BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into temporary local telephone number portability solution to implement competition in local exchange telephone markets	Docket No. [redacted] Filed: 11/6/95

INTERMEDIA COMMUNICATIONS OF FLORIDA, INC.'s
POSTHEARING STATEMENT OF ISSUES AND POSITIONS
AND BRIEF

Intermedia Communications of Florida, Inc. (Intermedia), pursuant to Rule 25-22.056, Florida Administrative Code and Order No. PSC-95-0896-PCO-TP, files this posthearing brief, including a statement of issues and positions.

INTRODUCTION

Number portability among local exchange carriers is an important precondition for competition. The Stipulation approved by the Commission on September 12, 1995, appropriately indicates that Remote Call Forwarding should be the interim number portability solution, and that LEC prices should be cost-based and uniform for each LEC on a per-line per-month basis, with the ALEC price to mirror the LEC price. Based on the evidence produced at hearing, the recurring portion of the cost should be recovered by charging the ALECs $1.00 per ported number per month and $.50 per additional path, and a nonrecurring charge of $10.00 per order.

ISSUES

ISSUE 1: What is the definition of temporary number portability pursuant to Section 364.16(4), Florida Statutes?

> ** Intermedia has no objection to the definition included in the Stipulation signed by the parties and approved by the Commission in this docket (the "Stipulation"). **

ISSUE 2: What technical solutions will be available by January 1, 1996, to provide temporary number portability?

> ** Intermedia agrees with the terms of the Stipulation that Remote Call Forwarding will be the only technical solution available by January 1, 1996, and also agrees that LECs should continue to negotiate other feasible options with interested parties. **

ISSUE 3: What are the advantages and disadvantages of each solution identified in Issue 2?

> ** Intermedia adopts Staff's Prehearing Position. **

ISSUE 4: What costs are associated with providing each solution identified in Issue 2?

> ** There are two basic types of costs associated with Remote Call Forwarding: non-recurring and recurring. Non-recurring costs basically include the labor costs of implementing the service, while recurring costs basically include switching and transport costs. Intermedia takes no position as to the amount of these costs. **

The basic types of costs in providing Remote Call Forwarding are easy enough to identify: non-recurring costs in setting up the service and recurring costs in the ongoing provision of the service. For example, Mr. Kolb for BellSouth identified these costs as follows:

> These are first, service implementation costs which include costs associated with service order processing, mechanized order flow to involve departments and network translations in the central office. Two, the central

> office cost, which includes software requirements which include processor usage and also line terminating equipment. And three the cost incurred for interoffice networking. [Tr. 61]

BellSouth estimated its non-recurring costs to be $24.84 and its recurring costs to be $1.11 per month per line. These estimates, however, appear to be excessive. For example, they include non-incremental costs [Tr. 70, 85] and a too-high cost of money [Tr. 95]; moreover BellSouth did not use actual experience to develop its costs, but instead relied on the invidual business customer as a proxy. [Tr. 66] In any event, given the apparent flaws in BellSouth's estimates, Intermedia cannot reasonably embrace them. Thus, Intermedia takes no position on the dollar amount of the non-recurring and recurring costs in providing Remote Call Forwarding, except to note that these costs are certainly less than the estimates provided by BellSouth.

<u>ISSUE 5</u>: How should the costs identified in Issue 4 be recovered?

> ** Intermedia concurs in the stipulated industry agreement that the recurring costs should be recovered on a per-line, per-month basis. The recurring portion of the cost should be recovered by charging the ALECs $1.00 per ported number per month and $.50 per additional path, and a nonrecurring charge of $10.00 per order. **

This issue addresses the key question left unresolved in the Stipulation and agreement: what should be the price for Remote Call Forwarding? Because the Stipulation provides for a reciprocal per-line per-month rate, Intermedia believes it imperative that the Commission set a rate no higher than the direct incremental cost of providing of the service. The rationale for this approach was provided succinctly by MCI witness Don Price:

> . . . the efforts of the LECs to recover contribution and/or shared and common costs as part of their pricing recommendations would create an additional disincentive for us to move rapidly towards implementation of a true number portability solution. It would unreasonably increase the new provider's cost of providing service and create an undeserved market advantage for the LECs, and would also create an artificial price floor below which competition could not drive end user's prices. [Tr. 210]

These concerns were also echoed by Mr. Guedel for AT&T:

> In determining the appropriate rate level, it is important to consider what we are trying to accomplish. The spirit of current legislation seems to be one that would foster an environment where competition at least has the possibility of developing. Local number portability is a technique designed to reduce or mitigate an existing barrier to potential development of local competition and is therefore consistent with the apparent spirit of the law. In implementing local number portability therefore, <u>it is important that it be implemented in such a way that the barriers are mitigated and not in manner that would add new barriers to the competitive entry</u>. The establishment of high rates for local number portability service would be such an unwanted barrier. (emphasis added) [Tr. 287]

In sum, the rates for Remote Call Forwarding as an interim solution for number portability must promote competition, not deter it. To this end, Intermedia adopts the prehearing position of Time Warner and Staff that the recurring portion of the cost should be recovered by charging the ALECs $1.00 per ported number per month and $.50 per additional path, and a nonrecurring charge of $10.00 per month. These amounts would not operate as an unnecessary barrier to competition, while allowing the LECs to recover their direct incremental costs of providing the service.

ISSUE 6: What is/are the most appropriate method(s) of providing temporary number portability?

** Intermedia agrees with the terms of the Stipulation that Remote Call Forwarding is the most appropriate method of providing temporary number portability at this time. **

ISSUE 7: What are the appropriate parameters, costs and standards for the method(s) identified in Issue 6?

** Intermedia believes that the Stipulation sets forth the appropriate parameters, costs and standards identified in Issue 6. **

ISSUE 8: Should this docket be closed?

** Yes. **

Respectfully submitted this 6th day of November, 1995.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of Intermedia Communications of Florida, Inc.'s Posthearing Statement of Issues and Positions and Brief in Docket No. 950737-TP has been furnished this 6th day of November, 1995, to the following:

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