BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Competitive Carriers for Commission action to support local competition in BellSouth Telecommunications, Inc.'s service territory.	DOCKET NO. 981834-TP
In re: Petition of ACI Corp. d/b/a Accelerated Connections, Inc. for generic investigation to ensure that BellSouth Telecommunications, Inc., Sprint-Florida, Incorporated, and GTE Florida Incorporated comply with obligation to provide alternative local exchange carriers with flexible, timely, and cost-efficient physical collocation.	DOCKET NO. 990321-TP ORDER NO. PSC-00-0941-FOF-TP ISSUED: May 11, 2000

The following Commissioners participated in the disposition of this matter:

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FINAL ORDER ON COLLOCATION GUIDELINES

TABLE OF CONTENTS

LIST OF ACRONYMS

ALEC	Alternative Local Exchange Carrier
AT&T	AT&T Communications of the Southern States, Inc.
CCA	Collocation Conversion Application
CDF	Conventional Distribution Frame
CEV	Controlled Environmental Vault
CFR	Code of Federal Regulations
CLEC	Competitive Local Exchange Carrier
CO	Central Office
DS*n*	Digital Signal n = level number (0-4)
DSX	Digital Signal Cross-Connect
DSL	Digital Subscriber Line
FCC	Federal Communications Commission
FCCA	Florida Competitive Carriers Association
FCTA	Florida Cable Telecommunications Association
GTEFL	GTE Florida, Inc.
HVAC	Heating Ventilation and Air Conditioning
ICB	Individual Case Basis
ILEC	Incumbent Local Exchange Carrier

MCI	MCI WorldCom, Inc.
MDF	Main Distribution Frame
NEBs	Network Equipment and Building Specifications
NECA	National Exchange Carriers Association
NRC	Non-Recurring Charge
POT	Point of Termination
SWBT	Southwestern Bell Telephone Company
UNE	Unbundled Network Element

I. CASE BACKGROUND

On December 10, 1998, the Florida Competitive Carriers Association (FCCA), the Telecommunications Resellers Association, Inc. (TRA), AT&T Communications of the Southern States, Inc. (AT&T), MCImetro Access Transmission Services, LLC (MCImetro), Worldcom Technologies, Inc. (Worldcom), the Competitive Telecommunications Association (Comptel), MGC Communications, Inc. (MGC), and Intermedia Communications Inc. (Intermedia) (collectively, "Competitive Carriers") filed their Petition of Competitive Carriers for Commission Action to Support Local Competition in BellSouth's Service Territory.

On December 30, 1998, BellSouth Telecommunications, Inc. (BellSouth) filed a Motion to Dismiss the Competitive Carriers' Petition. On January 11, 1999, the Competitive Carriers filed their Response in Opposition to BellSouth's Motion to Dismiss.

At the March 30, 1999, Agenda Conference, we denied BellSouth's Motion to Dismiss. See Order No. PSC-99-0769-FOF-TP, issued April 21, 1999. Subsequently, by Order No. PSC-99-1078-PCO-TP, issued May 26, 1999, we indicated, among other things, that we would conduct a Section 120.57(1), Florida Statutes, formal administrative hearing to address collocation and access to loop issues as soon as possible following the UNE pricing and OSS operational proceedings.

On March 12, 1999, ACI Corp. d/b/a Accelerated Connections Inc., now known as Rhythms Links Inc., (Rhythms) filed a Petition for Generic Investigation into Terms and Conditions of Physical Collocation. On April 6, 1999, GTEFL and BellSouth filed responses to ACI's Petition. On April 7, 1999, Sprint filed its response to the Petition, along with a Motion to Accept Late-Filed Answer.

By Proposed Agency Action Order No. PSC-99-1744-PAA-TP, issued September 7, 1999, we accepted Sprint's late-filed answer, consolidated Dockets Nos. 990321-TP and 981834-TP for purposes of conducting a generic proceeding on collocation issues, and adopted a set of procedures and guidelines for collocation, focused largely on those situations in which an ILEC believes there is no space for physical collocation. The guidelines addressed: A. initial response times to requests for collocation space; B. application fees; C. central office tours; D. petitions for waiver from the collocation requirements; E. post-tour reports; F. disposition of

the petitions for waiver; G. extensions of time; and H. collocation provisioning time frames.

On September 28, 1999, BellSouth filed Protest/Request for Clarification of Proposed Agency Action. That same day, Rhythms filed a Motion to Conform Order to Commission Decision or, in the Alternative, Petition on Proposed Agency Action. Our staff conducted a conference call on October 6, 1999, with all of the parties to discuss the motions filed by BellSouth and Rhythms, and to formulate additional issues for the generic proceeding to address the protested portions of Order No. PSC-99-1744-PAA-TP. As a result of that conference call, a number of stipulations were reached and our staff also was able to clarify which portions of our Order were not protested. By Order No. PSC-99-2393-FOF-TP, issued December 7, 1999, we approved the proposed stipulations and identified the portions of our Order that could go into effect by operation of law.

We note that the issues addressed herein go beyond the issues addressed in the approved collocation guidelines. An administrative hearing was conducted regarding these issues on January 12-13, 2000. Our decision is set forth below.

II. ILEC RESPONSE TO AN APPLICATION FOR COLLOCATION

In this section, we address the issue of the appropriate response interval for an ILEC following the receipt of a complete and correct application for collocation, and what information should be included in the response.

Covad witness Moscaritolo asserts that "[A]n ILEC should be required to respond to a complete and correct application within ten (10) calendar days of its receipt of the application." Witness Moscaritolo contends that this initial response should contain all necessary information for an ALEC to place a firm order for collocation, including a price quote for the collocation space. In support of his position, witness Moscaritolo refers to Paragraph 55 of the FCC's Advanced Services Order, issued March 31, 1999, FCC Order 99-48, which reads in pertinent part, "[W]e view ten days as a reasonable time period within which to inform a new entrant whether its collocation application is accepted or denied."

MGC witness Levy agrees that ILECs should respond to a complete and correct application for collocation within 10 business

days. Witness Levy further explains that this response should include space availability and price quotes for the type of collocation requested. Witness Levy argues that an ILEC should always provide enough information in its response to allow an ALEC to submit a firm order and to inform the ALEC of the applicable charges. Witness Levy also suggests that a more detailed breakdown of prices should be provided within an additional 10 business days, upon request by the ALEC.

Intermedia and Supra both support a 2-tier response interval. Intermedia witness Jackson states that the initial response interval should be 10 days, as prescribed by the FCC, which is the interval in which an ILEC must determine whether or not space is available in a particular central office. Witness Jackson also states that BellSouth's application response intervals of 30 business days for physical and 20 business days for virtual collocation are reasonable for providing the necessary detailed information, including but not limited to, cost estimates and target dates.

Similarly, Supra witness Nilson believes we should require an initial response advising whether space is available or not within 10 calendar days of an application. Witness Nilson explains that "[I]f the ten-day frame for a response is adopted by the Commission, all additional information necessary to submit a firm order should be provided by the ILEC within twenty calendar days of the ALEC's application."

AT&T witness Mills also contends that we should require ILECs to respond regarding space availability within 10 calendar days, followed by a complete response sufficient to enable the ALEC to place a firm order for collocation within 15 calendar days of a complete and correct application. Witness Mills explains that AT&T needs the following information in the ILEC's complete response: an architectural floor plan; exact location of collocation space; location of BellSouth network demarcation main distributing frame; relay rack information; joint implementation meeting dates; restatement of the central office address; date of application response sent to AT&T; estimated space ready due date; and the proposed point of demarcation.

Other parties to this proceeding suggest a later initial response time. MCI witness Martinez explains:

> Under the Advance Services Order, an ILEC is required to respond to an application for collocation within 10 days. MCI WorldCom is willing to accept the Commission's ruling in the PAA Order in this docket that the ILEC can provide the initial response within 15 calendar days from receipt of a complete and correct application, provided that the initial response includes the information necessary for the ALEC to place a firm order for collocation.

Witness Martinez further explains that the initial response should indicate whether space is available or not. If space is available, the witness contends that the initial 15-day response should include the following information: price quote; dimensions; obstructions; diversity; power considerations; hazards; engineering information; and due dates. Witness Martinez adds that "if furnishing the Engineering Information and Due Date information would delay the initial response, MCI WorldCom could agree to defer this information for a short time."

Rhythms witness Williams agrees that the ILECs should be required to respond to a complete and correct application within 15 calendar days. Witness Williams contends that this response should include all information the ILEC will require from an ALEC when submitting a firm order for collocation. Witness Williams explains that this response should include: amount of space available; estimated space preparation quotes; estimated provisioning interval; power requirements; and any other information required by the ILECs to be included in the firm order.

As a means of simplifying the application process and expediting responses to applications for collocation, several parties also suggest some form of standardized pricing for collocation. MGC witness Levy describes the benefits of tariffed collocation prices over Individual Case Basis (ICB) pricing and states that "[I]n states that have established pricing for collocation, the collocator knows before submitting the application exactly how much the space preparation will cost before the application is submitted." When the rates are established, the witness explains that the only information necessary for the response is whether space is available. Witness Levy further contends that the best way to shorten response intervals is by adopting a tariffed approach to pricing as opposed to ICB pricing.

FCCA witness Gillan agrees that "[A] standardized offering, known in advance, should simplify and accelerate these important intervals." Witness Gillan further argues:

> The reason that other processes and services have been standardized is that they become more efficient to offer in that manner. There is no reason that similar efficiencies are not possible here once collocation is made a standard product of the ILEC instead of a specialized arrangement.

Intermedia witness Jackson agrees that tariffed rates would simplify matters for the ILEC, as well as the ALEC. Supra witness Nilson also advocates detailed tariffs with prices that can be challenged before this Commission.

Witnesses for Covad and Rhythms offer an alternative form of standardization. Covad witness Moscaritolo states that flat-rate pricing is a must. He maintains that ILECs must not be allowed to take 30 days or more to provide an estimate that may be subject to true-up at a later date. Witness Moscaritolo advocates a procedure whereby parties would agree upon a flat rate to be charged initially for standard cageless collocation arrangements in certain increments. The witness further explains that when an ALEC wants collocation space in a central office, it would submit its application along with 50% of the flat-rate price. The ILEC would then begin provisioning immediately. During the provisioning interval the ILEC would develop a cost estimate and, upon delivery of the space, the prices would be subject to true-up. Covad witness Moscaritolo contends that "the flat-rate procedure eliminates the unnecessary delay associated with BellSouth's application interval."

Rhythms witness Williams agrees with Covad's proposed flat-rate procedure, stating that "Covad has proposed a viable and feasible alternative, which allows ILECs to completely respond to the application within 15 days." Witness Williams further states, "I recommend that the Commission fully adopt Covad's proposal of an estimated flat-rate price quote, subject to true-up."

Two ILECs, GTEFL and Sprint, also support establishing tariffs for collocation prices. GTEFL witness Ries believes that tariffing make the collocation process simpler, faster and better defined. Witness Ries further states that GTE intends to file a tariff reflecting an averaged flat rate for costs associated with site

modification, HVAC and power modification, and security and electrical requirements. Witness Ries asserts that this new tariff will enable GTE to respond to an ALEC's application within 15 calendar days with space availability and a price quote. Witness Ries states that ". . .[T]his eliminates the additional 15 days that was formerly necessary to finalize the price quote." Witness Ries adds that GTE's ability to provide space information and a price quote will allow ALECs to submit a firm order quickly.

Sprint also supports a tariff approach to pricing, but asserts that an ILEC should provide two responses to an application for collocation. Sprint witness Closz contends that the first response should inform the applicant whether space is available or not, while the second should provide a price quote and technical information. She explains that an ILEC should initially respond to an application for collocation within 10 calendar days with information regarding space availability. Witness Closz states that this response interval is consistent with the FCC's Advanced Services Order, FCC Order 99-48.

In addition, witness Closz presents two different intervals for the second response, depending on whether prices are tariffed or not. Ms. Closz explains that where collocation prices are tariffed or covered by the ALEC's interconnection agreement, the ILEC should provide price quotes within 15 calendar days. If collocation prices are quoted on an ICB basis, the ILEC should provide price quotes within 30 calendar days from receipt of a complete and correct collocation application.

BellSouth witness Hendrix states that BellSouth will inform an ALEC within 15 calendar days of receipt of an application whether its application for collocation is accepted or denied as a result of space availability. Witness Hendrix also states that BellSouth will provide a complete application response within 30 business days of the receipt of a completed application for physical collocation. In addition, witness Hendrix states that for virtual collocation requests, BellSouth's policy has been to provide an application response within 20 business days. He explains that "[T]he Application Response will include estimates of the Space Preparation Fees, the Cable Installation Fee (if applicable), and the estimated date the space will be available." Witness Hendrix contends that this information is sufficient for the ALEC to complete a firm order.

BellSouth witness Hendrix, responding to the position of other parties, asserts that the FCC did not establish a rule requiring ILECs to respond to applications within 10 days. Referring to Paragraph 55 of FCC Order 99-48, released March 31, 1999, in CC Docket No. 98-147 (FCC Order 99-48, or Advanced Services Order), witness Hendrix argues that "this was not stated as a requirement, but as a statement of what is a reasonable amount of time to accept or deny an application." Witness Hendrix further asserts:

> BellSouth will inform an ALEC within fifteen (15) calendar days of an application whether its application for collocation in Florida is accepted or denied as a result of space availability.

The witness notes that this is in compliance with this Commission's recent order which states in part, "The ILEC shall respond to a complete and correct application for collocation within 15 calendar days." Order No. PSC-99-1744-PAA-TP, Section IIA.

The witness also explains that BellSouth is not in favor of tariffing collocation prices, but, instead, supports the development of standard rates for all physical collocation elements to be included in a standard collocation agreement. Witness Hendrix argues that BellSouth is required by Section 252 of the Telecommunications Act of 1996 (the Act) to negotiate collocation agreements. He maintains that if BellSouth were to file a tariff, the company would likely still negotiate agreements for the majority of ALEC requests. Witness Hendrix believes that the best approach is to develop standard rates for all physical collocation elements within a standard collocation agreement. Witness Hendrix states, however, that BellSouth would file a tariff if it were required to, but the witness believes it would be a waste of time. In addition, witness Hendrix asserts that BellSouth is moving toward standardized rates to be included in a standard agreement for collocation, which the witness believes will produce the same efficiencies sought by those favoring tariffs.

BellSouth and GTEFL have also suggested response intervals for situations in which multiple applications are submitted by a single ALEC within a certain time frame. BellSouth witness Hendrix explains that when multiple applications are received within a 15 business day window, BellSouth responds no later than the following: within 20 business days for 1-5 applications; within 26 business days for 6-10 applications; within 32 business days for 10-15 applications. Response intervals for more than 15

applications must be negotiated. GTEFL witness Ries states that "when the ALEC submits 10 or more applications within a 10-day period the 15-day response period will increase by 10 days for every additional 10 applications or fraction thereof."

ANALYSIS AND DETERMINATION

In support of their suggested intervals, parties have referenced Paragraph 55 of the FCC's Advanced Services Order, which reads in part:

> We view ten days as a reasonable time period within which to inform a new entrant whether its collocation application is accepted or denied. Even with a timely response to their applications, however, new entrants cannot compete effectively unless they have timely access to provisioned collocation space. We urge the states to ensure that collocation space is available in a timely and pro-competitive manner that gives new entrants a full and fair opportunity to compete.

FCC Order 99-48 at Paragraph 55.

We note that several ALECs argue that this paragraph requires ILECs to respond to an application within 10 days. We do not agree. Instead, we agree with BellSouth witness Hendrix's assertion that it appears the FCC intended this statement to serve as a guideline as to what constitutes a reasonable amount of time for an ILEC to accept or deny an application for collocation. The FCC did not define this as a requirement.

The FCC does, however, urge the states to ensure that collocation space is available in a timely and pro-competitive manner. It appears that the first step in this process is to establish reasonable intervals for application responses, which will enable the requesting party to place a firm order and allow the provisioning process to begin in a timely manner.

Upon consideration, we are persuaded by the testimony of MGC witness Levy that the initial response to an application for collocation should contain sufficient information for the ALEC to place a firm order. We are also persuaded by Supra witness Nilson's suggestion that price quotes must be included in the response because they are essential to placing a firm order.

We have also considered the evidence regarding the intervals in which such information should be provided to the ALEC. While BellSouth argues that it will only provide acceptance or denial due to space availability within the 15 calendar day interval, two other ILECs have provided testimony in this proceeding that supports that price quotes can also be provided within an interval of 15 calendar days. Sprint witness Closz states that "[T]o the extent that collocation price elements are tariffed or covered by the ALEC's interconnection agreement, the ILEC should provide price quotes to requesting collocators within fifteen (15) calendar days of receipt of a complete and correct collocation application." GTEFL witness Ries agrees. Upon consideration, we find that 15 calendar days is an appropriate interval to provide the information needed to place a firm order, i.e., information regarding space availability and a price quote.

While the intervals offered by BellSouth and GTEFL are not unreasonable, we believe a single set of intervals would best present uniform standards for ILECs in responding to multiple applications. Therefore, based on the evidence presented, we find that intervals similar to those proposed by GTEFL for responding to multiple applications would be more consistent with the interval of 15 calendar days we find appropriate for individual applications. Under GTEFL's proposal as explained by witness Ries, the 15-day response period will increase by 10 days for every additional 10 applications or fraction thereof when the ALEC submits 10 or more applications within a 10-day period. These intervals appear to be appropriate and reasonable; therefore, they are hereby approved.

In conclusion, we hereby require ILECs to respond to a complete and correct application for collocation within 15 calendar days. This response shall provide sufficient information to enable an ALEC to place a firm order, including information on space availability and price quotes. When an ALEC submits ten or more applications within ten calendar days, the initial 15-day response period will increase by 10 days for every additional 10 applications or fraction thereof when the ALEC submits 10 or more applications within a 10-day period.

III. APPLICABILITY OF THE TERM "PREMISES"

Another issue we have been asked to consider is to determine what areas are included in the term "premises," as set forth in Section 251(c)(6) of the Act regarding physical collocation. A broad definition of the term allows competing carriers physical

collocation at various locations under the ILEC's control. We note that although the term "premises" was not defined in the FCC's Advanced Services Order, the FCC's Order did enable ALECs to collocate in certain adjacent ILEC facilities when space is legitimately exhausted inside the ILEC's network facility. Thus, the FCC's recent expansion of the areas in which an ALEC may collocate has raised this issue of the applicability of the term "premises" to various areas. To the extent that we believe that certain areas are not included within the term "premises," we have addressed the related issue of "off-premises" physical collocation in the subsequent section of this Order.

BellSouth witness Milner argues that the term "premises" is clearly defined by the FCC, citing the FCC Local Competition Order, FCC 96-325, issued in CC Docket No 96-98, which states:

> . . . . We [FCC] therefore interpret the term "premises" broadly to include LEC central offices, serving wire centers and tandem offices, as well as all buildings or similar structures owned or leased by the incumbent LEC that house LEC network facilities. We [FCC] also treat as incumbent LEC premises any structures that house LEC network facilities on public rights-of-way, such as vaults containing loop concentrators or similar structures.

FCC Order at Paragraph 573.

Witness Milner believes that if the FCC intended to broaden the definition of "premises," the FCC could have redefined the term in its most recent Order. He emphasizes, however, that the FCC did not expand the definition.

GTEFL witness Reis agrees with the position of BellSouth witness Milner and further clarifies the locations that GTEFL considers "premises." He states that GTEFL believes the term refers to any GTE location identified in the NECA (National Exchange Carrier Association) #4 tariff, which lists GTE sites nationwide.

Sprint witness Hunsucker counters, however, that GTEFL's NECA #4 tariff does not incorporate the complete definition of "premises." He states that the FCC's definition included "vaults

containing loop concentrators or similar structures." Further, he states:

> Typically, ILECs do not load these locations in NECA #4. Thus, applying GTE's definition would preclude collocation at these points in the ILEC network which is inconsistent with the FCC's definition.

Further, Sprint witness Hunsucker asserts that paragraph 44 of the First Advanced Services Order, FCC 99-48, broadens the definition of "premises." He believes the FCC's introduction of adjacent collocation redefines "premises" to include structures adjacent to a central office or wire center, if owned or leased by the ILEC. Witness Hunsucker states that ILECs are also required to allow ALECs to construct or obtain access through adjacent structures on an ILEC's property. He explains:

> . . . Upon legitimate exhaust, then the adjacent collocation could be the building on contiguous property, and I don't think we look at separation by a street or an alley as necessarily breaking that contiguous property.

On this point, BellSouth witness Milner agrees that upon legitimate space exhaustion, ALECs are allowed to construct or procure adjacent structures. However, witness Milner notes that in no case should ILECs be required to permit collocators' controlled environmental vaults (CEVs) or similar structures on any ILEC property that does not house network facilities. Witness Milner further emphasizes that adjacent structures are not "premises." He argues:

> The FCC's definition of adjacent CEVs and similar structures is inconsistent with its own definition of "premises" and the Act's requirement for collocation within BellSouth's premises. This is because the resulting structure, whether constructed by the collocator or otherwise procured, would not be owned by BellSouth and thus would not fit the definition of being any one of the types of structures named in the FCC's definition.

