resolution of the problem with the Commission by filing a petition or motion.

Staff recommends that GTEFL and MFS-FL should continue to negotiate as outlined in their partial co-carrier agreement. (EXH 19, TDD-9, p.26) If an agreement is reached on these operational issues, it should be filed with the Commission before it becomes effective. If no agreement is reached, then staff recommends that GTEFL adhere to the same operational arrangements that are ordered for United/Centel.

For United/Centel and the ALECs, staff recommends that mechanized intercompany operational procedures, similar to the ones between IXCs and LECs today, should be jointly developed by the respective ALECs and United/Centel and should conform to national industry standards which are currently being developed. In addition, operational disputes that the respective ALECs and United/Centel are unable to resolve through negotiations should be handled by filing a petition or motion with the Commission. Further, staff recommends that the respective ALECs and United/Centel should adhere to the following requirements:

(1) The respective ALECs and United/Centel should provide their respective repair contact numbers to one another on a reciprocal basis;

(2) Misdirected repair calls should be referred to the proper company at no charge, and the end user should be provided the correct contact telephone number;

(3) Extraneous communications beyond the direct referral to the correct repair telephone number should be prohibited;

(4) United/Centel should provide operator reference database (ORDB) updates on a monthly basis at no charge to enable ALEC operators to respond in emergency situations; and

(5) United/Centel should work with the respective ALECs to ensure that the appropriate ALEC data, such as calling areas, service installation, repair, and customer service, is included in the informational pages of United/Centel's directory.

ISSUE 14: What arrangements, if any, are appropriate for the assignment of NXX codes to the respective ALECs?

GTEFL RECOMMENDATION: This issue was stipulated by MFS-FL and GTEFL. The stipulation was approved at the March 11, 1996 hearing. (TR 102) Therefore, this issue is resolved between MFS-FL and GTEFL.

UNITED/CENTEL RECOMMENDATION: To the extent that United/Centel has control over NXX codes in its territory, NXX assignments to the respective ALECs should be on the same basis that such assignments are made to United/Centel and other code holders today. **[CHASE]**

POSITION OF PARTIES

CONTINENTAL: Continental ought to be able to enlist the Commission's assistance--on an expedited basis, preferably in less than 30 days--in overcoming any delays that occur in obtaining NXXs.

MFS-FL: MFS and GTE have reached agreement on this issue as outlined in the MFS/GTE Agreement. It is the understanding of MFS that Sprint does not currently assign NXX codes.

TIME WARNER: This issue has been reasonably settled between MFS and GTEFL, although it does not yet include sufficient detail as to time intervals, performance standards, and service assurance warranties. Sprint United should sponsor the ALECs to obtain sufficient numbering resources to ensure the proper determination of local/toll calls.

GTEFL: This issue has been fully stipulated between GTEFL and MFS and should not be decided by the Commission. Rather, this issue shall be controlled by the terms and conditions set forth in the GTEFL/MFS agreement which was approved by the Commission before evidence was taken in this docket.

UNITED/CENTEL: Numbering policy must be broadly developed and administered in a competitively neutral manner. NXX assignments must be handled in a neutral and nondiscriminatory manner.

AT&T: The LECs, as administrator of the number assignment process in Florida, should make numbers available to all ALECs in the same manner as it makes numbers available to itself or other LECS.

FCTA: ALECs should have access to a sufficient quantity of numbering resources on a nondiscriminatory basis. The LECs should agree to sponsor any ALEC which makes a request and assist the ALEC in obtaining RAO codes and any other billing and accounting codes necessary for the provision of local phone numbers.

INTERMEDIA: No position.

MCCAW: Such assignments should be on a nondiscriminatory basis, with each carrier recovering its own NXX establishment charges.

MCIMETRO: Although United/Centel is not an NXX code administrator, it should be required to cooperate with the ALECs to the extent necessary to allow them to obtain NXX assignments on the same basis that such assignments are made to other LECs.