Supra witness Nilson counters that while the FCC's own definition might be considered inconsistent with its requirement to allow collocation in adjacent CEVs, interpreting the FCC's definition of "premises" narrowly is inconsistent with goal of the Act and the FCC's Order, which is to promote competition.

MCI witness Martinez contends that Paragraphs 39 and 45 of the Advanced Services Order further broaden the definition of "premises" as it applies to collocation. Witness Martinez cites an excerpt from the Texas Commission's findings contained in the Supplemental Collocation Tariffs Matrix, Project No. 16251, regarding the definition of "premises":

> The Commission also finds that, to the extent space in an Eligible Structure is "legitimately exhausted" and the SWBT property also has within close proximity an "administrative office" where network facilities could be housed, that space should be looked at as a possible adjacent on-site collocation.

Further, witness Martinez believes that the broad nature of the FCC's definition gives state commissions the latitude to include other collocation concepts while maintaining consistency with the FCC's Advanced Services Order. He also cites the Advanced Service Order, FCC 99-48 at Paragraph 8, which states that a collocation method used by one ILEC or mandated by a state commission is presumptively technically feasible for any other incumbent LEC.

AT&T witness Mills agrees and asserts the FCC's Expanded Interconnection collocation rules do not limit collocation to an ILEC's central office, but expand it to the premises of the ILEC. He further explains that "premises" is defined in the dictionary as "A piece of real estate; house or building and its land." Witness Mills clarifies that the use of the Webster definition in his interpretation of "premises" is to illustrate the FCC's intent to broadly define "premises" and to allow Commissions to give more concise interpretations in matters where they have specific rules and orders.

ANALYSIS AND DETERMINATION

First, we state that we agree with Sprint that the NECA #4 tariff relied upon by GTEFL does not include all the areas that should be included in the definition of "premises." We do not agree with BellSouth witness Milner's assertion that the FCC's definition of "premises," and the Telecommunication Act's requirement for collocation at the ILEC's "premises," are technically in conflict with adjacent collocation. We note that the FCC's First Advanced Services Order requirement for adjacent collocation did not specify whether the adjacent structure on an ILEC's property would be considered ILEC "premises." The Order does, however, state, ". . . The incumbent must provide power and physical collocation services and facilities, subject to the same nondiscriminatory requirements as traditional collocation." FCC Order 99-48 at Paragraph 44.

We also note that while we have the ability to interpret more precisely FCC rules as they apply in Florida, we do not have the authority to extend or broaden FCC rules and orders, or to make a contradictory interpretation.

As for the expanded definition of "premises" contained in the Texas Matrix, based on our review of the Matrix and the testimony presented addressing it, we do not believe the definition of adjacent on-site and off-site collocation used in that Matrix was intended, or should, expand the definition of the term "premises" as it applies to physical collocation. To the extent that the term "premises" is used within the definition of adjacent on-site and off-site collocation included in that Matrix, we believe it is used only to clarify the distinction between adjacent on-site and off-site collocation.

In considering the arguments of the parties, it appears to us that may of the ALECs seek to expand the definition of the term "premises" much too broadly out of apparent concern that if certain areas are not identified as "premises," ALECs would be precluded from obtaining physical collocation in those areas. Evidence was also presented on the issue of how adjacent facilities, which house administrative personnel, should now be considered "premises" because of the FCC's adoption of adjacent collocation as an accepted method of collocation. We are not, however, persuaded that the FCC's authorization of adjacent collocation expanded the definition of "premises" to include structures that do not house network facilities, although it did expand the ILEC's obligation to

provide physical collocation. Specifically, it expands that obligation such that, ". . . The incumbent must provide power and physical collocation services and facilities, subject to the same nondiscriminatory requirements as traditional collocation." FCC Order 99-48 at Paragraph 44. We agree with BellSouth witness Milner that an adjacent structure, whether procured from a third party or constructed on an ILEC's property by the collocator, would not be considered the ILEC's "premises," because the ILEC would not own, lease, or control the structure. It appears to us that the FCC intentionally limited the definition of "premises" to "structures that house network facilities."

Upon consideration, we find that the term "premises" should only apply to ILEC-owned or leased central offices, serving wire centers, buildings or similar structures that house network facilities, including but not limited to ILEC network facilities on public rights-of-way or in controlled environmental vaults (CEVs). When space at the existing ILEC "premises" legitimately exhausts, ILECs shall be required to permit collocation on an ILEC's property in adjacent buildings, controlled environmental vaults, or similar structures where technically feasible. However, adjacent buildings or similar structures are not a part of the ILEC's "premises."

IV. ILEC OBLIGATIONS REGARDING "OFF-PREMISES" COLLOCATION

As explained in the previous section, the FCC Advanced Services Order, expanded the ALECs' ability to collocate in controlled environmental vaults or adjacent structures when space is legitimately exhausted inside the ILEC's central office. In this section, we consider the extent to which an ILEC is obligated to interconnect with an ALEC's equipment located "off-premises," and what type of entrance cabling should be used.

Sprint witness Hunsucker believes "off-premises" collocation should not be included in this issue. He believes that ALEC equipment located in an area that is not owned or leased by the ILEC does not meet the definition of collocation at all. Witness Hunsucker does, however, believe the term "premises" should be defined more broadly than discussed above. He states that upon legitimate exhaust, adjacent collocation could be in a building or other contiguous property. He adds that he does not believe that Sprint would consider separation by a street or an alley a problem. Sprint witness Hunsucker believes that under his definition of "premises," ILECs are obligated to interconnect with ALEC's

equipment, but if the equipment is located "off-premises," it does not constitute collocation, but rather interconnection. He defines interconnection as the physical linking of networks between the ILEC's facilities and the ALEC's facilities for the mutual exchange of traffic. The evidence shows that all the carriers in this proceeding agree with witness Hunsucker that interconnection is required under the Act.

Sprint witness Hunsucker believes an ILEC does not have any obligation to provide physical collocation services for an ALEC's equipment located "off-site" since the ILEC would not own or control the site. Moreover, he believes ILECs are only required to interconnect with ALECs located at structures that are not on an ILEC's property.

BellSouth witness Milner asserts:

> I believe "off-premises" physical collocation is a reference to space an ALEC may rent or own that is in proximity to a BellSouth central office. The ALEC's equipment in such a situation would be interconnected to BellSouth's network in the same ways as if the ALEC's equipment were housed within the ALEC's central office.

Intermedia witness Jackson responds, however, that ILECs are not only required to interconnect with ALECs located "off-premises," but they are obligated to provide physical collocation services. He states:

> As a result of the FCC's collocation Order, it is clearly the obligation of the ILEC to provide collocation. The FCC adopted rule 51.323(k)(3) requiring the ILEC to provide "off-premises" or "adjacent collocation" where space is legitimately exhausted in a particular ILEC central office and where technically feasible.

BellSouth witness Milner argues that Intermedia witness Jackson implies that "adjacent collocation" and "off-premises collocation" are synonymous terms. He disagrees, stating:

> BellSouth provides "adjacent collocation" by allowing collocators to construct or otherwise procure CEVs and similar structures on BellSouth's property in cases where space is legitimately exhausted. I believe "off-premises" physical collocation is a reference to a space a collocator may rent or own in close proximity to a BellSouth central office.

MCI witness Martinez contends that if space for physical collocation is legitimately exhausted, we should follow the lead of the Texas Commission and require the ILEC to offer both adjacent on-site collocation and adjacent off-site collocation.

As for the type of entrance cabling that should be used in "adjacent collocation," little evidence was presented addressing this aspect of the issue.

Rhythms witness Williams argues that:

> We are a DSL provider, and as such we typically cannot provide service without contiguous copper connection from our equipment, called a DSLAM, to our customers' premises. If we cannot collocate our equipment and get access to unbundled copper loops, we are shut out of providing service.

BellSouth witness Milner counters that there is fiber optic equipment that would accommodate DSL over fiber. He believes this provides ALECs with a viable alternative to copper connectivity. Witness Milner asserts that BellSouth provides copper connectivity to ALECs collocating on BellSouth's property. He does not, however, believe BellSouth has an obligation to provide that form of interconnection to an ALEC located off BellSouth's property, citing Paragraph 69 of the FCC's Second Report and Order, In the Matter of Expanded Interconnection with Local Telephone Company Facilities in CC Docket 91-141:

> LECs are not required to provide expanded interconnection for switched transport for non-fiber optic cable facilities (e.g., coaxial cable). In the Special Access Order, we[FCC] concluded that given the potential adverse effects of interconnection on the

> availability of conduit or riser space, interconnection should be permitted only upon Common Carrier Bureau approval of a showing that such interconnection would serve the public interest in a particular case. We adopt this approach for switched transport expanded interconnection.

He also argues that accommodating ALECs' requests to use BellSouth entrance facilities to bring new copper cables into BellSouth central offices would accelerate the exhaust of entrance facilities at its central offices. He further emphasizes that, "The trend in the telecommunications industry is for cables and equipment to be reduced in size, not increased in size." [emphasis in original]

AT&T witness Mills believes that restricting entrance cabling to fiber places unreasonable requirements on the ALEC. He believes we should require ILECs to permit interconnection of copper or coaxial cable.

Rhythms witness Williams argues that although copper in conduit is larger than fiber, it will not choke off entrance facilities. He states that prior to leasing a third party structure, Rhythms inquires about conduit entrance space availability.

ANALYSIS AND DETERMINATION

Our definition of the term "premises" in the previous section of this Order does not include ILEC-owned or leased property that is contiguous to what we consider the ILEC's "premises." As previously discussed, according to the FCC Advanced Services Order, ILECs are, however, required to permit collocation in adjacent buildings, controlled environmental vaults, or similar structures where technically feasible when space at the existing ILEC "premises" legitimately exhausts. Thus, applying both our definition of "premises" and the FCC's additional requirements under the FCC Advanced Services Order, we consider the terms "off-premises", "adjacent," or "on-site" collocation to be interchangeable.

As for references made to the Texas Commission's use of the term "adjacent off-site collocation" as a type of collocation arrangement, it appears that this incorporates ALEC-owned or leased

structures in proximity to an ILEC's central office or eligible structure when space legitimately exhausts for an "on-site collocation" arrangement. MCI witness Martinez notes that proximity generally refers to the area within one city block of a central office. The Texas Commission's definition of "off-site collocation," appears to include the requirement of the ILEC to perform cabling from the ILEC's premises to the ALEC's facilities for tariff purposes. ILECs are apparently not, however, required to provide power or traditional physical collocation services.

Upon consideration, we agree with Sprint witness Hunsucker's assertion that "adjacent off-site collocation," as defined by the Texas Commission, meets the FCC's definition of interconnection, and not collocation. We are persuaded by the evidence that ILECs shall only obligated to interconnect with an ALEC's facility located beyond the contiguous property of an ILEC's "premises" for the purposes of transmission and mutual exchange of traffic. Property separated by an alley or public passage way will still be considered contiguous property.

In addition, we will require that when space legitimately exhausts within an ILEC's premises, ILECs shall be obligated to provide physical collocation services to an ALEC who collocates in a CEV or adjacent structure located on the ILEC's property to the extent technically feasible, based on the FCC's Advanced Services Order.

As for the provision of DSL over fiber, the evidence supports that this is technically feasible, and that there is equipment available which accommodates DSL over fiber. An ALEC would, however, be required to obtain additional equipment to utilize this technology. Requiring an ALEC to purchase such equipment could significantly increase the ALEC's collocation costs. Therefore, we believe that requiring fiber optic entrance facilities could be a competitive obstacle for certain ALECs requesting collocation facilities and are persuaded that ALECs shall be allowed to use copper entrance cabling.

We have considered the fact that entrance facilities have a certain capacity per central office and that allowing copper cabling could accelerate the entrance facility exhaust interval. Therefore, ILECs shall be allowed to require an ALEC to use fiber entrance cabling after providing the ALEC with an opportunity to review evidence that demonstrates entrance capacity is near exhaustion at a particular central office. The evidence of record

is insufficient to determine what percentage of entrance facility should be in use before requiring fiber optic cabling; however, factors for consideration should include, but not be limited to, subscriber growth, "off-site collocation" growth and cabling request, and cabling requirements of the ILEC.

V. CONVERSION OF VIRTUAL TO PHYSICAL COLLOCATION

In this section, we address the terms and conditions that should apply for converting a virtual collocation arrangement to a physical collocation arrangement. While this issue, on its face, appears to be very broad, there are only a few items that the parties address. The disputed items are what charges should apply when an ALEC converts from virtual to physical collocation, and whether an ALEC's equipment must be relocated during the process.

In a physical collocation arrangement, the collocating carrier must submit a physical collocation application to the ILEC and pay an application fee so that the ILEC can perform the engineering and administrative assessments necessary to evaluate the application. These activities may include, but are not limited to, an evaluation of engineering drawings, HVAC, power, feeder and distribution, grounding, cable racking, and engineering and billing record updates. In a physical collocation arrangement, the collocating carrier has direct access to its equipment at all times. BellSouth witness Hendrix states that after an application has been filed, the ILEC incurs costs; therefore, an application fee is required.

In a virtual collocation arrangement, the collocating carrier must submit a virtual collocation application to the ILEC and pay an application fee for certain engineering and administrative activities that the ILEC performs. The competitor designates the equipment to be placed at the ILEC's premises. The competing provider, however, does not have physical access to the incumbent's premises, i.e., access is restricted to limited inspection visits. Instead, the equipment is under the physical control of the ILEC. In addition, the ILEC is responsible for installing, maintaining, and repairing the competing provider's equipment. FCC Order 99-48 at Paragraph 19.

Once the ALEC has established a collocation arrangement, physical or virtual, at a central office, the ALEC may decide to remove or upgrade the current equipment. Such changes to the

existing collocation configuration are considered to be a "conversion" or "rearrangement."

Sprint witness Closz states that the ALEC should submit a collocation application when the ALEC wants to convert from virtual to caged or cageless physical collocation based on the ILEC's standard provisioning terms and conditions, because in either case space and engineering work will be required. Although Sprint witness Closz states that conversions in place require changes in administrative, billing, and engineering record updates, the witness also indicates that a conversion in place constitutes no changes.

MCI witness Martinez states that there should be minimal interruption to the ALEC's services during a conversion or rearrangement. AT&T witness Mills adds that when a collocation conversion is requested by an ALEC, the ownership and maintenance responsibilities should be changed. Similarly, FCCA witness Gillan agrees that "terms for converting virtual collocation space should require no more than reversing the 'ownership' of the virtually collocated equipment."

Sprint witness Closz states that the ALEC's request to convert a virtual collocation arrangement to a cageless physical collocation arrangement requires an additional review process in which the ILEC must assess the changes requested and their potential impact on the current collocation arrangement. Witness Closz further clarifies that the collocator's equipment may need to be moved in order to satisfy the ALEC's request for conversion. In the case of conversions from virtual to caged collocation, Sprint witness Closz states that additional space and construction considerations must be taken into account.

Intermedia witness Jackson believes that the ILECs have to convert virtual arrangements to cageless arrangements at no charge. He further explains that there should not be any substantial administrative costs because the ILEC only has to update its systems to indicate that it does not own the equipment.

Rhythms witness Williams simply refers to the FCC's Advanced Services Order in Paragraph 39, in which the FCC stated:

> Moreover, we noted in the *Advanced Services Order and NPRM*, and the record reflects, that more cost-effective collocation solutions may encourage the deployment of

> advanced services to less densely populated areas by reducing the cost of collocation for competitive LECs.

In response, GTEFL witness Ries claims that GTEFL treats conversion requests the same as a new application request, since the same site surveys and engineering analysis need to be conducted. Similarly, BellSouth witness Hendrix claims that BellSouth must review its ability to provide physical collocation and assess the support components which are necessary for a particular arrangement. Witness Hendrix gives examples of the types of work that BellSouth has to perform, such as review of engineering drawings, HVAC, power feeder and distribution, grounding, and cable racking. Witness Hendrix also indicates that due to such work, the ILEC incurs costs. The BellSouth and GTEFL witnesses also contend that an ALEC's request to convert a virtual collocation arrangement to cageless physical collocation should be subject to the ILEC's standard application fees.

With respect to the relocation of equipment, BellSouth witness Hendrix states:

> The conversion of an existing virtual collocation arrangement to a physical collocation arrangement usually necessitates either the relocation of the virtual collocation equipment to the space designated for the new physical collocation arrangement or the placement of new equipment in the physical collocation space and the decommissioning of the old virtual collocation arrangement.

Witness Hendrix further states that such a conversion process allows BellSouth to manage its space in the most effective way.

Regarding the manner in which BellSouth handles conversion requests, BellSouth witness Hendrix states that conversion requests are evaluated so that a decision is made to convert the old arrangement to a caged or a cageless physical collocation arrangement. Cageless physical collocation arrangements will not require the relocation of the equipment, but caged physical collocation arrangements will. In either case, BellSouth's witness believes that conversion requests to physical collocation arrangements, whether for caged or cageless collocation, must be treated as a new application for physical collocation. Similarly, GTEFL witness Ries states that conversion requests may involve relocation of the equipment. Witness Ries further states that the

ILECs may take reasonable security measures to protect their equipment since it may be necessary to move the ALEC's equipment to properly separate it.

Rhythms witness Williams contends that the ILECs cannot require that all physical collocation arrangements be located in a segregated collocation area. He further states that the ILECs must utilize any unused space for physical collocation. Witness Williams also states that under federal regulations, it is unnecessary to relocate the equipment when a cageless collocation arrangement is requested by the ALEC. Witness Williams further argues that moving the equipment is not a reasonable security measure because such relocation causes service outages and unnecessary expenses.

Covad witness Moscaritolo states that conversions should not require the relocation of the equipment even if the ALEC's equipment is in the same line-up as the ILEC's equipment. He further states that such relocation measures delay the conversion and increase the costs associated with conversion. Witness Moscaritolo refers to the New York Public Service Commission's statement that "[S]pending time and effort to move a virtual arrangement from one area of a central office to another would be an unnecessary and time-consuming burden." Witness Moscaritolo also notes that Bell Atlantic is implementing this policy.

MGC witness Levy states that it is not possible to convert a virtual collocation arrangement to a physical collocation arrangement because a cage must be built around the existing virtual collocation arrangement. In addition, other equipment around the virtual collocation arrangement must be moved to free up some space. He states that it is, however, possible for an ALEC to get similar arrangements associated with physical collocation rather than obtaining self-contained floor space. Witness Levy indicates that in Las Vegas, Sprint permits MGC technicians to access its collocated equipment arrangement on a 24 hours/7 days a week basis even though all of its collocation arrangements are regarded as virtual collocation arrangements. He states that such arrangements are located in the same line-up as the ILEC's transmission or switching equipment.

Intermedia witness Jackson states that the ILECs should be able to perform the conversion of a virtual collocation arrangement upon request to a cageless physical collocation arrangement. In addition, he alleges that based on the FCC's Orders and Rules, the

ALECs must remain commingled with the ILEC's equipment, but under a physical cageless collocation arrangement.

ANALYSIS AND DETERMINATION

We agree with AT&T and MCI's witnesses that there should be minimal interruption to the ALEC's services during a conversion and that the ownership and maintenance responsibilities should be changed when a collocation conversion is requested by an ALEC, because in a virtual collocation arrangement, the ALEC has no access to the ILEC's premises, unlike a physical collocation arrangement. Therefore, the ILEC would transfer its ownership and responsibilities of the collocation arrangement to the ALEC.

We agree with Sprint witness Closz's statement that the terms and conditions for converting virtual collocation to either physical caged or physical cageless collocation should be differentiated because of the differences associated with these two types of physical collocation. We also agree, in part, with BellSouth witness Hendrix that "[T]hese conversions will be evaluated as to whether there are extenuating circumstances or technical reasons that would cause the arrangement to become a safety hazard within the premises or otherwise conflict with the terms and conditions of the collocator's collocation agreement." The evidence demonstrates that depending upon the type of physical collocation, technical or safety issues may have to be taken into consideration by the ILEC.

While we do not believe that a new physical collocation application needs to be submitted for conversion requests, we do, however, believe that a collocation "conversion" or "rearrangement" application (CCA) should be submitted in order to keep a record of what has been requested by the ALEC, and the acceptance or denial response by the ILEC. A CCA is appropriate, because a CCA will include all necessary information related to the type of work to be performed by the ILEC. We believe this is necessary because the record reflects that the terms and conditions that should apply for converting a virtual collocation arrangement to a physical collocation arrangement are complex in nature and may vary depending on the type of conversion being requested.

We find Sprint witness Closz's statements regarding the changes associated with conversions in place were very confusing and contradictory because we believe that changes such as

administrative, billing, and engineering record updates are necessary changes that are required to effectuate the conversion from virtual to physical collocation, be it a change in place or otherwise.

We do, however, agree with the testimony of Sprint witness Closz, and in part with Intermedia witness Jackson, that if there are no physical changes required by the ILEC to the collocation arrangement, the only charges that should apply are for the administrative, billing, and engineering record updates. We also agree with Sprint witness Closz that when converting from virtual to caged collocation, additional space and construction considerations must be taken into account. We shall refrain from imposing any terms and conditions related to matters involving administrative costs, since the record demonstrates that these costs vary depending on the type of request and need. Therefore, these costs should be negotiated in an interconnection agreement.

In addition, if there are changes to the collocation configuration being requested, we find that an application fee is appropriate. Whether or not there are changes, however, the ILEC must inform a requesting ALEC within 15 calendar days of its request whether its collocation conversion application is accepted or denied, and provide sufficient information for the ALEC to place a firm order.

As for placing and relocating equipment, we note Rhythms witness Williams's arguments that the ILECs cannot require that all physical collocation arrangements be located in a segregated collocation area. This appears to be reasonable. Also, the ILECs shall be required to utilize any unused space for physical collocation. Furthermore, regarding relocation of equipment, the record supports that the ALEC's equipment may remain in place even if it is in the ILEC's equipment line-up when converting from virtual to cageless physical collocation. It appears that to require relocation of equipment under these circumstances would be unduly burdensome and costly to the ALEC without any benefit. Second, when converting from virtual to cageless physical collocation and the ALEC is asking to place additional equipment, acquire additional space, or the ILEC must perform work on the equipment to effectuate the conversion, these situations should be handled on a case-by-case basis to be negotiated by the parties. There may be instances where additional equipment is requested to be placed or additional space is requested which cannot be

accommodated in the existing space, and the collocation arrangement would need to be relocated.

Finally, when converting from virtual to caged physical collocation, we find that the ALEC equipment should be relocated because construction of a cage will require additional space. Since virtual collocation equipment is typically in the same line-up as ILEC equipment, the record demonstrates that this space would be more efficiently re-used for another virtual collocation arrangement, a cageless physical collocation arrangement or for ILEC equipment.

VI. RESPONSE AND IMPLEMENTATION INTERVALS FOR CHANGES TO EXISTING SPACE

In this section, we consider when an ILEC should be required to respond to an ALEC's request for changes to existing collocation space and the implementation interval for these changes. Herein, we refer specifically to changes to an ALEC's existing physical collocation space.

BellSouth witness Hendrix states that the response interval for a request for a change to an existing space should not exceed 30 days. He also states that the implementation interval for a request for changes to an ALEC's existing collocation space should not exceed 60 calendar days, under normal circumstances. Witness Hendrix describes normal conditions as "conditions where none of the following exist: material equipment ordering required, HVAC or power upgrades or additions, addition to floor space, racks, or bays." He states that for conditions other than normal, the implementation interval should be the same as a new request, 90 calendar days.

GTEFL witness Ries states that the response and implementation intervals depend upon the type of change requested; however, he maintains that, in general, the response and implementation intervals are the same for changes to existing collocation space as they are for new collocation requests. Witness Ries explains:

> . . . GTE distinguishes between major and minor augments. At the time it originally submits its collocation application, the ALEC indicates the amount of power it will need and the amount of heat (in BTUs) that its

> equipment will generate. The ALEC may then place equipment that does not exceed the capacity of the engineered space. As long as any changes the ALEC wishes to make are within the ALEC's original specifications, the change is considered to be a minor augment.

He further explains:

> If the requested augment would exceed the power and BTU's originally specified, or if it would require additional space, it is considered a major augment. Major augments will be treated like new collocation applications. In these cases, the ILEC will need to assess potential impacts of requested changes on power, HVAC, cabling and space requirements. While it will not take 90 days to provision every such change, it would be impossible to define some uniform, shorter interval, because change requests can vary widely in the amount of work they require.

Sprint witness Closz states that collocation space changes will likely involve the addition of equipment to the collocation arrangement and/or changing the existing equipment. Witness Closz explains that equipment additions or changes to the existing configuration are typically referred to as "augmentations" to existing collocation arrangements. Given the varied nature of change requests, she proposes the following response and implementation intervals:

> When the change requested requires no physical work on the part of the ILEC other than record updates, ALECs should only be required to advise the ILEC of the changes that will be made. . . . This response should be provided within fifteen (15) calendar days of receipt of the ALEC's change notification.
>
> Provisioning intervals when changes are required should be reflective of the actual work involved, but should not exceed 30 calendar days from receipt of the ALEC's request for a change. Longer intervals are

> warranted only in cases where ILEC infrastructure improvements and/or upgrades requiring additional time are required but in these cases the interval should not exceed 90 calendar days from receipt of the change request.

MCI witness Martinez believes that most changes made by an ALEC within its collocation space do not warrant either implementation intervals or additional applications or application fees. Witness Martinez explains that when an ALEC submits its initial request for collocation it provides the ILEC with information about the ultimate power requirements and equipment configuration for the collocation space. He states that as long as the changes to the collocation space do not exceed the initial forecast, there should be no obligation to obtain the ILEC's permission. At most, the witness believes that the ALEC should be required to make an information notification to the ILEC to enable the ILEC to update its records regarding the types of equipment actually installed. He further states that in situations where an ALEC legitimately requires the space to be modified with respect to space, power or HVAC, then the standard intervals for collocation should apply.

MGC witness Levy maintains that changes to existing collocation arrangements can take many forms and the appropriate response and implementation intervals vary depending on the form of the change. He states that after receiving a request for a change, the ILEC should be required to respond to the ALEC within ten business days and this response should include all costs associated with the request. He also states that once a firm order has been placed, the interval for provisioning this request should be no more than 30 calendar days.

Supra witness Nilson states that a 10 day, or less, response interval is appropriate. He believes that:

> [S]ince the Commission has already determined that physical collocation should be performed within ninety days, a modification to an existing collocation space should take even less time, certainly not more.

Intermedia witness Jackson states that as a general rule, response and implementation intervals will be shorter when making

changes to existing collocation arrangements because the collocation arrangement is already established, and in most of the augmentations, the ALEC is simply installing additional equipment. Addressing response intervals, witness Jackson states that for changes to existing collocation arrangements requiring no additional space, ILECs should be required to respond within five calendar days. For changes to existing collocation arrangements that require additional space, he contends that the ILEC should respond within the 10-day interval prescribed by the FCC in its Collocation Order.

Witness Jackson proposes three different implementation intervals for changes to existing collocation space. First, if the augmentation of the collocation arrangement requires no work by the ILEC, then ALECs should be able to begin work on the arrangement as soon as the application is accepted. Second, when work is required by the ILEC on the collocation arrangement, such as the addition of facilities or engineering additional power to the collocation arrangement, the ILECs should implement such changes within 45 calendar days. Third, when the ALEC submits an application for changing existing collocation space that requires additional space, the ILECs should be required to implement such changes within 60 calendar days.

ANALYSIS AND DETERMINATION

Based on the evidence presented, it appears that there are many different modifications to existing collocation arrangements that an ALEC may request. These requests may require the ILEC to make changes ranging from administrative or record changes, to provisioning more space for the ALEC. This variety of options appears to have contributed to the multitude of varying responses and implementation intervals proposed by the parties in this case.

Upon consideration, we find that ILECs shall be required to respond to an ALEC request for change to its existing collocation arrangement within 15 calendar days, as required for responses to initial collocation applications. The evidence that the response interval for changes to existing collocation space should be different from a response to an initial collocation application was not persuasive. The evidence shows that in many cases, the ILEC will have to perform the same analyses to evaluate the change request that it would perform for an initial request. Also, consistent with our decision on responses to initial applications,

we find that the ILEC's response to an ALEC shall contain all information necessary for the ALEC to place a firm order if the changes to the collocation space will require work on the part of the ILEC.

Regarding implementation intervals, we recognize that implementation intervals can also vary widely depending on the specific change. The evidence of record is not, however, sufficient to prescribe different provisioning intervals relating to all of the different changes that an ALEC may request. The parties propose provisioning intervals ranging from immediately after the application is accepted, to up to 90 calendar days. In Orders Nos. PSC-99-1744-PAA-TP and PSC-99-2393-FOF-TP, we ordered a provisioning interval of 90 calendar days for physical collocation after receipt of a firm order by an applicant carrier. The evidence in this case does, however, demonstrate that provisioning changes to existing collocation arrangements usually should require less time than provisioning a new collocation arrangement. Therefore, we shall require a provisioning interval of 45 calendar days. The evidence shows that most changes to existing collocation space can be provisioned in this time frame. However, if the ILEC believes it will be unable to meet this time frame and the parties are unable to agree to an extension, the ILEC shall seek an extension of time from this Commission within 30 calendar days of receipt of the firm order.

VII. DIVISION OF RESPONSIBILITIES BETWEEN ILECS AND COLLOCATORS FOR:

A. Sharing and Subleasing Space Between Collocators

In this section and subsection, we address the responsibilities of ILECs and collocators relating to shared and subleased collocation space. In most existing central office collocation arrangements, the designated physical collocation spaces of several competitive entrants are located close together within the ILEC premises. Because of the conveniences and efficiencies associated with this proximity, competitive entrants seeking to interconnect with each other may find connecting between their respective collocation spaces on the ILEC premises the most efficient means of interconnecting with each other. Under a shared collocation arrangement, a single collocation node is shared by two or more ALECs.

In the FCC's Advanced Services Order in Paragraph 8, the FCC set forth the following steps with regard to shared cage collocation:

> 1) Incumbent LECs must make available to requesting competitive LECs shared cage and cageless collocation arrangements. Moreover, when collocation is exhausted at a particular LEC location, incumbent LECs must permit collocation in adjacent controlled environmental vaults or similar structures to the extent technically feasible.
>
> 2) Incumbent LECs must permit competitors to collocate all equipment used for interconnection and/or access to unbundled network elements (UNEs), even if it includes a "switching" or enhanced services function, and incumbent LECs cannot require that the switching or enhanced services functionality of equipment be disengaged.

Sprint witness Hunsucker addresses this issue by referring to the FCC's Rule 51.321(k)(1). Therein, the FCC outlined the responsibilities of the ILEC and collocators when a collocator shares space with, or subleases space to, another collocator. The rule states:

> (k) An incumbent LEC's physical collocation offering must include the following:
>
> (1) Shared collocation cages. A shared collocation cage is a caged collocation space shared by two or more competitive LECs pursuant to terms and conditions agreed to by the competitive LECs. In making shared cage arrangements available, an incumbent LEC may not increase the cost of site preparation or nonrecurring charges above the cost for provisioning such a cage of similar dimensions and material to a single collocating party. In addition, the incumbent must prorate the charge for site conditioning and preparation undertaken by the incumbent to construct the shared collocation cage or condition the space for collocation use, regardless of how many carriers actually collocate in that cage, by determining the total charge for site preparation and allocating that charge to a collocating carrier based on the percentage of the total space utilized by that carrier. An incumbent LEC must make shared collocation space available in single-bay increments or their equivalent, *i.e.*, a

> competing carrier can purchase space in increments small enough to collocate a single rack, or bay, of equipment.

In addition, in Paragraph 41 of FCC Order 99-48, the FCC further concluded:

> . . . a carrier should be charged only for those costs directly attributable to that carrier. The incumbent may not place unreasonable restrictions on a new entrant's use of a collocation cage, such as limiting the new entrant's ability to contract with other competitive carriers to share the new entrant's collocation cage in a sublease-type arrangement. In addition, if two or more competitive LECs who have interconnection agreements with an incumbent LEC utilize a shared collocation arrangement, the incumbent LEC must permit each competitive LEC to order UNEs to and provision service from that shared collocation space, regardless of which competitive LEC was the original collocator.

Rhythms witness Williams contends that billing each ALEC separately is not needed for services like power, HVAC, and other similar services. In addition, Rhythms witness Williams acknowledges, the ILEC must track all the changes in the collocation arrangement to make sure that it is billing the correct entity and allocating shares correctly.

In response, however, BellSouth witness Hendrix argues that separate billing causes more work and expense resulting in possible administrative and billing errors. He further emphasizes that BellSouth provides shared collocation in every central office provided that: a) local building codes allow such an arrangement; and b) BellSouth's central office premises are not located within a leased space. Witness Hendrix also indicates that a host-guest relationship occurs when an ALEC chooses to share its space with other ALECs.

Intermedia witness Jackson states that when a collocator shares space with another collocator, the ALECs should be responsible for setting terms and conditions for the shared space. The witness also states that each collocator must be permitted by the ILEC to order UNEs and provision service from the shared space. The witness further states that ILECs should not restrict the types of equipment collocated by ALECs as long as they are used for interconnection or access to UNEs. Witness Jackson's arguments

appear to correlate with those set forth in FCC Order 99-48 as Paragraph 8.

ANALYSIS AND DETERMINATION

Upon consideration, we find that the FCC has provided sufficient guidance in its rules and orders, specifically FCC Order 99-48, FCC Order 96-325, FCC Order 96-333, FCC Order 97-208, and FCC Rule 47 C.F.R. §51.321(k)(1), regarding ILEC and ALEC responsibilities in shared and subleased collocation space. Therefore, ILECs and ALECs in Florida shall be required to follow those rules and orders regarding shared and subleased collocation space set forth by the FCC.

In addition, we acknowledge that FCC Order 99-48 clearly states that the ILEC must permit each ALEC to order UNEs to and provision service from the shared collocation space, regardless of who the original collocator is and state our disagreement with BellSouth witness Hendrix's assertion that the host ALEC should be the responsible party to submit applications for initial and additional equipment placements of its guests because the ILEC may not impose unnecessary requirements on how or what the ALECs might need for their own network infrastructure according to the FCC's Order. Therefore, ALECs shall not be required to designate a host ALEC and shall be able to order directly from the ILEC any addition to its network. Instead, each ALEC shall be allowed to submit its own requests to the ILEC for equipment placement, unbundled network elements and other services, regardless of which ALEC was the original collocator.

We also acknowledge that FCC Rule 47 C.F.R. §51.321(k)(1) requires an ILEC to prorate its costs based on the number of collocators and space used by each collocator; therefore, ILECs are encouraged to bill each collocator separately, but we shall not require them to do so.

As for the sharing arrangement between collocating ALECs, we emphasize that the ALEC host makes the determination that other ALECs, the guests, will be allowed to share space within its cage under the terms and conditions governing the sharing arrangement agreed to between the ALECs. Therefore, we shall not require that the ILEC be a part of any such negotiations between ALECs.

B. Cross-Connects Between Collocators

In this subsection, we consider the responsibilities of ILECs and collocators when a collocator cross-connects with another collocator. The FCC outlined the responsibilities of the ILEC and collocators when a collocator cross-connects with another collocator in FCC Rule 47 C.F.R. §51.323(h). The Rule states:

> (h) An incumbent LEC shall permit a collocating telecommunications carrier to interconnect its network with that of another collocating telecommunications carrier at the incumbent LEC's premises and to connect its collocated equipment to the collocated equipment of another telecommunications carrier within the same premises provided that the collocated equipment is also used for interconnection with the incumbent LEC or for access to the incumbent LEC's unbundled network elements.

The FCC also requires the ILEC to permit the new entrant to construct its own cross-connect facilities, using either copper or optical facilities, subject only to the same reasonable safety requirements that the incumbent places on its own similar facilities. FCC Order 99-48 at Paragraph 33. Therefore, the FCC also concluded that ILECs may require that all equipment that a new entrant places on its premises meet safety requirements to avoid endangering other equipment and the ILECs' networks.

The FCC further prohibits ILECs from requiring competitors to purchase any equipment or cross-connect capabilities solely from the incumbent at tariffed rates. FCC Order 99-48 at Paragraph 33. For this reason, an ILEC may not refuse to permit collocation of equipment on the grounds that the Bellcore Network Equipment and Building Specifications (NEBS) are not met. Id.

MCI witness Martinez indicates that BellSouth's position has always been that if an ALEC wants to cross-connect with another ALEC, the ALEC must submit a subsequent application and any applicable fees. He states that the application fee is generally $1,600 or more in some instances. He believes that this is not a cost-effective process, because such fees will eliminate and disrupt the "self-construction" alternative for the ALEC community. He further states that the ILEC should not require any application or any fees, because the ALEC has the right to perform its own cabling.

MCI witness Martinez further states that the ALEC should be able to construct, run its cables, and interconnect its equipment with another ALEC. In return, the ALEC will inform BellSouth what type of work will be done. MCI witness Martinez also indicates that since the ILEC is not providing service and additional facilities, the ILEC should not require any application fee or charges related to cross-connection.

In response, BellSouth witness Hendrix states that for co-carrier cross-connects, there needs to be an application fee based on the expenses associated with cable racking or other problems that may occur when changes are made to the existing collocation space. BellSouth witness Hendrix also contends that in circumstances where the ALEC constructs, runs its cables, and interconnects its equipment with another ALEC, such work may cause potential problems.

ANALYSIS AND DETERMINATION

Upon consideration, we find that the FCC has provided sufficient guidance in its rules and orders, specifically FCC Order 99-48, FCC Order 96-325, FCC Order 96-333, FCC Order 97-208, and FCC Rule 47 C.F.R. §51.321(k)(1), regarding ILEC and ALEC responsibilities in collocator cross-connects. Therefore, ILECs and ALECs in Florida shall be required to follow those rules and orders regarding collocator cross-connects set forth by the FCC.

We note that FCC Rule 47 C.F.R. §51.323(h)(2) reads:

> An incumbent LEC shall permit collocating telecommunications carriers to place their own connecting transmission facilities within their the incumbent LEC's premises outside of the actual physical collocation space, subject only to reasonable safety limitations.

We find the phrase "subject only to reasonable safety limitations" somewhat vague and of little specific guidance on this matter. The record in this case does, however, demonstrate that in establishing cross-connects in non-contiguous collocation spaces, work must be done in common areas. Work done in these common areas appears to be of particular concern, because it could potentially affect not only the cross-connecting carriers, but the ILEC and all other ALECs collocated in the central office. Thus, this appears

to be a legitimate safety concern. As such, and consistent with our other decisions set forth herein, all work in common areas must be performed by the ILEC. Because the ILEC will, ultimately, be required to perform some work regarding these types of requests, ALECs shall be required to submit an application to the ILEC for the ILEC to perform the work for ALEC cross-connects in non-contiguous collocation spaces.

We also find that the record supports that when ALECs cross-connect with each other in contiguous collocation spaces, no application fees are necessary, because the ALECs can establish their own cabling, but the ALECs must inform the ILEC of the type of work to be performed and the duration of such work. The ALECs must also use an ILEC-certified vendor to perform this work or submit an application to the ILEC to perform this task to ensure that the work is done safely.

VIII. PROVISIONING INTERVAL FOR CAGELESS COLLOCATION

Herein, we have also considered the provisioning interval for cageless physical collocation. The FCC has declined to adopt specific provisioning intervals, but it has encouraged "state commissions to ensure that incumbent LECs are given specific time intervals within which they must respond to collocation requests," because of the importance of ensuring timely collocation space. FCC Order 99-48 at Paragraph 54. This Commission has already established guidelines for provisioning of physical and virtual collocation in Order No. PSC-99-1744-PAA-TP, in which we stated:

> Upon firm order by an applicant carrier, the ILEC shall provision physical collocation within 90 days or virtual collocation within 60 days.

PSC-99-1744-PAA-TP at p.17.

We later clarified this Order in Order No. PSC-99-2393-FOF-TP to reflect that these time frames are calendar days. In this section, we address whether a different provisioning interval should apply to cageless physical collocation, as opposed to the 90 calendar days that applies to traditional caged physical collocation pursuant to our prior Orders.

BellSouth witness Hendrix states that BellSouth has found that its provisioning interval is not controlled by the time required to construct an arrangement enclosure. He maintains that:

> The controlling factors in the overall provisioning interval actually include the time required to complete the space conditioning, add to or upgrade the heating, ventilation, and air conditioning system for that area, add to or upgrade the power plant capacity and power distribution mechanism, and build out network infrastructure components such as the number of cross-connects requested. When the construction of an arrangement enclosure is not required or is not performed by BellSouth, all other collocation area and network infrastructure must still take place.

Witness Hendrix also argues that approximately 85 steps take place in the ordering process, as well as the other processes that BellSouth must follow to get collocation space to the customer in a timely manner. He emphasizes that with cageless collocation, only one step in that process is avoided, which is building the cage.

BellSouth witness Hendrix argues that virtual collocation and physical collocation, cageless or otherwise, are two different services, provisioned in two different ways. He states:

> With virtual collocation, the ALEC does not have direct access to its collocated equipment. BellSouth leases the ALEC's equipment and assumes the responsibility to maintain it. Since BellSouth technicians work on virtual collocation equipment, it is typically placed within BellSouth's lineup to provide more efficient access to the equipment. With physical collocation, however, the ALEC performs its own maintenance activities and therefore [sic] requires access to its equipment. Since the Advanced Services Order states that, "The incumbent LEC may take reasonable steps to protect its own equipment, such as enclosing the equipment in its own

> cage," (Paragraph 42) BellSouth typically places physical collocation arrangements outside its lineup, in unused space. This unused space often requires space preparation and infrastructure construction activities before equipment may be placed within it. Therefore, the provisioning activities for virtual and physical collocation are not the same, . . .