STAFF ANALYSIS: This issue addresses the assignment of NXX codes to the ALECs. MFS-FL and GTEFL have stipulated to this issue, so this issue only addresses the ALECs and United/Centel. All of the parties agree that NXX assignments must be handled in a neutral and nondiscriminatory manner.

Continental states that telephone numbers must be conserved as valuable resources. However, such resources should be shared and should not be controlled by the dominant competitor in the marketplace. Continental further asserts that the Commission should assist in overcoming delays that occur in obtaining NXX codes. Continental states that ALECs should be able to get, at a minimum, an NXX for each United/Centel central office with which the ALECs interconnect. (Schleiden TR 128-129)

The MFS-FL/GTEFL agreement regarding this issue states that ALECs are entitled to the same nondiscriminatory number resources as any Florida LEC under the Central Office Code Assignment Guidelines, and that the ALECs and GTEFL should comply with code administration requirements as prescribed by the FCC, the Commission, and accepted industry guidelines. (EXH 19, TTD-9, pp.10-11) However, with respect to United/Centel, MFS-FL states that it understands that United/Centel does not assign NXX codes, and if this is true, there is no need to address this issue with respect to United/Centel. (EXH 20, p.137)

Time Warner states that the North American Numbering Plan (NANP) Guidelines used by United/Centel today do not allow Time Warner to acquire more than one NXX code prior to the exhaustion of the code assigned to its first switch. This is true, even if more NXX codes are needed to provide the detailed billing information necessary to distinguish local and toll calls. (McGrath TR 253-254) Time Warner further states that BellSouth is the NANP administrator for its region, which includes United/Centel. Time Warner asserts that the consensus in the industry is that NANP administration should be controlled by a neutral third party, and that until that time the Commission should not let the LECs impair competition by using the NANP guidelines to impede entry of the ALECs. (McGrath TR 254)

MCImetro's post-hearing position is that although United/Centel is not an NXX code administrator, it should be required to cooperate with the ALECs to the extent necessary to allow them to obtain NXX assignments on the same basis that such assignments are made to other LECs.

McCaw states that such assignments should be made on a nondiscriminatory basis, with each carrier recovering its own NXX establishment charges. Intermedia has no position on this issue.

United/Centel states that numbering policy must be broadly developed and administered in a competitively neutral manner. United/Centel further states that the LEC must not be able to control the administration and assignment of numbering resources, and that NXX assignments must be handled in a neutral and nondiscriminatory manner. (Poag TR 1244-1245) In addition, United/Centel states that it is not the numbering plan manager and therefore is not in control of NXX assignments. (Poag TR 1253)

Based on the evidence and post-hearing positions of the parties, it appears that there is general agreement on the assignment of NXX codes. All parties, including United/Centel, state that NXX assignments should be on a nondiscriminatory basis. Staff recognizes that United/Centel is not the numbering administrator for its region; however, to the extent that United/Centel has any control over NXX assignments, it should not discriminate against any code holder. Therefore, staff recommends that to the extent that United/Centel has control over NXX codes in its territory, NXX assignments to ALECs should be on the same basis that such assignments are made to United/Centel and other code holders today.

ISSUE 15: To what extent are the non-petitioning parties that actively participate in this proceeding bound by the Commission's decision in this docket as it relates to United/Centel?

RULING: This issue was orally argued and ruled upon at the beginning of the March 11, 1996 hearing. The Commission ruled as follows:

> Any intervenor ALEC who fully participates in this proceeding is bound by the resolution of the issues. Such ALEC is still free to negotiate its own interconnection rate. To the extent negotiations fail, the affected ALEC may petition the Commission to set interconnection rates.

ISSUE 16: Should this docket be closed?

RECOMMENDATION: No. Staff has recommended that the parties file additional information in several of the issues. In addition, this docket should remain open to address the additional information to be filed in the Southern Bell portion of this docket.