Similarly, GTEFL witness Ries states that the ALECs believe a much shorter interval for cageless collocation is appropriate because they believe it is similar to virtual collocation. He contends, however, that this comparison is unjustified because cageless is a physical collocation offering. The witness explains that except for cage construction, cageless collocation requires the ILEC to perform the same kinds of tasks to prepare the space. He adds that GTEFL has not found that the provisioning intervals for caged and cageless construction are a significant factor in determining provisioning intervals, and, therefore, reducing provisioning time frames by the amounts recommended by the ALECs would not be justified.

GTEFL witness Ries also states:

> The appropriate provisioning interval for cageless physical collocation is the same as for caged physical collocation. The only difference between caged and cageless physical collocation is construction of the cage itself. Extending power and providing overhead support and cable racking are typically the most time consuming aspects of the provisioning process. These tasks, which generally dictate the provisioning interval, are required whether cageless or caged physical collocation is being provisioned.

In response, Sprint witness Closz contends that a reduced interval appropriately reflects that the time required to construct cages is not needed for the provisioning of cageless arrangements. She further explains that:

> Sprint believes that the appropriate provisioning interval for cageless physical

> collocation is sixty (60) calendar days. Sprint's ILEC work processes for provisioning cageless physical collocation are essentially the same as its internal work processes for provisioning virtual collocation and accordingly, Sprint believes that the provisioning intervals for virtual collocation and cageless physical collocation should be the same.

Similarly, other ALEC witnesses, including witnesses for Intermedia, Supra, and Rhythms, maintain that cageless physical collocation mirrors virtual collocation; therefore, not constructing a cage should allow for a shorter provisioning interval than 90 calendar days.

Covad witness Moscaritolo contends:

> When space and power are readily available, an ILEC should provision cageless collocation space within 45 calendar days. When space and power is not readily available, an ILEC should provision cageless collocation space within 90 calendar days. US West presently provides these provisioning intervals to Covad under its interconnection agreement. (EX. A.) Because US West provides these intervals, such intervals are presumptively feasible in the regions of other ILECs, including BellSouth and GTE Florida.

He further contends that Southwestern Bell Telephone Company (SWBT) provides cageless collocation in active collocation space in 55 calendar days if an ALEC installs its own racking, and in 70 calendar days if the ILEC installs the racking. Witness Moscaritolo adds that if active collocation space is not readily available, SWBT provides cageless collocation in 140 calendar days. In addition, he disagrees with GTEFL witness Ries and BellSouth witness Hendrix regarding the impact of cage construction on the provisioning process. He argues that the construction of a cage is the interval-limiting task in the provisioning of caged collocation.

MGC witness Levy states that upon receipt of a firm order, cageless collocation should be provisioned within 30 calendar days.

He notes that in Las Vegas, all MGC collocations are cageless, and the space is consistently available within 30 days.

ANALYSIS AND DETERMINATION

As mentioned previously, this Commission has established the requirement that an ILEC shall provision physical collocation within 90 calendar days and virtual collocation within 60 calendar days after the receipt of a firm order from an applicant carrier. Most of the ALEC parties in this proceeding argue that cageless physical collocation mirrors virtual collocation and that without having to construct a cage, the provisioning interval should be less than caged physical collocation. Indeed, FCCA, AT&T, Covad, FCTA, Intermedia, MCI, MGC, MediaOne, Rhythms and Supra in their joint position statement contend that the ILECs should provision cageless collocation within 45 calendar days of receiving a request if space and power are readily available and 60 days if not readily available. These parties have, however, presented very little persuasive, substantive evidence to support this position.

As for BellSouth's and GTEFL's arguments that cageless collocation should have the same interval as caged collocation because it is a type of physical collocation, we do not find these arguments entirely persuasive. BellSouth and GTEFL's arguments do, however, suggest that there are differences between virtual and physical collocation, whether caged or not, that could cause the provisioning intervals to differ. We note that the FCC stated:

> Under virtual collocation, interconnectors are allowed to designate central office transmission equipment dedicated to their use, as well as to monitor and control their circuits terminating in the LEC central office. Interconnectors, however, do not pay for the incumbent's floor space under virtual collocation arrangements and have no right to enter the LEC central office. Under our virtual collocation requirements, LECs must install, maintain, and repair interconnector-designated equipment under the same intervals and with the same or better failure rates for the performance of similar functions for comparable LEC equipment. FCC Order 96-325 at Paragraph 559.

In physical collocation, other types of equipment may be installed besides transmission equipment, including equipment that may have switching functionality. These differences in equipment do bring about different technical aspects of provisioning the collocation space, such as grounding differentials, power and heat differentials, and different equipment footprint sizes. AT&T witness Mills agrees that these differences exist between equipment typically placed in a virtual collocation arrangement versus a physical collocation arrangement. Based on the evidence, we are persuaded that these differences between virtual and physical collocation may cause the provisioning intervals to differ.

The other argument presented by the ALECs was that construction of a cage increases the provisioning interval for caged physical collocation. While the evidence demonstrates that there is some time involved with construction of a cage, we are not persuaded that this time is substantial or the limiting factor in provisioning caged physical collocation. As pointed out in the hearing, construction of a cage may be done concurrently with the other work necessary to provision the collocation space. Therefore, we are not persuaded that construction of a cage significantly increases the time required for caged physical collocation and do not believe that the provisioning interval for cageless physical collocation should be reduced based on this argument.

Based on the foregoing, we, therefore, find that the provisioning interval for cageless physical collocation shall be 90 calendar days after an applicant carrier has submitted a firm order to the ILEC, which is the same as the provisioning interval for caged physical collocation. The evidence of record shows that there are differences between virtual and cageless physical collocation. It does not show that the provisioning interval for caged physical collocation is significantly impacted by the construction of a cage.

IX. DEMARCATION POINT BETWEEN ILEC AND ALEC FACILITIES

In this section, we consider the appropriate demarcation point between the ALEC and ILEC equipment in situations where the ALEC's equipment is connected directly to the ILEC's network, without an intermediate point of interconnection.

Prior to the issuance of the FCC Advanced Services Order, typically the ILEC required an ALEC to interconnect at a Point of Termination (POT) bay. However, Rhythms witness Williams states that the Advanced Services Order prohibits ILECs from requiring POT bays, because such arrangements increase an ALEC's costs of interconnection. As a result of removing this intermediate point, there is disagreement about the new location of the demarcation point.

MGC witness Levy explains:

> Without a point of termination ("POT") bay between the ALEC and ILEC, it is difficult to identify a demarcation point. In such case, each cable becomes a type of meet-point since the ALEC is not permitted to reach the ILEC end and the ILEC is not permitted to reach the ALEC end.

He further states:

> However, if there is no POT bay, establishing a demarcation point would be less important if the ALEC were permitted to do all of its wiring between its equipment and the ILEC termination destination: the MDF for DS0s; and DSX1 and DSX3 ports for the DS1 and DS3. . . .

GTEFL witness Reis argues, however, that the ALECs should not have access to the ILEC's main distribution frame [MDF] to perform end-to-end wiring, because the MDF is a cross-connect point for wiring or jumping numerous pieces of central office equipment. If ALECs could access the ILEC's MDF, witness Reis believes ILECs would not be able to keep accurate records of connections, which would affect network reliability. Also, he believes network security would be a concern.

BellSouth witness Milner proposes that an ILEC should be able to determine the demarcation point. He states:

> BellSouth will designate the point(s) of interconnection between the ALEC's equipment and/or network and BellSouth's network. Each party will be responsible for maintenance and

> operation of all equipment/facilities on its side of the demarcation point.

Witness Milner believes the point of interconnection should be the common block on an ILEC's conventional distribution frame (CDF), which is an intermediate frame located in the common area between the ILEC's main distribution frame and an ALEC's collocation space.

BellSouth witness Hendrix also asserts that any area located outside the ALEC's collocation space is common space. He adds that:

> It is BellSouth's responsibility to maintain and to make whatever changes are needed to equipment that are in the -- equipment or elements that are in the office that is outside of the space designated for a given ALEC customer.

However, BellSouth witness Milner states:

> The ALEC or its agent must perform all required maintenance to equipment/facilities on its side of the demarcation point and may self-provision cross-connects that may be required within the collocation space to activate service requests.

BellSouth witness Milner and witness Hendrix have presented conflicting positions, which would preclude ALECs from performing their own facility maintenance on their side of the demarcation point. BellSouth witness Milner is advocating that an ALEC or its agent would perform maintenance up to the CDF; however, BellSouth witness Hendrix apparently believes that the area outside of the ALEC's collocation space is common space, and only ILECs should maintain that area, including the resident cabling.

In response, however, Rhythms witness Williams argues that requiring ALECs to connect to the CDF does not provide any particular benefit to BellSouth and simply increases the ALECs' costs. Moreover, witness Williams states that BellSouth is requiring Rhythms to accept contract amendments, which designate the CDF as the point of interconnection. Witness Williams contends that BellSouth insists that Rhythms waive rights provided by the Advanced Services Order in order to obtain cageless collocation.

Sprint witness Closz contends that when a demarcation point is designated at an intermediate frame located at a distance from the collocation space, additional ALEC cabling would be required. Therefore, Sprint witness Closz proposes that an ALEC collocation site would be the appropriate demarcation point, because the ALEC's collocation site serves as a meet point for which maintenance and provisioning responsibilities are split, with each party assuming accountability on its side of the demarcation point. Witness Closz further asserts:

> The FCC has determined that under Sections 251(c)(2) and 251(c)(3), the requesting carrier may choose any method of interconnection or access to unbundled elements that is technically feasible at a particular point. (96-325 local Competition Order P. 549) Thus the ALEC, not BellSouth, is permitted to designate the point of interconnection.

However, BellSouth Witness Milner counters:

> . . . the ALEC collocation site is not "the" appropriate demarcation point, but "one" appropriate demarcation point. Second, Ms. Closz fails to indicate specifically where such a demarcation would be made, or upon what device the demarcation point would reside.

ANALYSIS AND DETERMINATION

Upon consideration of the arguments and the evidence presented, we are persuaded that an ILEC should not be obligated to offer access to its MDF. The MDF connects directly to the switch and provides an area for technicians to modify switch connection without actually altering the connections at the switch, which the evidence shows is very difficult due to the extremely large number of connections at any point at the switch. We agree with BellSouth and GTEFL that labeling and maintaining terminations is critical and should be performed by one party, the ILEC. Moreover, we are concerned that security and network accountability would be jeopardized by requiring ILECs to provide access to the MDF.

As for the CDF, there are two reasons why we shall not order that the CDF be the required demarcation point. First, the record demonstrates that the common area is not an appropriate demarcation point because, as we further explain in this Order, we believe only ILECs should perform work in common areas. Second, we agree with Sprint witness Closz that additional ALEC cabling would be required if the CDF were the demarcation point.

We are persuaded that the ALEC's collocation site is the appropriate demarcation point. The demarcation point is the point at which each carrier is responsible for all activities on its side. The evidence of record clearly shows that, currently, ALECs are not allowed to manage or control the area outside of their collocation space. Moreover, establishing a demarcation point outside of an ALEC's collocation space could prohibit ALECs from managing or maintaining their cabling on their side of the demarcation point without a BellSouth Certified Contractor. Therefore, we find that the ALEC's collocation space is the appropriate demarcation point.

Furthermore, we agree that because the ILECs manage the cabling and cable racking in the common area, the ILEC should designate the location of such a point at the perimeter of an ALEC's space; however, ILECs shall not be required to terminate the cabling onto any ALEC device or equipment because we agree with witness Levy that the ILEC may not reach the ALEC end. The ALEC shall be responsible for terminating the cable to its own equipment and notifying the ILEC when completed. Also, ILECs shall be required to provide an ALEC-specified cable extension from the demarcation point at the same costs at which ILECs provide cable to itself.

We have considered the fact that there are ALECs that prefer to use POT bays and other intermediate points as demarcation points. Based on the record, it appears that no ILEC was opposed to an ALEC's use of POT bays in an ALEC's space, or other intermediate points in an ILEC's space up to the CDF. We note that GTEFL witness Reis states that:

> GTE would allow Covad to put a POT Bay in their collocation space. What GTE would not be in favor of is GTE performing the wiring on equipment that is in the Covad space, that we would provide to the cable. . . .

Although the FCC prohibits ILECs from requiring POT bays or other intermediate points of interconnection, ALECs are not prohibited from choosing to use them. Therefore, ILECs and ALECs may negotiate other demarcation points up to the CDF. However, if terms cannot be reached between the carriers, the ALEC's collocation site shall be the default demarcation point.

X. PARAMETERS FOR RESERVING SPACE FOR FUTURE USE

Herein, we consider the appropriate length of time collocation space can be reserved once collocation space has been granted by an ILEC to a requesting party. While the positions of the parties varied as to the length of time collocation space should be allowed to be reserved, all but one party agreed that a provider should be allowed to reserve collocation space.

Several ALECs emphasize the need to have the ability to reserve space under the same terms and conditions as the ILECs. The FCC has addressed space reservation, to an extent, in FCC Rule 51.323(f)(4), which states:

> An incumbent LEC may retain a limited amount of floor space for its own specific future uses, provided, however, that the incumbent LEC may not reserve space for future use on terms more favorable than those that apply to other communications carriers seeking to reserve collocation space for their own use.

Supra witness Nilson states that parameters for reserving collocation space should be applied equally to ALECs and ILECs, and neither party should be allowed to reserve space for a greater amount of time than the other.

MCI witness Martinez agrees that there should be parity among parties when reserving central office space. Witness Martinez contends that the maximum time for space reservation should be two years, and emphasizes that "[B]ased on industry practice, I believe that space reservation for all parties should be based on a planning horizon for the current year plus one."

Intermedia witness Jackson proposes that ILECs should be required to have a minimum amount of collocation space available in every central office. Intermedia witness Jackson further argues that "[I]f the space falls below this threshold, the ILEC should

have to begin to create plans for expansion of the central office space." While witness Jackson did not know how much collocation space should be required in each central office, he believes there should be enough space for two collocators at any given time. If space for two collocators is unavailable, the ILEC should relinquish its reserved space and make it available to requesting ALECs.

Covad is concerned about future growth and disclosure of the ILECs' future growth plans. Covad witness Moscaritolo asserts that if ILECs' plans for future growth lessen the amount of collocation space available in a central office, the ILEC should notify the ALECs waiting to collocate in that central office. He notes that no mechanism exists for ALECs to verify ILECs' future use of their reserved collocation space. Witness Moscaritolo suggests that the ILECs should be required to disclose this information on their websites or in a filing with the Commission. Witness Moscaritolo stated that the decision on this issue should result in parity among companies.

GTEFL witness Ries asserts that collocation space should be allowed to be reserved for an indefinite amount of time, as long as a documented, funded business plan accompanied the request for collocation space, because different types of equipment have different implementation and planning intervals. He indicates that GTEFL believes that limiting the time collocation space can be reserved would result in an inefficient and costly approach to accommodate network additions.

In defining what a documented, funded business plan is, the witness explains that GTEFL reviews and updates its forecasted future requirements on a quarterly basis to determine when a switch would require an addition. He further explains that the funded, documented business plan can delineate where future switch additions may be needed to accommodate growth two or three years into the future.

In addition, witness Ries clarifies that if space were available in the central office to accommodate new requests, then a documented, funded business plan would not be necessary. Witness Ries further contends that, "[I]f GTE were only able to reserve space on a one-year increment, for example, then it would be forced to plan and implement switch additions on a year-by-year basis." GTEFL witness Ries also asserts that once floor space is granted to an ALEC, the ALEC should be required to pay for items such as

utilities, maintenance, and taxes on the space, and should be required to install their cage or bay at the time of reservation.

Sprint witness Hunsucker believes that FCC Rules 47 C.F.R. §§ 51.323(f)(4)-(6) serve as guidelines for the reservation of collocation space, but that the state commissions are responsible for taking the next step to ensure collocation occurs in a timely manner. The witness believes that ILECs and ALECs should be able to reserve collocation space for up to 12 months. Witness Hunsucker further states that an ILEC should be required to provide justification to the requesting party when denying collocation due to lack of space. This justification would come from the ILEC demand and facility charts, which should include three to five years' historical data and forecasted growth.

Witness Hunsucker also maintains that given the nature of the local telecommunications market and the deployment of advanced services, it is difficult to forecast space requirements beyond 12 months. He believes that a planning period longer than 12 months is just that, for planning, and the further plans are into the future, the more subject they are to change. He believes a 12-month reservation period should be adopted over the other alternatives presented because, " . . . we have got to ensure that there is a certainty that space is going to be used when we allow space to be reserved." While Sprint develops plans for periods of two years, three years, or four years into the future, " . . . those plans do not become funded and they are subject to change at any time." Witness Hunsucker adds that upon remittal of the collocation charges from the ALEC to the ILEC, the ALEC should be required to occupy the collocation space within six months. Failure to occupy the collocation space within six months would allow the ILEC to reclaim the collocation space and satisfy other collocation requests with the reclaimed space.

MGC witness Levy testified there should be no reservation of space in a central office by either an ILEC or an ALEC. The witness believes space reservation creates inefficiencies and adds delays and complications. Witness Levy does, however, state that " . . . if there must be a reservation policy, it should not in any way favor the ILEC or any affiliated companies or subsidiaries of the ILEC." Thus, witness Levy concludes that if MGC foresees future needs for collocation space, perhaps ten months in the future, MGC would immediately reserve it. The witness further indicates that MGC would be willing to pay for the space upon submitting the application, including submitting the application

for collocation, the application fee, and all required capital outlay to have the space prepared for their intended use.

BellSouth witness Milner argues that BellSouth currently applies the same standards to an ALEC it applies to itself, and, as such, it allows an ALEC to reserve space for a two-year period. Witness Milner contends that BellSouth's retail division does not acquire space in a central office, but its network organization does plan future space usage. Witness Milner disagrees with Sprint witness Hunsucker's recommendation of a 12-month reservation policy, reaffirming his position that either BellSouth or an ALEC should be able to reserve space for up to two years.

Further, witness Milner contends that Intermedia's proposal to require ILECs to have space available for two collocators at any given time would put BellSouth at a disadvantage relative to the ALECs. First, he asserts that BellSouth would be disadvantaged if ALECs could reserve space without the possibility of being required to relinquish reserved space, while requiring BellSouth to surrender its reserved space to accommodate future collocators. Second, BellSouth witness Milner contends that BellSouth is not required to construct additional space to lease.

ANALYSIS AND DETERMINATION

The positions presented include not allowing collocation space to be reserved under any circumstance, allowing collocation space to be reserved for an indefinite amount of time, and allowing collocation space to be reserved for a period of time ranging from 12 to 24 months. Several parties also emphasize the need for nondiscriminatory treatment with respect to reserving collocation space. The FCC's Rule 51.323(f)(4)addresses this issue:

> An incumbent LEC may retain a limited amount of floor space for its own specific future uses, provided, however, that the incumbent LEC may not reserve space for future use on terms more favorable than those that apply to other communications carriers seeking to reserve collocation space for their own use.

In order to comply with Rule 51.323(f)(4), we believe that the length of time an ILEC or a requesting carrier can reserve collocation space must be the same. Moreover, we are persuaded

that an ILEC or a requesting carrier must be allowed to reserve collocation space subject to the same terms and conditions.

Although MGC Communications witness Levy has proposed there not be a time period in which collocation space can be reserved, we do not find this proposal reasonable. Given the costs incurred for preparing collocation space, this method could deter competitive entrants that do not have sufficient capital for short-term outlays, and impede competitive carriers from expanding into new markets. This approach would create a guessing game as to when and how long collocation space would be available in a central office and hinder future central office expansion plans.

We also do not agree with GTEFL's proposal that the existence of a funded, documented business plan warrants reserving collocation space for an indefinite amount of time. While GTEFL contends the reservation of collocation space varies by central office, this method provides little incentive for companies to install equipment and utilize collocation space in a timely manner. This proposal could accelerate space exhaustion and hinder the ability of other competitive carriers to obtain collocation space. Further, this proposal could create a situation where one ALEC could control all available collocation space in a particular central office simply by developing a well-documented business plan. This would lead to other ALECs having to accept the terms and conditions of the host ALEC. GTEFL should be able to sustain adequate forecasting and future growth planning while restricting the allowed period for space reservation.

While BellSouth and Sprint agree that both ALECs and ILECs should be able to reserve space under equal terms and conditions, they differ as to the length of time a requesting collocator is allowed to have space reserved. BellSouth proposes a 24 month period, while Sprint proposes a 12 month-period.

BellSouth witness Milner contends that a two-year planning horizon gives adequate notice to the parties as to their expected needs for space reservation. Witness Varner states that BellSouth currently reserves and allows ALECs to reserve space on a two-year basis. Although BellSouth reserves space on a two-year basis, we believe that this time period may be overstated somewhat, because we agree with witness Hunsucker that planning for the distant future is difficult due to the nature of the telecommunications industry.

As for Sprint, Sprint witness Hunsucker proposed 12 months as a sufficient period for the reservation of space. As stated above, witness Hunsucker contends that because of the nature of the telecommunications industry and the deployment of advanced services, it is difficult to forecast beyond 12 months. He also believes planning beyond twelve months is just that, planning.

Upon consideration, we find that an 18-month reservation period is appropriate for reserving space. This 18-month reservation period shall apply to all providers alike, ILECs and ALECs. The evidence is clear that space within a central office is a limited resource, and that limiting the length of time space is allowed to be reserved will promote efficient use of central office space and allow current and future collocators the ability to reserve space and enter new markets, thereby stimulating competition. We believe that this 18-month reservation policy will also allow requesting collocators to more accurately forecast and adjust space requirements. This requirement shall be implemented on a non-discriminatory basis such that ALECs and ILECs must be allowed to reserve space under the same terms and conditions.

We note that two other peripheral topics were raised by certain parties within the context of this issue. First, GTEFL witness Ries believes ALECs should begin paying for collocation space once the ALEC is granted collocation space by the ILEC. Second, Sprint witness Hunsucker believes the ILEC in a particular franchise area should have the ability to reclaim unused collocation space after a period of time has elapsed. While we agree that these appear to be legitimate issues, we believe there is insufficient evidence presented in this docket to address these concerns. Furthermore, these points are beyond the scope of the issue presented for our decision.

XI. GENERIC PARAMETERS FOR THE USE OF ADMINISTRATIVE SPACE

In this section, we address whether guidelines should be established to define when administrative space should be converted into physical collocation space if available collocation space has been exhausted. Suggested generic guidelines for converting administrative space into collocation space include relocating administrative personnel away from central offices, limiting the amount of space used in a central office for training purposes, and limiting the size of employee amenities, including break rooms and bathrooms. From all the testimony, two distinct opinions arose.

GTEFL witness Ries and BellSouth witness Milner both agreed that generic parameters cannot be established. GTEFL witness Ries states, "[T]rying to define such parameters would be futile. Each ILEC premise has its own, unique set of circumstances." He also contends that even if certain parameters were met, the ALECs would still dispute the availability of collocation space.

BellSouth witness Milner first defines administrative space as " . . . any space not directly supporting the installation or repair of both telephone equipment and customer service." He explains that examples of administrative space include storerooms, break rooms, training areas, and space used by workgroups performing functions not related to telecommunications equipment. BellSouth witness Milner indicates that generic parameters cannot be established for this space because of the differences between central offices. He maintains that these differences include variations in equipment requirements with respect to space and power needs, building codes that affect remodeling and building additions, and other unique characteristics. The witness contends that these unique characteristics also influence the number and types of people necessary to ensure the daily operations of the central office, the design and size of the facility, and differences among computer systems controlling each central office. Therefore, witness Milner further argues that we should affirm BellSouth's use of administrative space as a practical use of the available space within the central office.

Several other parties, however, believe that generic guidelines can and should be established with respect to when administrative space should be converted into physical collocation space. Sprint witness Hunsucker believes that establishing guidelines pertaining to space availability would promote competition. The witness states that Sprint is being denied

physical collocation space in other ILEC facilities when space is being occupied by administrative personnel not essential to the daily functions of a central office.

We note that Sprint witness Hunsucker's definition of administrative personnel is slightly different from BellSouth's definition. Witness Hunsucker defines administrative personnel as those employees whose work is not directly related to the central office switching function that is provided in that location. The witness also believes ALECs should have the ability to locate their switching/transmission equipment in the same location the ILECs locate their comparable equipment. Sprint witness Hunsucker also believes ILECs should be required to relocate administrative personnel before denying physical collocation requests. Sprint believes the cost of relocating administrative personnel should be recoverable, and that recovery of a portion of the relocation cost should be based on the percentage of the requesting collocator's square footage to the total square footage of relocated administrative personnel. Furthermore, while witness Hunsucker does not contest the need for training areas or employee bathrooms in a central office, he does express concern over the size of such areas and believes that training rooms and bathrooms that are much larger than needed should be reduced in size.

In response, BellSouth witness Milner disagrees with Sprint witness Hunsucker and explains the necessity for certain types of administrative space, such as training areas. He stresses the need for training and quiet areas to facilitate the learning process. He also believes relocating training space would reduce the efficiency of the training process and impact the quality of service.

MGC witness Levy asserts that, " . . . there is no more economically efficient use of space within an ILEC central office than use for the purpose of housing telecommunications equipment." MGC witness Levy believes that all space in a central office should be used for this purpose with the exception of a minimal amount of space used for employee bathrooms and space needed by technicians. Witness Levy testifies that ILECs leave unused and old equipment sitting in central offices in an effort to absorb space.

MCI witness Martinez contends that there is no need for generic parameters to be established when collocation space exists in a central office. The witness believes parameters should be established to apply in instances when collocation requests are

denied. Specifically, witness Martinez believes that guidelines are needed to address instances when collocation requests are denied on the basis of space exhaustion even when administrative personnel are housed in the same facility. Witness Martinez recommends that this Commission require " . . . that minimum office force, work area, and floor space guidelines should be identified for each class of wire center."

Likewise, Intermedia witness Jackson recommends that we act as a space administrator and assign collocation space in ILECs' central offices. Witness Jackson contends that whether collocation space is deemed available through creation, conversion, or reclamation of space, including administrative space, the Commission should be the administrator of such space. Intermedia also suggests that we require all ILECs to retain applications for physical collocation for a period not to exceed five years.

ANALYSIS AND DETERMINATION

While there have been various proposals, including limiting the size of employee bathrooms, break rooms, and training areas, no detailed guidelines for implementation were presented. Thus, based on the record and the lack of definitive, proposed guidelines, we do not believe that generic standards can be established for converting administrative space into physical collocation space due to the uniqueness of each central office. We also disagree with Intermedia witness Jackson's suggestion that we act as the administrator of physical collocation space within a central office. Building engineers and network managers have greater expertise than this Commission to manage central office facilities.

Therefore, upon consideration of the record, we agree with BellSouth and GTEFL that adequate generic parameters cannot be established. The record shows that each central office has a set of unique circumstances that factor into how much administrative space is essential to the daily operations of that office. The amount of administrative space necessary per central office varies by the types of equipment in use, building limitations and design, and the expertise and number of people necessary to ensure proper operation of the central office.

Notwithstanding our conclusion herein, we emphasize that we have already established procedures in Orders Nos. PSC-99-1744-PAA-TP and PSC-99-2393-FOF-TP to address situations in which ILECs

believe collocation space has been exhausted and to determine whether a waiver of the physical collocation requirements should be granted. Therefore, when an ILEC believes that no space exists for physical collocation, we will continue to follow the procedures outlined in our prior Orders to determine whether a waiver of the physical collocation requirements is warranted.

XII. EQUIPMENT OBLIGATIONS

We have also been asked to determine the types of equipment that an ILEC is obligated to allow an ALEC to place in a physical collocation arrangement. We emphasize that the FCC has addressed this issue on numerous occasions, including in FCC Rules 47 C.F.R. §§51.323(b)-(c), the First Report and Order, FCC Order 96-325, issued on August 8, 1996, and most recently in its First Advanced Services Order, FCC Order 99-48, issued on March 31, 1999.

BellSouth witness Milner cites Paragraph 28 of the Advanced Services Order which requires the collocation of Digital Subscriber Line Access Multiplexers (DSLAMs), routers, Asynchronous Transfer Mode (ATM) multiplexers, and Remote Switching Modules (RSMs). He states that BellSouth has allowed collocation of these types of equipment, plus "stand-alone" switching equipment. Witness Milner contends that because the FCC Advanced Services Order does not require collocation of equipment used solely for enhanced services, BellSouth believes that it is already in compliance with the FCC's requirements.

GTEFL witness Ries believes that the FCC has answered this issue and has provided enough direction for this Commission to determine ILECs' obligations in this area. In support of this, he cites Paragraphs 28 and 30 of the Advanced Services Order in which the FCC addressed this issue. Witness Ries also argues:

> Indeed, it would not be possible or desirable to draw up an exhaustive list of particular pieces of equipment that could be collocated, as the ALECs might advocate. Such a list would, no doubt, be obsolete as soon as it was established, and there would inevitably be ALEC requests to collocate equipment not on the list. If there are disputes about interpretation of the FCC rule as applied to a particular piece of equipment, the only

> practical approach is for the Commission to address them on a case-by-case basis.

Sprint witnesses Hunsucker and Closz both refer to FCC Rule 47 C.F.R. §51.323(b) and state that this rule requires an ILEC to permit collocation of any type of equipment used for interconnection or access to unbundled network elements. Witness Hunsucker states that the only limitation contained in the FCC Rules is that ILECs are not required to permit collocation of equipment used solely for switching or solely to provide enhanced services. He further contends:

> Additionally, if the ALEC places mixed use equipment, i.e., equipment used for interconnection or access to unbundled network elements that also provide switching or enhanced services functionality, the ILEC cannot place any limitations on the ability of the ALEC to use all the features, functions, and capabilities of the equipment, including, but not limited to switching, routing features and functions and enhanced services capabilities.

Sprint witness Closz contends that the FCC rules, which require ILECs to permit a broad range of telecommunications equipment deployment within collocation arrangements, provide flexibility to ALECs seeking to provide advanced telecommunications services.

MCI witness Martinez, Covad witness Moscaritolo, MGC witness Levy and Supra witness Nilson all cite to Paragraph 28 of the FCC's Advanced Services Order in addressing the equipment allowed in a physical collocation arrangement. MCI witness Martinez states that FCC Rules 47 C.F.R. §§51.323(b)-(c) require that an ILEC permit any equipment that is "used or useful" for either interconnection or access to unbundled network elements, regardless of the other functionalities inherent in such equipment. He also contends that the ILEC cannot impose safety or engineering standards that are more stringent than the standards that the ILEC applies to its own equipment located on the premises in question. MGC witness Levy believes that the ALEC should be permitted to install any equipment that meets the BellCore Network Equipment and Building Specifications (NEBs) Level 1 compliance, regardless of its functionality.

Intermedia witness Jackson adds:

> The FCC concluded in its Collocation Order that ILECs should not be permitted to impede competing carriers from offering advanced services by imposing unnecessary restrictions on the type of equipment that competing carriers may collocate . . . As a result, ILECs can no longer prohibit the types of equipment collocated by ALECs as long as it is used for interconnection or access to unbundled network elements.

ANALYSIS AND DETERMINATION

There appears to be very little disagreement among the parties on this issue. In fact, the parties do little more than cite relevant FCC orders. Section 251(c)(6)of the Act addresses the collocation obligation of collocation of ILECs:

> (6)Collocation.-The duty to provide, on rates, terms, and conditions that are just, reasonable, and nondiscriminatory, for physical collocation of equipment necessary for interconnection or access to unbundled network elements at the premises of the local exchange carrier, . . .

The FCC later clarified that "necessary does not mean 'indispensable' but rather 'used' or 'useful.'" FCC Order 96-325 at Paragraph 579.

The FCC also addressed equipment placement in FCC Rules 47 C.F.R. §§51.323(b)-(c), which require:

> (b) An incumbent LEC shall permit the collocation of any type of equipment used for interconnection or access to unbundled network elements . . . Equipment used for interconnection and access to unbundled network elements includes, but is not limited to:

> (1) Transmission equipment including, but not limited to, optical terminating equipment and multiplexers; and
>
> (2) Equipment being collocated to terminate basic transmission facilities pursuant to §§64.1401 and 64.1402 of this chapter as of August 1, 1996.
>
> (c) Nothing in this section requires an incumbent LEC to permit collocation of switching equipment or equipment used to provide enhanced services.

Further, the FCC clarified its positions on collocation equipment in its Advanced Services Order, when it stated:

> We agree with commenters that our existing rules, correctly read, require incumbent LECs to permit collocation of all equipment that is necessary for interconnection or access to unbundled network elements, regardless of whether such equipment includes a switching functionality, provides enhanced services capabilities, or offers other functionalities. Our rules obligate incumbent LECs to "permit the collocation of any type of equipment used for interconnection or access to unbundled network elements." Stated differently, an incumbent LEC may not refuse to permit collocation of any equipment that is "used or useful" for either interconnection or access to unbundled network elements, regardless of other functionalities inherent in such equipment . . . We further agree with commenters that this rule requires incumbent LECs to permit competitors to collocate such equipment as DSLAMs, routers, ATM multiplexers, and remote switching modules. Nor may incumbent LECs place any limitations on the ability of competitors to use all features, functions, and capabilities of collocated equipment, including, but not limited to, switching and routing features and functions.

FCC Order 99-48 at Paragraph 28.

While MGC witness Levy states that the ALEC should be permitted to install any equipment that meets the BellCore Network Equipment and Building Specifications (NEBs) level 1 compliance, regardless of its functionality, the FCC has clearly stated that it continues to decline "to require incumbent LECs to permit the collocation of equipment that is not necessary for either access to UNEs or for interconnection, such as equipment used exclusively for switching or for enhanced services." FCC Order 99-48 at Paragraph 30. Therefore, we disagree with MGC's argument.

We do, however, agree with GTEFL witness Ries that it would not be possible, or desirable, to draw up an exhaustive list of equipment that could be collocated. Due to rapidly changing technology, such a list would be obsolete in very short order.

The only real point of contention seems to be who should bear the responsibility of proving to the state commission whether a particular piece of equipment should be collocated. Sprint witness Hunsucker and Intermedia witness Jackson believe that the burden of proof should be on the ILEC to prove that the equipment will not be used for interconnection or access to unbundled network elements. However, BellSouth witness Milner counters that it should be the ALEC's responsibility, because it would be the ALEC's equipment, which would make it difficult for the ILEC to try to prove a negative. He believes that ILECs could be faced with employing extensive technical resources to evaluate equipment not used for telecommunications purposes.

The FCC has also addressed this situation, stating:

> . . . Whenever an incumbent LEC objects to collocation of equipment by a requesting telecommunications carrier for purposes within the scope of section 251(c)(6) of the Act, the incumbent LEC shall prove to the state commission that the equipment will not be actually used by the telecommunications carrier for the purpose of obtaining interconnection or access to unbundled network elements . . . .

47 C.F.R. §51.323(b).

It upheld this position in its Advanced Services Order. FCC Order 99-48 at Paragraph 28.

We are not persuaded by with witness Milner's logic. If the ILEC has denied collocation of a particular piece of equipment, presumably it has done whatever is necessary to determine that the equipment will not be used for interconnection or access to unbundled network elements. Therefore, all it needs to do is present this information to the state commission. Thus, we believe that this responsibility should belong to the ILEC. However, the ALECs shall be required to provide to the ILEC, upon request, any manufacturer specifications regarding the equipment in dispute.

Based on the foregoing, we conclude that the FCC has provided sufficient direction in determining the equipment that may be physically collocated. The FCC's rules require incumbent LECs to permit collocation of all equipment that is necessary for interconnection or access to unbundled network elements, regardless of whether such equipment includes a switching functionality, provides enhanced services capabilities, or offers other functionalities. The FCC has also stated that an incumbent LEC may not place any limitations on the ability of competitors to use all the features of its collocated equipment. Therefore, we shall require ILECs to allow the types of equipment in a physical collocation arrangement that are consistent with FCC rules and orders. We note, however, that the FCC has, thus far, declined to require the collocation of equipment that is used exclusively for switching or enhanced services. Also, the FCC has stated that it is the responsibility of the ILEC to prove to the state commission that equipment will not be used for interconnection or access to unbundled network elements.

XIII. PRICE QUOTES - TIMING AND DETAIL

In this Order, we have required ILECs to respond to a complete and accurate application for collocation with all information necessary for an ALEC to place a firm order, including information on space availability and a price quote, within 15 calendar days from the date the ILEC receives the collocation application. In this section, we simply address the timing and level of cost detail which should be included in the price quote.

Although there appears to be some agreement that the ILEC should be required to provide price quotes to an ALEC before

receiving a firm order for collocation space, the appropriate response interval for the ILEC to provide such price quotes is a matter of some dispute, as well as whether or not the ILEC price quote for collocation space should provide detailed costs.

FCC Order 99-48 provides some guidance, but not a definitive ruling, on a reasonable response interval. In FCC Order 99-48, the FCC concluded that responses for collocation requests should be addressed in a ". . . timely and pro-competitive manner" and that 10 days for a response was "reasonable." The Advanced Services Order, however, gave state commissions the latitude to impose additional requirements. Id. at Paragraph 23.

The parties offer a range of answers regarding the appropriate response interval for collocation requests. Witness Williams, for Rhythms, contends that the ILEC should respond within 15 calendar days with all the information necessary for an ALEC to submit a firm order, including space availability and a price quote. Supra witness Nilson offers that a detailed response within 30 calendar days is reasonable.

The ILECs drew a distinction between the interval for the space availability response and the price quote response. Witness Closz, for Sprint, contends that the space availability response interval should be due within 10 calendar days. The witness contends that the price quote should be provided " . . . within 15 calendar days if the rates are established by tariff or the ALEC's interconnection agreement, or 30 days if individual case basis (ICB) rates need to be developed." BellSouth witness Hendrix states that the space availability response interval should be 15 calendar days and the price quote response interval should be 30 calendar days. GTEFL witness Reis contends that within 15 calendar days, the company will provide both space availability information and a price quote.

BellSouth witness Hendrix states that the interval for providing an ALEC price quote should be 30 business days, because each request submitted is very different, and as such, BellSouth treats each request as an ICB for price development. Witness Hendrix states that BellSouth provides an estimate that details the collocation construction charges for two broad categories: Space Preparation and Cable Installation. The witness acknowledged that these estimates are subject to "true up" with the ALEC, once actual prices are available. GTEFL and BellSouth witnesses assert that an

order is made "firm" upon the ALEC's submission of 50 percent of the price estimate.

In addition, witness Hendrix was somewhat noncommittal as to whether BellSouth could provide a detailed quote summary sheet similar to the very detailed, 180-line item quote summary sheet used by Southwestern Bell. In contrast, GTEFL witness Reis contends that detailed information is not necessary, since pricing for collocation arrangements will be set by reference to a tariff most of the time.

Supra witness Nilson disputes the adequacy of BellSouth's price estimates, stating that he doubts that BellSouth actually provides an accurate estimate in response to a collocation application, which results in the ALEC having to deal with cost overruns. He states that BellSouth's price quote, which consists of a three-line document, is often erroneous, and that BellSouth has only offered to share detailed information with Supra during the "true up" process, and not up front, as his company would prefer.

Rhythms, Supra, and Intermedia agree that the more detailed the price quote is, the better. Witness Nilson explains that the detail is needed to review the elements that were compiled by the ILEC to render a collocation price quote. MGC witness Levy contends that " . . . the key is to get away from ICB pricing and make all such elements tariffed." FCCA witness Gillan agrees, stating that in a tariffed framework, an ALEC could simply order collocation with full information about availability, terms, conditions, and prices known in advance. Sprint, GTEFL, Supra, and the FCCA, whose members are mainly ALECs, all advocate the tariffing process as a vast improvement to BellSouth's ICB framework currently in place. FCCA witness Gillan states that tariffing, as opposed to ICB pricing, introduces a degree of certainty and accountability to the process for the competitive entrants. Witness Gillan believes that the detailed information would be in the tariff, and not in the traditional, outdated price quote.

ANALYSIS AND DETERMINATION

The record demonstrates that, as a general matter, the parties agree that the ILEC should be required to provide a price quote to the ALEC before receiving a firm order for collocation space. The

record also demonstrates that a price quote is necessary before an ALEC can submit a firm order, because the order cannot be considered "firm" by the ILEC until the ALEC submits a 50 percent payment of the price estimate. The price quote should provide sufficient detail for the ALEC to submit a firm order, but we shall refrain at this time from specifying the quantity of detail which should be included in the price quote. We do, however, note the level of detail provided by Southwestern Bell in its the 180-line price quote summary. This leads us to believe that an ILEC, including BellSouth, should be capable of providing more detail than three line items in the price quote for collocation space.

Therefore, upon consideration, we find that the ILEC shall be required to respond to a complete and accurate application with all information necessary for an ALEC to place a firm order, including information on space availability and a price quote, within 15 calendar days from the date the ILEC receives the collocation application. Additionally, we emphasize that the collocation response interval begins on the date when the ILEC receives the complete and accurate application.

Furthermore, the price quotation from the ILEC shall contain detailed costs and sufficient detail for the ALEC to submit a firm order. We do not, however, specify the level of detail that should be included, because there is insufficient evidence in the record to support a specific level of detail. Nevertheless, we emphasize that we believe that an ILEC, including BellSouth, should be capable of providing more detail than three line items in the price quote for collocation space.

As for the arguments presented regarding standardization of the price development process, such as a tariffing platform, we agree that there are valid arguments supporting this position. However, we shall not determine whether or not a specific platform or process is appropriate at this time, because these arguments appear to address issues beyond the scope of this proceeding and to reach pricing issues which will be addressed in a subsequent phase of this proceeding.

XIV. ALEC PARTICIPATION IN PRICE QUOTE DEVELOPMENT

Herein, we have also addressed whether the ALEC should be allowed to participate in the development of the ILEC's price quote

for collocation, as well as the appropriate time frame for any such participation.

BellSouth witness Hendrix argues that the price quote is an estimate for the cost of the work that will be done by the ILEC and that the ALEC's involvement would be inappropriate and inefficient. The witness explains that BellSouth prepares a unique, ICB price quote for all collocation applications. If required to develop price quotes with the ALEC's participation, witness Hendrix asserts that, from BellSouth's perspective, the application response process could take longer than it otherwise would take. Witness Hendrix states that it would only be reasonable for an ALEC to participate to the extent that it provide detailed and accurate information, including racking information, bay information, power and cable requirements, equipment layout and other specifics.

GTEFL and Sprint witnesses, Reis and Closz, respectively, reach a similar conclusion, albeit from a somewhat different perspective. Witnesses Reis and Closz support tariffing collocation prices, which would impact the development of the ILEC/ALEC price quote. Witness Reis states that if collocation prices were tariffed and the ALEC submitted its application with accurate information, there would be no need for involvement by the ALEC.

Sprint witness Closz argues that ALECs seem interested in participating in the price quote because:

> . . . the total cost to provision the space is perceived to be higher than appropriate. Sprint's assumption would be that the ALEC may believe that they could provide suggestions or alternatives that would serve to reduce the provisioning costs.

The witness states that Sprint supports a limited role for the ALEC in the ILEC/ALEC price quote development procedure, primarily for clarification, or perhaps a recalculation of a price quote. The ALEC's participation should be only to the extent of providing specific requests or development parameters. The witness cautions that further involvement by the ALECs would be ". . . cumbersome and would seriously impede the ILEC's ability to provide timely price quote responses." Witness Closz concludes by offering Sprint's support for ILEC tariffing by asserting that tariffing would expedite the price quote process and give ALECs a more defined level of certainty of the anticipated collocation costs.

Covad, MGC, and Supra advocate ALEC participation in the development of a price quote. MGC, Supra, and the FCCA also promote the tariffing of collocation rates. MGC witness Levy agrees with the Sprint and GTEFL witnesses that ". . . if all collocation elements were tariffed, there would be no need to develop price quotes."

Covad witness Moscaritolo and Supra witness Nilson each believe the ALEC should have an option to participate in the development of an ILEC's price quote, as a means to determine whether the amounts charged by the ILEC are reasonable. Witness Moscaritolo argues that the ILEC should be required to deliver to the ALEC copies of all invoices associated with a collocation request.

Supra witness Nilson further contends that ALEC participation in developing the price quote would lead to mutual agreement between the ILEC and the ALEC, and would serve to reduce the provisioning costs, the need for construction that requires permits, and the overall time to collocate. He states that the resulting ILEC/ALEC meetings and site visits could enable the ALEC to explain any misunderstandings or design errors before the ILEC commences work activities. The witness believes that this cooperation would decrease the ALEC's time to market.

In addition, witness Nilson submits contrasting examples of collocation provisioning experiences with BellSouth and Sprint. He states that Supra's experience with Sprint has been far more favorable in terms of site visits, engineering meetings, and vendor activities held during the application response process, when the price quote is being developed. On the other hand, he states that BellSouth has declined to allow Supra any involvement in developing its price quote. The witness contends that BellSouth holds no meetings and does not allow site visits until an order is firm, which occurs when " . . . the ALEC accepts a non-detailed three line item quotation of collocation costs and then pays fifty percent (50%) of those funds up front."

ANALYSIS AND DETERMINATION

Based on the foregoing, it appears to us that the development of the price quote for collocation space is primarily a function that the ILEC should perform. We recognize that ALEC participation may inhibit the price quote process, rather than improve it. We

believe that the ALEC will be best served by providing a complete and accurate application to the ILEC when seeking a price quote for collocation, and the ILEC should seek clarification in a timely manner, if needed. Therefore, ILECs shall not be required to include ALECs in the development of the price quote. We note, however, that our decision on this point does not reach the issue of the reasonableness of the ILEC's price quote. Pricing issues will be addressed in another phase of this proceeding.

The record demonstrates that cooperative efforts can be beneficial, as indicated by Supra witness Nilson's references to Supra's experiences with Sprint. We encourage such cooperative efforts. Nevertheless, we shall not require ALEC participation in the price quote process, because the evidence demonstrates that participation by the ALEC may impede the process to the detriment of both parties.

XV. USE OF ILEC-CERTIFIED CONTRACTORS BY ALEC

In this section, we consider whether an ALEC should be permitted to use ILEC-certified individuals to perform construction activities associated with physical collocation. Title 47, Part 51 of the FCC's Code of Federal Regulations (C.F.R.) details certain interconnection obligations to which the ILECs are bound, and Section 323(j) addresses the ILEC certification issue. FCC Rule 47 C.F.R. §51.323(j) states:

> An incumbent ILEC shall permit a collocating telecommunications carrier to subcontract the construction of physical collocation arrangements with contractors approved by the incumbent ILEC, provided, however, that the incumbent ILEC shall not unreasonably withhold approval of contractors. Approval by an incumbent ILEC shall be based on the same criteria it uses in approving contractors for its own purposes.

BellSouth witness Hendrix believes the ILEC/ALEC relationship is analogous to that of a landlord and a tenant in a multi-tenant environment. As such, he describes BellSouth's role as owner or steward of the central office, stating that an ALEC should be allowed to use ILEC-certified contractors to perform work within their own collocation space, but not outside of that space.

Witness Hendrix asserts that work activities of "tenants," or ALECs, should be limited to their own space, where they would be

> . . . allowed to build walls inside their space, add lighting and receptacles and install equipment, but they are not allowed to do major mechanical or electrical work that serves or runs through other tenant space . . . The landlord/BellSouth, however, performs all site readiness work that is outside of the tenant/ALEC's space and that could potentially affect the landlord/ILEC's and other tenants'/ALECs' working equipment. Such work includes, but is not limited to, space preparation . . . power work, cable and racking, and other code required common improvements.

Witness Hendrix cites three main justifications for BellSouth's position of not allowing ALECs to work on "common elements," or work outside of an ALEC's space: 1) BellSouth's concern that allowing multiple carriers to perform common area work would increase costs and create chaos in the central office; 2) BellSouth's commitment to protect against network outages; and 3) BellSouth's concern for safety. He emphasizes that BellSouth is responsible for assuring the operating environment of its own network, the public switched network, and that of other collocators. In order to do this, witness Hendrix states that BellSouth requires the use of ILEC-certified contractors for the engineering and installation of equipment and facilities in its central offices. This provides BellSouth the assurance that technical, safety, and quality standards are achieved and the work is done so that problems are not created for BellSouth, the ALEC, or other neighboring ALECs. Witness Hendrix concludes by declaring that BellSouth's vendor certification process is the appropriate mechanism for maintaining high standards and that it is in the public interest.

GTEFL witness Reis asserts that ALECs should not be permitted to hire ILEC-certified contractors to perform space preparation, racking, cabling, and power work, stating that GTEFL should maintain control of and responsibility for the contractor doing this work. He cites safety and efficiency concerns as support for GTEFL's centralized control, and believes that noncentralized, or ALEC-directed control could result in scheduling conflicts, liability issues, or longer installation intervals.

Sprint witness Closz argues that ALECs should be permitted to hire ILEC-certified contractors to perform space preparation, racking, cabling, and power work, but conditioned her approval on the ILEC's certification process being the same process the ILEC uses for its own purposes, as detailed in FCC Rule 47 C.F.R § 51.323(j). However, witness Closz asserts that in specific instances where a work activity could affect the entire building, the ILEC can and should be the party to perform such activities. The witness concludes that the ILEC is, after all, the overall steward of its central office buildings.

The ALECs, by and large, are in favor of being allowed to hire ILEC-certified contractors to perform space preparation, racking, cabling, and power work. Intermedia witness Jackson states that the ILECs should not be allowed to require the use of their own certified vendors, and that the present guidelines ALECs must follow are inadequate and monopolistic. The witness asserts that Intermedia and other ALECs should be permitted - although not required - to hire ILEC-certified contractors, but

> . . . that the activities of space preparation, racking, cabling, and power should be performed by the ILEC. All of these types of functions are the ultimate responsibility of the ILECs. ALECs should not have to assume the responsibility for performing these functions.

He concludes by declaring that Intermedia should be able to install and work on its own equipment.

MCG witness Levy and Supra witness Nilson state that an ALEC should have the option to do any installation work currently being done by ILEC personnel or ILEC-certified vendors. Witness Nilson argues that Supra should have the right to have an ILEC-certified contractor perform any and all collocation work. He cites FCC Rule 47 C.F.R. §51.323(j) as support for his argument.

MGC witness Levy testifies that it is immaterial whether the certified contractor performing the space preparation, racking, cabling, and power work is acting on behalf of the ILEC or ALEC. He states, however, that the ILEC should have the right to review any plans in advance of the actual construction work, and may be paid a nominal fee for its engineering review, if the ALEC manages the process rather than the ILEC.

MCI witness Martinez states that the ALEC should be given the option to have any work, whether inside or outside of the designated collocation space, performed by ILEC-certified contractors or by certified ALEC employees. The witness proposes the idea of self-certification as a component of MCI's own training for employees. He contends that the ILEC's certification material could be offered in combination with the ALEC's customary training, and states that the ALEC would maintain the appropriate documentation to support the employees' attendance. He acknowledges, though, that the certification procedure would differ from the ILEC's own certification.

ANALYSIS AND DETERMINATION

Upon consideration of the evidence presented, we find that the contractor certification process shall be no different for the ALEC's contractors or employees than for the ILEC's contractors or employees. This view is consistent with FCC Rule 47 C.F.R. §51.323(j), which provides that the ILEC should approve ALEC contractors based upon the same criteria it uses for its own purposes. An equal certification process gives the ILEC assurances that the individuals working in its central office buildings have obtained an identical degree of training, and because the same certification applies for non-ILEC individuals [i.e., contractors and/or ALEC employees], the ALEC should be permitted to hire them or use them to perform space preparation, racking, cabling, power work and all other collocation work activities, but only within their collocation space. We do, however, interpret that the "same criteria" passage applies to the certification process, not just the materials. Thus, we disagree with the MCI proposal to use just the ILEC's materials. We believe that the ILEC should be entitled to administer its own certification, and that it should be administered in an equal manner between ILEC and non-ILEC individuals.

We acknowledge that the uniform certification process gives the ILEC assurances that the individuals working in ILEC central offices - whether ILEC or ALEC employees or contractors - have the same degree of instruction on, among other things, network and personal safety. The certification does not, however, affect the ILEC's overall responsibility for operating the entire facility, which it owns. The record demonstrates that the ILEC has a responsibility to provide an environment to meet its own needs and the needs of ALEC tenants, particularly for major mechanical

systems. The record also shows that work activities that involve major or common mechanical systems may be necessary, and that these types of functions are likely to be outside of a collocator's space. We believe those tasks should be coordinated and performed by the ILEC. As such, we agree with BellSouth witness Hendrix's assertions that the ALEC's work activities in the ILEC's central office facilities should be limited to their designated collocation space.

The ILECs contend that they are, and should continue to be, the overall stewards of their central office buildings. We agree, and believe that the ILECs have an obligation to oversee and maintain the entire facility. Allowing multiple ALECs to perform work activities outside of their designated collocation spaces could result in chaos, redundancy, or even compromise the integrity of the entire central office or network.

In addition, we are persuaded and so find that because the identical certification is obtained by the ILEC and non-ILEC contractors, the ALEC should be permitted to hire them or use them to perform space preparation, racking, cabling, power work for the construction of physical collocation arrangements, but they should be allowed to do so only within their collocation space. We believe, however, the distinction between work activities within and outside of a collocator's respective space is crucial.

XVI. AUTOMATIC EXTENSION OF PROVISIONING INTERVALS

In this section, we address whether there are any reasons that the provisioning intervals for virtual and physical collocation established by this Commission should be extended without the need for an agreement by the applicant ALEC or a filing by the ILEC of a request for an extension of time. In Order No. PSC-99-1744-PAA-TP, we stated:

> Upon firm order by an applicant carrier, the ILEC shall provision physical collocation within 90 days or virtual collocation within 60 days. If the ILEC believes that it will be unable to meet the applicable time frame and the parties are unable to agree to an extension, the ILEC shall seek an extension of time from the Commission within 45 calendar days of receipt of the firm order . . . The ILEC shall explain, in detail, the reasons

> necessitating the extension and shall serve the applicant carrier with its request. The applicant carrier shall have an opportunity to respond to the ILEC's request for an extension of time. The Commission will rule upon the request as a procedural matter at an Agenda Conference.

Order at p. 17.

BellSouth witness Milner states that BellSouth does not have total control over collocation provisioning intervals because there are several factors, such as the permitting interval, local building code interpretation, and unique construction requirements, that are outside of BellSouth's control. He contends:

> There are three (3) situations where provisioning intervals should be extended. They are: 1) provisioning of collocation arrangements encountering extraordinary conditions; 2) provisioning of collocation arrangements encountering unusual delays in the permitting process, and; 3) provisioning collocation arrangements associated with central office building additions.

Witness Milner further states that "[E]xtraordinary conditions include, but are not limited to, major BellSouth equipment rearrangements or additions; power plant additions or upgrades; major mechanical additions or upgrades; major upgrades for ADA compliance; environmental hazards or hazardous materials abatement."

Witness Milner also contends that much of the work required to provision collocation arrangements requires building permits before construction can commence, and that the time required to receive building permits is beyond BellSouth's control. He states that BellSouth has experienced permitting intervals that range from 15 days to in excess of 60 days. Witness Milner cites several examples of conflicts that BellSouth has had with local officials regarding obtaining permits.

GTEFL witness Ries states:

> If major system upgrades, such as those involving HVAC or power, are required in conjunction with a physical or virtual collocation request, provisioning may take longer than usual. In these instances, parties should be able to negotiate a date for completion of the collocation arrangement (based upon the extent of the required modifications, contractor availability, and the like) without the need to request a waiver.

Witness Ries, like BellSouth witness Milner, contends that issuance of building permits is out of the ILEC's control. However, he states that "[W]hen it is not possible to obtain building permits in a timely manner, an extended due date should be negotiated between GTE and the ALEC, based on the schedule of the permitting agency."

Concerning virtual collocation, witness Ries states that an ILEC should not be required to request a waiver in case of equipment delivery delays. He argues that "if the ALEC doesn't order its equipment early enough in the process, the 60-day interval may come and go before GTE even receives delivery of the ALEC's equipment."

Witness Ries concludes:

> Finally, there should be no need to seek a waiver when GTE and the ALEC agree to an extension for any reason; when the ALEC makes modifications to its application that will cause material changes in provisioning the collocation arrangement; or when the ALEC fails to complete work items for which it is responsible in the designated time frame.

Sprint witness Closz states:

> Sprint's perspective is that there are no reasons that should provide the ILEC with an opportunity to unilaterally extend collocation provisioning intervals. Rather, Sprint believes that an open dialogue regarding collocation provisioning scenarios will in

> most cases lead to mutual agreement between the parties regarding the appropriate provisioning interval. In such instances where the ILEC and the requesting collocator are unable to reach agreement, the ILEC may seek an extension from the Commission.

However, witness Closz does believe that major infrastructure upgrades and other factors beyond the control of the ILEC are appropriate reasons for the ILEC to seek an extension of the provisioning intervals from either the requesting collocator or this Commission.

All of the ALECs in this proceeding argue that an ILEC should not be able to unilaterally extend the provisioning intervals for permitting or any other reason. They state that if the ALEC and the ILEC cannot agree on extensions of time for provisioning intervals, the ILEC should be required to file for an extension with the Commission. Supra witness Nilson states that "[O]ther than acts of God, I cannot foresee a reason that would warrant an extension of time."

ANALYSIS AND DETERMINATION

Upon consideration, we are not persuaded that there are any reasons that the provisioning intervals established by this Commission should be extended without agreement by the ALEC or filing of a request for an extension of time by the ILEC. In Order No. PSC-99-1744-PAA-TP, we required that if an ILEC believes it will be unable to meet the applicable time frame, and the parties are unable to agree to an extension, the ILEC shall seek an extension of time from us within 45 calendar days of receipt of the firm order. We believe that these requirements provide enough guidance if extensions of time are truly required.

We accept the arguments of BellSouth witness Milner and GTEFL witness Ries that major system upgrades such as HVAC or power upgrades are extraordinary circumstances that may extend the provisioning intervals. They also argue that the permitting process is out of their control. It is clear to us that there may be times when major system upgrades are required to provision collocation. We are also persuaded that the actual approval of building permits is out of the ILEC's control and that there may be instances when ILECs have experienced extraordinarily long waits in

receiving some building permits. However, the record suggests that these instances are exceptions rather than the rule. We believe that, under normal circumstances, the provisioning intervals established in Order No. PSC-99-1744-PAA-TP are adequate.

We also believe that we provided sufficient guidance in Order No. PSC-99-1744-PAA-TP to address situations in which an extension of time is required. We note that the Order also requires that the ILEC and ALEC attempt to discuss and agree to an extension of time before making a formal request to the Commission.

Regarding the permitting interval, BellSouth witness Milner states that:

> BellSouth has been increasingly successful in working with the various governmental agencies in reducing the permit approval interval. Further, BellSouth is communicating with the ALECs so that they have a good understanding of the issues faced in processing a collocation request.

Witness Milner also indicated that the negotiation process is working.

Likewise, GTEFL witness Ries agreed that the process we have previously established is working well.

Similarly, Sprint witness Closz indicated that the ILECs should simply follow the procedure this Commission has already established. Although Sprint is acting as both an ILEC and ALEC in this proceeding, it appears that all three ILECs seem to agree that the current procedures regarding extensions of provisioning intervals established by this Commission are workable. There is no evidence to suggest otherwise. Therefore, we do not believe any changes are necessary.

XVII. ALLOCATION OF COSTS BETWEEN MULTIPLE CARRIERS

In this section, we consider how various costs associated with the provisioning of collocation space should be allocated among multiple carriers. We note that the FCC addressed this issue in its First Report and Order and Further Notice of Proposed Rulemaking in CC Docket No. 98-147:

> We conclude, based on the record, that incumbent LECs must allocate space preparation, security measures, and other collocation charges on a pro-rated basis so the first collocator in a particular incumbent premises will not be responsible for the entire cost of site preparation.

FCC Order at Paragraph 51.

GTEFL witness Ries does not agree with allocating the costs addressed in this issue over multiple carriers, and GTEFL has appealed this matter to the United States Court of Appeals for the District of Columbia. Witness Ries believes that such a cost allocation will prevent them from recovering their actual costs. GTEFL witness Ries further contends that many fixed costs associated with collocation space preparation do not depend on the number of competitors that wish to collocate, or the amount of space used by each.

GTEFL witness Ries supports a tariff approach and believes this will satisfy the FCC's requirements established in CC Docket 98-147. The witness contends that the tariff rates would be determined based on past collocation activity. Witness Ries further asserts that the relevant costs over a period of time would be totalled, then divided by the number of collocators (fill factor) over that same time period. The rates determined from this process would be applied to all collocation requests in the future.

We also note that GTEFL filed a collocation tariff with us on December 30, 1999. GTEFL witness Ries believes the tariff is consistent with the FCC's First Order in CC Docket 98-147. The witness testified that the costs identified in the Florida tariff for site preparation " . . .are based on GTE[FL]'s work on previous projects and coming up with some averages for what the site preparation would cost."

Contrary to GTEFL witness Ries, MCI witness Martinez believes that the cost of existing security arrangements should be included in the existing charges for collocation, and any additional security measures the ILEC takes to protect its own equipment should be absorbed by the ILEC. He also believes that in the rare instances when ALECs are required to pay security costs, these costs should have been included in a forward-looking cost model used when setting collocation rates. Witness Martinez also suggests that this Commission follow the Texas Commission and place

the burden on the ILEC to justify when additional security measures are needed and recoverable from ALECs. MCI witness Martinez further argues that the entire cost of removing obsolete equipment should be borne by the ILEC. He believes that by allowing obsolete equipment to remain in place, the ILECs are able to recover their costs of removing obsolete equipment from the ALECs when requesting collocation space.

In response, GTEFL witness Ries disagrees with witness Martinez and contends that the FCC allows the ILEC to install security cameras and monitoring systems. The witness further asserts that state commissions can allow ILECs to recover these costs in a reasonable manner. Witness Ries believes the need for additional security costs are caused by the ALECs; therefore, cost recovery should be permitted.

BellSouth witness Hendrix believes that the costs addressed in this issue should be absorbed by the number of collocators in a central office. The witness contends that the ALECs, as the cost-causers, should absorb the costs of security and reporting. BellSouth proposes filing a cost study with the Commission for security access systems, site preparation and collocation space reports in an effort to limit the number of elements priced on an Individual Case Basis (ICB). Witness Hendrix further explains that this cost study will also include what he believes to be several new space preparation elements. The witness defines the various rate elements associated with security access including security systems, new access card activation, administrative changes to existing access cards, and replacement costs for lost or stolen cards. Witness Hendrix maintains that a definitive discussion of the rate elements and cost methodology associated with new site preparation and collocation space report elements would be premature at this time.

Witness Hendrix further asserts that standardized prices can be developed from the cost study and included in future interconnection agreements, rather than being filed as a tariff. He believes his customers would prefer to discuss the details of an interconnection agreement in person rather than work with a tariff. The witness further explains that BellSouth currently recovers these costs on an individual case basis (ICB) by pro-rating the cost of space preparation on a square footage basis, and charging the ALEC based on the number of square feet used. Currently, the pro-rated cost per square foot assessed to the ALECs varies among

central offices based on the different costs of site preparation in each central office.

AT&T's witness Mills agrees in part with BellSouth's methodology, but believes actual cost studies must be examined to determine the appropriateness of the final rates. He further believes the costs of site preparation should be recovered based on each ALEC's square footage divided by the total central office square footage, including BellSouth occupied space.

Supra witness Nilson agrees with AT&T witness Mills and says:

> I believe the costs for collocation should be allocated based on the amount of space occupied by the ALEC and a portion should be shared by all ILECs since they also benefit from the upgrades, and profit from the ALEC's business expansion.

Supra witness Nilson also recommends that we determine the proper pricing methodology to ensure the ILECs do not impose unreasonable and unnecessary costs on the ALECs, and suggests this Commission may want to adopt the approach taken by Bell Atlantic that allows ALECs to pay collocation costs on an installment basis.

Sprint witness Hunsucker's position is consistent with AT&T witness Mills' methodology. He also believes costs should be recovered from collocating carriers in a reasonable manner and shared by the ALECs, as well as the ILEC, in a particular central office. Witness Hunsucker believes the costs of implementing security measures should be based on the relative square footage, which he believes is an appropriate basis for estimating the value of the equipment being protected. He further contends that the appropriate cost recovery method for space preparation and other collocation costs is on the basis of square footage occupied. Witness Hunsucker explains:

> For example, if an ILEC decides to make a general building modification (complete change out of the heating and cooling system), then the ALECs would be charged on the basis of their respective square footage to the total square footage associated with the building modification. If, however, the ILEC only prepares space sufficient to handle the specific ALEC request, then the ALEC would be responsible for 100% of the charges.

Furthermore, witness Hunsucker believes the cost of collocation space reports should be recoverable by the ILEC. Because ALECs can request this type of report at any time, he believes these costs should be recovered via a non-recurring charge to be assessed by the ILEC at the time of the ALEC request. He believes this charge should be independent of the collocation application fee.

Witness Hunsucker believes that a methodology based on the relative square footage used by a provider is fair to all collocating carriers. He also believes that GTEFL's allocation methodology is not consistent with the historical cost methods approved by state commissions relating to unbundled network elements. Sprint witness Hunsucker argues that GTEFL witness Ries' proposed cost allocation method is unfair. Witness Hunsucker explains that witness Ries' proposed method is based upon 100% utilization of the inputs, which places an unfair burden on collocators when 100% utilization is not achieved. He concludes his analysis by noting that GTEFL's proposal of using the number of collocators or actual users of the facility produces a totally different result and places an inappropriate burden on ALECs. He argues that this is not only unfair, but anticompetitive. Furthermore, while he agrees that it is appropriate to allocate a fair share of the costs to the ALECs, witness Hunsucker maintains that the ILEC should pay an appropriate percentage of the costs if benefits are also received by the ILEC.

Witness Hunsucker also believes that BellSouth witness Hendrix's methodology is inappropriate because it too will place an inappropriate burden on the ALECs. Witness Hunsucker is not in favor of any method that allocates cost only among the number of collocators in a central office.

Intermedia witness Jackson disagrees with GTEFL witness Ries' methodology that uses a statewide average of collocators to determine costs in a given central office. He believes that

> . . . collocators in one central office could end up paying more than their fair share of collocation costs because the costs are spread across all collocators as opposed to being divided amongst the collocators in a particular CO.

In contrast to any other options presented, MGC witness Levy believes all costs addressed in this issue should be paid for by the ILEC because the ILEC can generate revenues from wholesale customers. He believes other companies should not pay for the ILECs' business opportunities and that these costs should be absorbed by the ILEC as a cost of doing business.

Rhythms witness Williams agrees in part with MGC witness Levy that if the ILEC decides to install additional security measures, it should do so at its own expense. While he acknowledges the FCC's opinion granting the ILEC the right to protect its own equipment, he believes the ILEC should bear all the costs of additional security measures to protect its equipment if the ILEC chooses to do so.

FCCA witness Gillan believes this Commission should not reach a decision on this issue but should instead focus on establishing the ILECs' general obligations towards providing collocation. He does not agree with the positions presented by GTEFL witness Ries that collocation rates should be based upon a fill factor, nor does he agree with BellSouth witness Hendrix's suggested method of basing costs on the number of collocators in a central office. Witness Gillan observes that "It is useful to note the ILECs seem willing to adopt such a perspective when it comes to cost recovery, but not provisioning." He continues:

> It is not useful here to debate in the abstract the appropriateness of either specific suggestion (BellSouth and GTEFL positions). The larger point is that it makes little sense to embrace standardized pricing, while remaining committed to a world of customized provisioning.

Witness Gillan believes that the best way to handle such costs is through the development of a statewide collocation rate. He also believes a statewide collocation rate, or tariff, would benefit the ALECs in two ways: first, a tariff would introduce certainty into the process as to costs and the length of time required for preparing collocation space; second, it would provide ALECs with the ability to evaluate the terms, conditions, and prices for collocation space.

In addition, witness Gillan contends that the controversy over developing a statewide tariff is minimal. He notes that Sprint supports a statewide tariff, while GTEFL has filed a tariff in Florida. He believes that BellSouth is not willing to take this step, because BellSouth apparently believes the ALECs do not want a tariff. He emphasizes that every ALEC that is a party to this case supports a collocation tariff, which BellSouth should acknowledge. The witness further indicated that a collocation tariff need only be statewide, not at some lower level of aggregation. Even if a tariff were put in place, however, witness Gillan believes ALECs should retain the right to negotiate collocation rates. He explains that ALECs fall into two categories: those that are big enough and have the resources to enter into negotiations, and generally everybody else.

ANALYSIS AND DETERMINATION

We note that while our decision on this issue will not result in setting rates at this time, we do believe that it will dictate, to some extent, how certain rates are to be derived in future proceedings. Specifically, the recovery method dealt with in this issue must cover the cost of security arrangements, collocation space reports, and other costs associated with the provisioning of collocation space. The objective is to arrive at a method that neither favors nor discriminates against any carrier.

As a general matter, we agree with the FCC's decisions in CC Docket No. 98-147 at Paragraph 51, and believe that certain costs associated with collocation should be recovered on a pro-rated basis, so that the first collocator in a central office is not responsible for the entire cost of site preparation if it will benefit future collocators. We also acknowledge that the FCC stated that it expects state commissions to determine the proper pricing methodology to ensure that incumbent LECs properly allocate site preparation costs among new entrants. Thus, it appears to us that MGC witness Levy's proposal, that all costs associated with collocation should be absorbed by the ILEC, is in complete opposition to the FCC's statements on this issue.

While many parties presented arguments in support of standardized pricing or the creation of a statewide tariff, we

emphasize that few parties suggested how the rates should be determined. We further emphasize that the issue presented for our determination only pertains to how certain costs should be allocated among multiple carriers consistent with previous FCC and Florida Commission orders.

A. Cost of Security Arrangements, Site Preparation, and Other Costs Necessary to the Provisioning of Collocation Space

At Paragraph 51 of the FCC's Advanced Services Order, the FCC provides general guidance as to how costs of these components should be "allocated" or, equivalently, how cost recovery should be structured:

> We conclude, based on the record, that incumbent LECs must allocate space preparation, security measures, and other collocation charges on a pro-rated basis so the first collocator in a particular incumbent premises will not be responsible for the entire cost of site preparation.

At the outset, we note that the above paragraph does not specifically refer to allocation of costs to multiple carriers. Second, we emphasize that it appears that this passage does not necessarily require that all costs referred to in therein must be allocated to more than one provider. Rather, the language appears to address only costs to prevent the first collocator in a particular incumbent premises from being held responsible for the entire cost. Accordingly, we infer that certain costs associated with space preparation, security measures, and other items may need to be allocated among multiple providers; what needs to be determined is which costs require this specific treatment. Key factors we have considered are cost causation and beneficiaries, as addressed by witnesses Hendrix and Hunsucker.

Upon consideration, we believe that the following scenarios best demonstrate how the costs of security arrangements, site preparation, and other costs of collocation should be handled:

1. Cost of security arrangements, site preparation, and other costs necessary to the provisioning of

collocation space incurred by the ILEC that benefit only one collocating party.

2. Cost of security arrangements, site preparation, and other costs necessary to the provisioning of collocation space incurred by the ILEC that benefit all current and future collocating parties.

3. Cost of security arrangements, site preparation, and other costs necessary to the provisioning of collocation space incurred by the ILEC that benefit all collocating parties and the ILEC.

Based on the evidence presented, we believe that determining how to allocate costs for each of these three scenarios among multiple carriers will ensure non-discriminatory treatment among carriers. We believe our following determinations achieve this goal.

First, we are persuaded and so find that the costs of security arrangements, site preparation, and other costs necessary to the provisioning of collocation space incurred by the ILEC that benefit only a single collocating party in a central office should be paid for by that collocating party. As argued by witnesses Hunsucker and Ries, recovering costs only from the party that benefits will eliminate the burden on ILECs and other collocators of paying for costs of collocation they did not cause to be incurred.

Second, we find it appropriate that the costs of security arrangements, site preparation, and other costs necessary to the provisioning of collocation space incurred by the ILEC that benefit both current and future collocating parties shall be recoverable by the ILEC from current and future collocating parties. In this case, these costs shall be allocated based on the amount of floor space occupied by a collocating party, relative to the total collocation space for which site preparation was performed.

Third, we find that the costs of security arrangements, site preparation, and other costs necessary to the provisioning of collocation space incurred by the ILEC that benefit current or future collocating parties and the ILEC shall be recoverable by the ILEC from current and future collocating parties, and a portion shall be attributed to the

ILEC itself. We note that the ALECs addressed their concerns over security issues that not only benefit collocating parties, but also benefit the ILEC. Acknowledging those concerns, we shall require that when multiple collocators and the ILEC benefit from modifications or enhancements, the cost of such benefits or enhancements shall be allocated based on the amount of square feet used by the collocator or the ILEC, relative to the total useable square footage in the central office.

B. Costs of Collocation Space Reports

GTEFL and BellSouth did not specifically address the cost of collocation space reports separately. It appears, however, from the testimony presented, that these parties would prefer to recover the costs of collocation space reports in the same manner they advocate for all other costs addressed in this issue. Sprint witness Hunsucker believes, however, that this cost should be recoverable by the ILEC through a non-recurring charge assessed upon the collocating party requesting the report.

Given the nature and the prescribed use of a collocation space report, we agree with witness Hunsucker that a non-recurring charge is the appropriate way to recover the costs of collocation space reports. A collocation space report must be made available to any requesting party, and the evidence demonstrates that it is typically used by the ALECs to assess whether collocation space is available in a particular ILEC facility. Further, a collocation space report is made available to ALECs before an application is submitted for collocation, and in many cases an actual application for collocation may not be forthcoming. As such, we agree with witness Hunsucker and find that a one-time non-recurring charge is the most reasonable means for an ILEC to recover the costs of producing these reports.

XVIII. PROVISION OF INFORMATION REGARDING LIMITED SPACE AVAILABILITY

While the parties all appear to agree that the ILEC should notify a requesting ALEC of the amount of collocation space available in a given CO when the collocation space is insufficient to meet the request, the parties disagree on the

time frame for such notification. Thus, in this section, we consider the appropriate time frame for an ILEC to notify an ALEC of the amount of available space for collocation when the space is insufficient to meet the request. Limited or insufficient space is referred to herein as "partial collocation space."

BellSouth witness Hendrix asserts that BellSouth is not opposed to notifying the ALEC of what space is available, when there is insufficient space to fill the original request. Witness Hendrix states:

> The ALEC can then choose to either accept the space that is available; accept the space available and place the remaining amount of space it requested on the waiting list BellSouth maintains for that central office; choose not to accept the space and place its entire request on the waiting list; or simply choose not to accept the space.

Witness Hendrix further contends that BellSouth will not proceed to provision the available space without a firm order from the ALEC. He adds that there is no application fee or new application interval associated with the ALEC's acceptance of any partial collocation space. Witness Hendrix states that the ALEC will be given time to reassess its application and appropriately modify it to conform with the available space. Witness Hendrix also states that upon notification of the availability of partial collocation space, the ALEC can submit a firm order for the partial collocation space. At this same time, the witness explains, the ALEC would be required to pay for the accepted partial available space. BellSouth witness Hendrix contends that an ALEC on a waiting list will be afforded the same opportunity to accept or reject any partial collocation space, as its turn comes on the list. He further contends that if an ALEC is notified that there is no collocation space in a central office (CO) when the ALEC places a request for collocation space, the ALEC has ten days from the date of notification to request a physical tour of the CO.

GTEFL witness Reis states that GTEFL advises the ALEC of what space is available for collocation when there is

insufficient space to meet the ALEC's request. He testifies that an ALEC can tour the CO when it is denied collocation space in that CO, but argues that a CO tour for an ALEC that has been granted partial collocation space is unnecessary. Witness Reis contends that such tours were not contemplated by the FCC or the Act. In cases where only partial space is available, witness Reis further argues that this Commission should not require space exhaustion verification tours, since such an expansive proposal is subject to ALEC abuse. Witness Reis argues:

> It is GTE's policy that we will grant a tour when we deny a request for collocation, not just - if we deny a request that says, "You do not have 400 feet; we can only give you 300 feet," it is GTE's policy that we would not provide a tour at that time, only when we totally deny the request.

Witness Reis further argues that such a proposal would potentially tie-up needed resources that could go toward implementing collocation requests. Witness Reis further explains that if the company were required to constantly conduct tours, the engineering installer technical representative would rarely be available to doing their work, including provisioning collocation space.

Sprint witness Closz asserts that if an ILEC can only provision a portion of the ALEC's requested collocation space, the ALEC and the ILEC must discuss options that are relevant to the particular ALEC's request. The witness argues that this discussion should be conducted within the FCC's established time frame for the ILEC's response to the collocation application.

Witness Closz further argues that in a case of insufficient or partial collocation space, the ALEC is entitled to a tour of the ILEC's premises, and asserts that prior to such a tour, the ILEC should be required to provide the ALEC with detailed engineering floor plans of the premises, showing detailed information that will enable the ALEC to review and make its determination of the available collocation space. Witness Closz argues that all of these

provisions comport with FCC Rule 47 C.F.R. § 51.321 (h), which states in part:

> Upon request, an incumbent LEC must submit to the requesting carrier within ten days of the submission of the request a report indicating the incumbent LEC's available collocation space in a particular LEC premises. This report must specify the amount of collocation space available at each requested premises, the number of collocators, and any modifications in the use of the space since the last report. This report must also include measures that the incumbent LEC is taking to make additional space available for collocation. The incumbent LEC must maintain a publicly available document, posted for viewing on the incumbent LEC's publicly available Internet site, indicating all premises that are full, and must update such document within ten days of the date at which a premises runs out of physical collocation space.

MCI witness Martinez argues that in addition to the ILEC informing the ALEC of the availability of partial collocation space, the ALEC should be given the opportunity to modify its request consistent with the amount of available space, without penalty.

Rhythms witness Williams argues that the ILEC should be required to notify the ALEC of the amount of space actually available at a CO when such collocation space is insufficient to satisfy the ALEC's initial request. Witness Williams argues that such notification may allow the ALEC to modify its plans for collocation at a particular CO, and contends that an ALEC cannot make such a determination unless the ILEC informs the ALEC of the availability of this partial collocation space at the particular CO. He asserts that website posting of CO availability is an important mechanism for ALECs to use in planning where to collocate.

Covad witness Moscaritolo believes that the ILEC should notify the ALEC if only a portion of the requested collocation space is available, and argues that the ILEC should proceed to provision such partial collocation space without delay, with no additional application fee, or new application interval. Witness Moscaritolo contends that once an ALEC has decided to collocate in a particular CO, it is the ALEC's ultimate desire to serve customers out of that CO; hence, the ability for the ALEC to collocate in lesser space than originally requested is acceptable. Witness Moscaritolo further argues that to prevent ILECs from abusing the partial space provision, any partial filling of any collocation request should trigger the space verification procedures of the FCC and this Commission.

MCG witness Levy states that the ILEC should advise the ALEC of any amount of partial collocation space, when the available space is insufficient to fill the submitted collocation request. Witness Levy argues that the process should be streamlined, whereby the ALEC can submit one application with three different choices of the ALEC's preferred mode of collocation, instead of revising the application based on rejections.

Supra witness Nilson argues that the ILEC should inform the ALEC of the amount of space available when there is insufficient space to fill the original space request, and further contends that the ILEC should then be required to demonstrate that sufficient space to fill the entire request has been depleted. Witness Nilson also argues that notification of insufficient space to meet a collocation request in any given CO should trigger a walk-through visit of the CO by Commission staff, the affected ALEC and the ILEC.

Intermedia witness Jackson similarly asserts that when there is insufficient space to fill the ALEC's initial collocation request, the ALEC should not be required to submit another application for the partial available collocation space; instead the original application should suffice. Witness Jackson argues that BellSouth's 10-day window for touring a CO seems to suggest that after the 10-day window, the ALEC loses the opportunity to tour the CO. Witness Jackson further argues that such an interpretation of the FCC's rules is not reasonable and maintains that:

> . . . specifically, the ten-day window requirement is for the protection of the ALECs. In other words, if the ALEC requests a tour of the facility within the ten-day window, the ILEC is obligated to allow the ALEC to tour the facilities within ten days of the denial of space. However, nothing in the FCC's rules precludes an ALEC from requesting a tour date beyond the ten-day window or, for that matter, from requesting a tour after the ten-day window has ended. Any other interpretation would punish those ALECs who may not have the flexibility of immediately rearranging their schedules to accommodate a tour.

ANALYSIS AND DETERMINATION

As previously stated, all parties appear to agree that the ILEC should notify the ALEC of the amount of space available for collocation when the space is insufficient to meet the request. However, most of the parties are silent with respect to what time frame is appropriate for the ILECs to notify the ALECs of any partial available space in a CO. Since the ILECs will, in this instance, be responding to a collocation request as they would if sufficient space were available to fill the entire request, we find that the evidence supports the 15-calendar day response period we have required for all initial requests as being appropriate as well as consistent with our prior decisions. We believe that the 15-calendar day response period will allow the ILEC to provide the ALEC with a more complete response to the ALEC's request for collocation. We agree with BellSouth witness Hendrix that "[U]pon notification of the availability of partial collocation space, the ALEC can submit a firm order for the partial collocation space." We also find that in order for an ALEC to submit a firm order for partial collocation space, the ILEC's response must be sufficiently detailed to enable the ALEC to proceed with a decision to accept the space and consequently submit a firm order.

We also note that BellSouth witness Hendrix proposes a ten-day ALEC response interval. No other parties commented on

this subject, nor was any other evidence presented to support this proposal. Neither the FCC nor this Commission has contemplated any ALEC response interval; therefore, we shall not now require one.

We are also not persuaded that an ALEC should be allowed to tour a CO if it is offered partial collocation space because of insufficient collocation space in a CO. We do not believe that the FCC order suggests that the ILECs should allow tours when partial collocation is provisioned; instead, an argument can be made that the FCC only anticipated CO tours in cases where collocation requests are denied. It appears that the ALECs' proposed CO tours for partial collocation space are inconsistent with provisions of FCC Order 99-48, which reads in part:

> Specifically, we require the incumbent LEC to permit representatives of a requesting telecommunications carrier that has been denied collocation due to space constraints to tour the entire premises in question, ...

FCC Order 99-48 at Paragraph 57.

While we are not requiring an ILEC to conduct a tour when only partially filling a request for space, we do emphasize that a tour must still be conducted by the ILEC as part of the process of seeking a waiver of the collocation requirements, and in situations where an ILEC can only partially fill a request for space, it is expected that the ILEC will need to request a waiver due to lack of space in the CO. Therefore, the ALEC will have an opportunity to participate in a tour as a part of our previously defined waiver process.

XIX. PROVISION OF INFORMATION REGARDING POST-WAIVER SPACE AVAILABILITY

In this section, we are not addressing whether the ILEC should inform us and the ALEC community when collocation space becomes available in a central office (CO) for which the ILEC was previously granted a waiver of the physical collocation requirements due to space exhaustion. Instead, we consider herein the appropriate time frame in which the ILEC shall

inform us, as well as the ALEC community, when space becomes available in a CO for which the ILEC was previously granted a waiver of the physical collocation requirements due to space exhaustion.

BellSouth witness Hendrix states that BellSouth will maintain a waiting list of all ALECs that have applied for physical collocation in a CO that does not have space available for physical collocation. Witness Hendrix states that an ALEC can get on the waiting list by sending a letter of intent or by sending in an application for physical collocation at the specific CO. He contends that as space becomes available in the given CO, BellSouth will offer the available space to the first ALEC on the waiting list, and the ALEC has a time certain to respond to the offered space. However, witness Hendrix was not definite as to whether the ALEC has 30 or 60 days to respond to the offer on the available collocation space. Witness Hendrix further explains:

> When space becomes available for physical collocation in a previously exhausted central office, BellSouth will notify the ALECs that can be accommodated in the newly available space, based on the square footage each customer has requested. BellSouth will notify these ALECs a maximum of 60 days prior to the space availability date.

Witness Hendrix argues that BellSouth cannot commit to providing 90 days' notification prior to space availability, and contends that it is not reasonable to require ILECs to estimate what space will become available by modifications three months in the future, with the degree of accuracy necessary to support collocation requests. Witness Hendrix further explains that even if the company knew 90 days in advance that space might become available in an office, BellSouth would not notify the ALECs until there were only 60 days before the space would be available, because BellSouth wants to be sure it gives the ALEC an answer that will hold true. Witness Hendrix states that on the space availability date, BellSouth will inform this Commission that space has become available for physical collocation and also file to terminate the waiver in the specific CO.

GTEFL witness Reis states that GTEFL will post any changes regarding the exempt status of a CO at its exempt central office website within 10 business days of the status change. Witness Reis explains that:

> Within ten days of when the space becomes available, we put it on our website. And it is clearly marked that this office used to be exempt from having available space and now the space is available. And at that time the first party that comes forth with an application and with the 50 percent deposit for the nonrecurring charges would then have first-come, first-served for that available space.

Witness Reis further testifies that GTEFL would not maintain a waiting list while the CO waiver is active, because the waiting period would typically be very long. He contends that maintaining a waiting list would require GTEFL to check with every ALEC on the waiting list to see if each of the ALECs still has need for collocation in the CO in question.

Sprint witness Hunsucker argues that at the time a decision is made to increase available collocation space through any modifications, the ILEC should inform both the Commission and the ALEC community. Witness Hunsucker asserts:

> . . . the ILEC should provide a project plan and expected timeline of when the space will be available and should provide progress reports every thirty days as to the current status/activities. This information can be sent directly to each ALEC who has a request for collocation space pending or placed on an Internet web site.

Witness Hunsucker also states that it would be appropriate to notify ALECs of expected space availability further in advance than 60 days.

MCI witness Martinez states that ILECs should inform the Commission and all ALECs of space availability as soon as the

ILEC knows the approximate date which this space will become available. Witness Martinez argues that as part of obtaining a waiver, the ILEC would have shown what its plans are for relieving the space problem in the central office. Thus, the witness believes that the ILEC will have established a timetable for removing obsolete unused equipment, constructing additional space, etc. Witness Martinez contends that this type of relief work will need to start in advance; therefore, the ILEC should be able to estimate the space availability dates well before the date the space actually becomes available.

Witness Martinez further asserts that the ILECs should provide notification by letter to this Commission and to all ALECs that have filed requests for collocation in the CO. He argues that this information should also be posted on the ILEC's website as called for by the FCC. Witness Martinez contends that the new space should be offered on a first-come, first-served basis to ALECs who have previously been denied physical collocation space in the office.

Rhythms witness Williams argues that as collocation space becomes available at COs where ALECs were previously denied collocation, the ILEC should notify the ALECs that had previously requested space for collocation at the CO. Witness Williams asserts that the website posting of CO space availability is an important mechanism competitors utilize in planning where to collocate in a given market.

MGC witness Levy testifies that the ILEC should notify the Commission and any collocators who had previously been denied collocation, even if the collocator had proceeded with virtual collocation as an alternative. Witness Levy contends that the ILEC should be required to inform us and the ALECs of the pending availability at least three months before the additional space is ready for ALEC occupancy. Witness Levy argues that the advance notice will enable an ALEC to re-assess its interest in collocating in the specific CO and determine if the interest still remains.

Supra witness Nilson argues that if there is a physical collocation waiver in effect, as space becomes available in the CO, the ILEC should notify the Commission and any requesting carriers of the availability of space in the central office.

Intermedia witness Jackson argues that as space becomes available because of modifications in a CO, occupancy priority should be given to ALECs based on the order in which the ALECs originally applied for collocation in that CO. Witness Jackson argues that BellSouth's process of notifying ALECs on the waiting list that there is newly available space is unclear, defective and discriminatory.

AT&T witness Mills argues that BellSouth's proposal for notifying ALECs and the Commission when space becomes available in a CO that was under a waiver is unclear. Witness Mills contends that a simple letter to the ILEC should suffice for the ALEC to get on a waiting list, instead of the onerous process of filing an application along with the application fees. AT&T witness Mills further argues that BellSouth's proposal to notify the ALECs that can be accommodated based upon the square footage requested, suggests that the new space would be awarded based on the nature of the space requested and not on when the space was requested. Witness Mills contends that we should require the ILEC to provide a minimum 60-days' notice on new space availability, and argues that the minimum 60 days will allow ALECs sufficient time to evaluate their space needs.

ANALYSIS AND DETERMINATION

Based on the foregoing, it appears that most of the parties agree that the ILECs should inform us, as well as the ALECs, when space becomes available in a CO because of modifications, and that the newly available space should be assigned on a first-come, first-served basis.

While BellSouth and AT&T propose a 60-day notification period prior to the space becoming available, others suggest that an ILEC should inform the Commission and the collocators as soon as the ILEC becomes aware of the changed circumstance. We agree with BellSouth's witness Hendrix that there is merit in ensuring that the space is truly available before informing the ALECs and the Commission. We do, however, believe that notification should begin when the ILEC knows for certain that space will become available, because when an ILEC experiences a changed circumstance that may make space available, various factors could affect this potential space availability. There is greater benefit to be derived from earlier notification of

the pending available space. Based on the evidence, we find that a 60-day notification period will allow the ALECs enough time to assess their collocation needs in relation to the particular CO.

With respect to the method of notification, it appears there is consensus for the FCC-prescribed website postings. However, there are differing opinions as to when an ILEC should post any updates on its public website. With the website postings, it is also unclear as to how this Commission will be made aware of any changed circumstances. Some parties have suggested notification by mail. We agree that this is a desirable notification requirement; therefore, in addition to the website postings, notification by mail shall be required.

In the event the ILEC's determination that space will be available does not allow for 60 calendar days' notice, the ILEC shall notify this Commission and requesting ALECs within two business days of the determination that space is available. Based on witness Martinez's testimony, we agree that in situations in which 60 calendar days' notice is not possible, this Commission and the requesting ALECs must be notified as soon as possible after the ILEC determines the approximate date that space will become available. Based on the evidence, we find that a maximum of two business days to make this notification is a reasonable approximation of "as soon as possible."

XX. FORECASTING REQUIREMENTS FOR CO EXPANSIONS AND ADDITIONS

In this section, we consider whether ILECs need to utilize a specific process to factor in ALECs' collocation space needs in CO forecasting.

BellSouth witness Milner argues that BellSouth factors in ALEC collocation space when planning CO additions or expansions. Witness Milner states that BellSouth factors in collocation space based on forecasts derived from:

> . . . space currently allocated for collocation, the amount of space requested in either current applications or collocators on a waiting list for that central office,

> and the amount of collocation space in central offices in the surrounding area.

Witness Milner also states that ALECs are encouraged to provide forecasts periodically for a planning horizon of two years, and explains that BellSouth uses these forecasts as an input when planning for CO additions, expansions, or replacements.

Witness Milner further asserts that forecasting collocation demand for CO addition or expansion is very different from forecasting network growth in the past, where network growth directly correlated with interoffice trunk and access line growth. He emphasizes that in the past, network planning relied on forecasts of line growth and interexchange carrier access growth. He maintains that this process has changed to account for increased demand on the telecommunications network, the introduction of ALEC's networks, and wireless communications interconnecting with the landline network. As a result, the witness asserts that the demand on the network is no longer stable or predictable. As such, witness Milner contends that BellSouth has been forced to rely heavily on trended demand to determine capacity exhaust and equipment relief timing. Witness Milner further explains that each central office has its own unique growth dynamics, which are generally driven by factors such as location, market, and historic growth rate.

GTEFL witness Reis states that GTEFL factors in requests received within a particular metropolitan area and other information about potential collocation demand when it forecasts collocation demand for a CO addition or expansion. Witness Reis further testifies that its current practice comports with the FCC's requirements. According to witness Reis, the FCC stated that:

> . . . incumbent LECs should be required to take collocator demand into account when renovating existing facilities and constructing or leasing new facilities, just as they consider demand for other services when undertaking such projects.

Witness Reis maintains that GTEFL does not oppose factoring in ALECs' collocation forecasts as one element in its planning process, along with all other available market and historical

information, including applications on file. Witness Reis further asserts that GTEFL would, however, oppose any requirements for ILECS to expand or add space based on ALEC forecasts. He explains that ALECs do not have a financial commitment to such forecasts, therefore, they are unreliable.

GTEFL witness Reis further observes that any approach that relies heavily on ALECs' forecasts could underestimate the need for CO additions or expansions, and he argues:

> GTE believes ALECs would consider collocation forecasts to be competitively sensitive information. In GTE's experience, ALECs are reluctant to share this kind of information.

Sprint witness Hunsucker states that ILECs can reasonably anticipate ALECs' future demands for collocation space by either contacting the ALECs to request a forecast of future space requirements or by making an independent decision on the amount of space to be requested by ALECs. Witness Hunsucker contends that the ALECs should be required to provide the ILECs with annual 3-year forecasts for collocation space requirements by central office, and that the ILECs should be required to make a reasonable estimate of additional collocation space for those ALECs that are not covered by the ALECs' provided forecasts. He testifies that Sprint is not opposed to a shorter forecast period for ALECs.

Covad witness Moscaritolo argues that the ILEC should provide the ALECs with all information that will affect the ALECs' ability to collocate in a given CO, and conversely, the ALECs should provide the ILEC with future growth plans that will potentially affect the amount of available collocation space in a particular CO.

MGC witness Levy argues that forecasting ALECs' future space demand can be accomplished by requiring the ALECs to provide three to five year forecasts when collocation applications are submitted. Witness Levy further argues that this is being practiced by other ILECs. He contends that this should only be one of the inputs in the ILEC's planning as there are other factors that need to be considered.

Supra witness Nilson states that as the ILEC begins planning for a CO expansion, the ILEC should poll the ALECs to

determine ". . . the level of interest in, and amount of, collocation space, . . ." for any particular central office. Witness Nilson further argues that with this information from the ALECS, the ILEC can better project the amount of additional space that is needed for each CO.

FCCA witness Gillan states that it is reasonable to get some forecast information from the ALECs, and contends that this is information that the ILEC can develop from its own in-house information based on historical data on existing collocation needs and the individual CO's characteristics. Witness Gillan argues that conditioned CO space is a commodity, and the largest purchaser of that collocation space in any central office is the ILEC itself. Witness Gillan further argues that since the ILEC is the largest purchaser of collocation space in any given CO, the ILEC's space demand and growth will determine most of the change in space requirements in that CO. Knowing the ILEC's space demand, witness Gillan argues that the ALECs' future demand for collocation space can simply be overlaid on the ILEC's own future space needs as an incremental effect. Witness Gillan further contends that the ILEC should have inventory space, ". . . because you should have space available and waiting for customers, just like you do for any other product."

ANALYSIS AND DETERMINATION

The evidence demonstrates that all the parties agree, to a degree, that an ILEC should factor in the ALECs' collocation needs when planning a CO addition or expansion. This comports with the FCC's requirement that ILECs take collocator demand into account as they plan for CO additions or expansions. FCC Order 96-325 at Paragraphs 585 and 605. Considering all of the evidence, we are persuaded by the arguments presented by BellSouth and Sprint. Therefore, we find that the ALECs shall provide the ILECs with two-year forecasts, on an annual basis, to assist the ILECs in CO planning.

While we agree with the ILECs that warehousing space is not what the FCC intended, we do, however, agree with FCCA witness Gillan that one can construe collocation space to be similar to any other product that the ILECs provide their customers and thus, the ILEC should carry an inventory. As such, another method of accounting for ALEC collocation space

demand would be to use the ILEC's historical data to project the needed collocation space in the particular CO. By historical data we mean currently allocated collocation space.

We also agree with BellSouth that each CO is unique. Thus, we believe that the following factors can be useful in assisting the ILECs to accurately factor in ALECs' collocation space demands:

1. the location of the central office (rural, suburban, or urban);

2. the market service area (residential, office, industrial, etc);

3. the historic growth rate (stable, expanding, declining);

4. trending data (demand for wireline and wireless interconnection, increased network capacity to accommodate increasing internet demands); and

5. general technology effects (obsolescence and shrinking network equipment sizes).

We strongly encourage the ILECs to take these factors into consideration in planning CO expansion. The weighting of these factors in demand planning will, however, differ from CO to CO, just as it will differ from ILEC to ILEC.

Further, based on the evidence in this proceeding, the ILECs appear to be incorporating the ALECs' future space needs in planning for CO additions or expansions, as required by the FCC. Thus, we shall not establish a specific process for ILEC forecasting of collocation demand for CO additions or expansions. While the ILEC's forecasts of collocation demand must be based on historical collocation data, CO characteristics, and ALEC forecasts of collocation space needs, the process of weighing these factors is inherently subjective; therefore, we shall not prescribe a particular process.

XXI. APPLICATION OF THE FCC'S "FIRST-COME, FIRST-SERVED" RULE UPON DENIAL OF WAIVER OR MODIFICATIONS

In this final section, we consider who should be given priority for new collocation space, when such space becomes available in a central office due to modifications or a denied waiver. With few exceptions, the arguments presented by the parties were consistent on this point.

AT&T witness Mills contends that where an ILEC has denied a request for physical collocation within the preceding three years, and space is made available due to a modification to the central office, then the newly available space should be offered first to the carriers whose requests for physical collocation were denied. This should be done beginning with the first ALEC to be denied space.

Similarly, MCI witness Martinez contends:

> The ILEC should maintain a priority waiting list in any office where an ALEC is denied physical collocation. The ALEC's place on the list should be determined by the date of its firm order for space, or the date on which its application for space was rejected, if that date is earlier.

Witness Martinez asserts that the first-come, first-served rule should apply based on the date the ALEC's initial order was received. He also contends that accepting virtual collocation after being denied physical, should not affect an ALEC's priority when space for physical collocation becomes available.

Supra witness Nilson similarly states that "the ILEC should offer the available space to the first carrier that requested space." Witness Nilson states that the ILEC should be required to maintain a list of all carriers who have requested space in the order their requests were received.

Intermedia witness Jackson agrees, stating that "[P]riority should be given to the ALEC based on the order in which the ALECs originally applied for collocation in that specific central office - first come, first-served."

MGC witness Levy states that the company that submitted the first collocation request to be denied should be first in line and have first opportunity to submit a firm order for the

new space. Witness Levy suggests that this process should continue with the next ALEC on the waiting list, until firm orders have been submitted for all the space that has become available. Once all formerly rejected applicants have had a chance to submit firm orders for space, then the remaining space should be published for any new collocators who are not on the waiting list.

BellSouth witness Hendrix states that "BellSouth maintains a waiting list that contains the ALECs and the amount of space each requested, in the order of BellSouth's receipt of each collocation application." Witness Hendrix further explains that when space for physical collocation becomes available in a central office, space is offered on a "first-come, first-right of refusal" manner. The witness maintains that ALECs that can be accommodated in the newly available space, based on square footage originally requested, are then notified and asked to contact BellSouth if still interested in the space. The newly available space is then distributed to these companies in the order they appear on the waiting list. BellSouth witness Hendrix also states that BellSouth does not require an ALEC to "re-up" its place on the waiting list. Once an ALEC is on the list, it remains there until space has been offered and subsequently turned down or accepted.

Sprint witness Hunsucker agrees that ILECs should maintain a waiting list of denied applicants based on date of application. He states that when space becomes available, the ILEC is supposed to make space available to ALECs on the wait list based upon the date of application until all space is exhausted. Witness Hunsucker disagrees, however, with BellSouth, contending that ALECs should be required to reaffirm their collocation request every 180 days. He argues that reaffirmation of an application should be required in order "to ensure that market plans have not changed and space is no longer required." He further asserts that if the request is not reaffirmed within 180 days the request date changes to the reaffirmation date, subsequently changing the applicant's order on the waiting list.

In contrast to the majority of testimony in the record, GTEFL witness Ries asserts that "[P]riority will be given to ALECs in the order in which they submit checks for 50% of the NRCs associated with their collocation requests." Witness Ries further explains that GTEFL does not keep a waiting list

of ALECs that have been denied space. Instead, GTEFL posts information regarding newly available space on their websight, and the first party that submits an application with the 50 percent deposit for the nonrecurring charges, would then have first priority for the space.

Intermedia witness Jackson responds that GTEFL should be required to maintain a waiting list of collocators, and once space becomes available GTEFL should contact them immediately. He further argues that:

> priority should be given to the collocator with the oldest collocation request, followed by the next oldest, and so on. Priority should not be decided based on who gets to the bank first.

ANALYSIS AND DETERMINATION

Upon consideration, we agree with Intermedia's witness, as well as other parties, that all ILECs should be required to maintain a waiting list of ALECs that have been denied physical collocation in a particular central office.

We also believe that the process suggested by MGC witness Levy is appropriate. Therefore, we find that the first collocator request for physical collocation that was rejected shall be first in line and must be given first opportunity to submit a FOC for physical collocation in the new space. Furthermore, the evidence supports that the waiting list of denied ALECs must be kept in order of application denial date, with the first application to be denied being first on the list.

We also agree with MCI witness Martinez, who argues that: "the fact that the ALEC accepted virtual collocation should not affect its priority when space for physical collocation becomes available." Therefore, we shall require that an ALEC shall maintain its place on the waiting list, even if it has accepted virtual collocation after being denied physical.

We note Sprint witness Hunsucker's contention that ALECs should be required to reaffirm their application for collocation every 180 days, in order to maintain their place on the waiting list. We are, however, persuaded by BellSouth

witness Hendrix's suggestion that once an ALEC is on the waiting list, it should remain until such time as collocation space is offered to that ALEC. Therefore, we find that once an ALEC is on the waiting list, it shall remain until such time as collocation space is offered to that ALEC

We also agree with BellSouth witness Hendrix's proposal that an ALEC should be placed on an existing waiting list by submitting a letter of intent, without having to file an actual application. This process appears to be reasonable. Therefore, we find that an ALEC shall be placed on an existing waiting list by submitting a letter of intent, without having to file an actual application, that letters of intent shall be accepted in a non-discriminatory manner, and that these letters of intent establish a requesting carrier's place in line on the waiting list.

Regarding application fees, we reference our prior decision in Order No. PSC-99-1744-PAA-TP, issued September 7, 1999, in these Dockets, which reads in part:

> If the ILEC informs the applicant carrier that it intends to deny collocation in an ILEC premises, the ILEC shall return to the applicant carrier within 15 calendar days any fees over and above those necessary to cover the initial administrative costs associated with processing the carrier's application for that premises.

In addition, we find that when an ALEC submits a letter of intent in order to be placed on the waiting list for collocation space at a particular ILEC central office, the ILEC shall only be permitted to charge the ALEC for the administrative costs associated with placing the ALEC on the waiting list. The actual application fee may only be charged when space is offered to this ALEC, and an application is submitted for such space.

We emphasize that we disagree with BellSouth's procedure of offering newly available collocation space to ALECs according to the amount of space originally requested. Instead, we are persuaded by the arguments presented by AT&T, whose witness states that "any newly available collocation shall first be offered to the carriers whose request for physical collocation were denied, beginning with the first such denial." Thus, newly available space shall be offered to

the first ALEC on the waiting list, regardless of whether the amount of space originally requested was greater than that which has become available. If the amount of newly available space is less than the amount originally requested by the first ALEC on the waiting list, this ALEC shall have first right to either accept or refuse this space.

Several parties have testified regarding time frames in which ALECs should be required to respond to an offer of newly available space. We emphasize, however, that response intervals are beyond the scope of the issue presented for our decision in this proceeding, and, therefore, we have not addressed this point.

In addition, we find that ILECs shall accept letters of intent to collocate in central offices where a waiver is granted and a waiting list already exists. This letter of intent will enable an ALEC to be placed on the waiting list, without being required to file an application for space that does not exist. The ILEC may charge a fee to recover only the administrative costs associated with placing the ALEC on the waiting list, when a letter of intent is submitted. The application fee shall not, however, be assessed until such time as the ALEC is offered space, and an application is submitted.

Based on the foregoing, it is therefore

ORDERED by the Florida Public Service Commission that each of the collocation requirements and procedures set forth in the body of this Order are approved. It is further

ORDERED that these Dockets shall remain open pending further proceedings to set collocation rates.

By ORDER of the Florida Public Service Commission, this 11th day of May, 2000.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records

(S E A L)

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of Records and reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.