BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: DOCKET NO. 010098-TP - Petition by Florida Digital NetWork, Inc. for arbitration of certain terms and conditions of proposed interconnection and resale agreement with

BellSouth Telecommunications, Inc. under the Telecommunications Act of 1996.

COMPY

BEFORE: CHAIRMAN LILA A. JABER

COMMISSIONER J. TERRY DEASON

PROCEEDINGS: AGENDA CONFERENCE

ITEM NUMBER: 19

DATE: Tuesday, March 4, 2003

PLACE: 4075 Esplanade Way, Room 148

Tallahassee, Florida

REPORTED BY: MARY ALLEN NEEL

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TALLAHASSEE, FLORIDA 32301
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PARTICIPANTS:

FELICIA BANKS, DAVID DOWDS, and BETH KEATING, FPSC.

STAFF RECOMMENDATION

ISSUE 1: What language should be included in the parties' agreement to memorialize the Commission's decision regarding the provision of FastAccess?

RECOMMENDATION: The recommendations on disputed language contained in the analysis portion of staff's February 20, 2003 memorandum should be reflected in the parties' agreement.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: No. If the Commission approves staff's recommendations in Issue 1, this docket should remain open in order that the parties may file their final interconnection agreement. Staff recommends that the parties be required to file the final interconnection agreement within 30 days from the issuance date of the order resolving the disputed contract language.

PROCEEDINGS

CHAIRMAN JABER: Staff, do you have an introduction?

MR. DOWDS: Commissioners, Item 19 pertains to the FDN/BellSouth arbitration proceeding. Both parties filed language to implement the Commission's prior decision, and they did not agree on the specific language as to how best to implement the Commission's final decision on reconsideration. This is staff's recommendation resolving the disputed language between the parties. We can go through it as you wish.

CHAIRMAN JABER: Commissioner Deason, do you have any questions or a motion?

questions, Madam Chairman. The first question pertains to Issue 1.B. And as I understand staff's recommendation -- and correct me if I'm wrong. And I may be oversimplifying, but basically staff is recommending that the requirement to provide Internet access to FDN customers, that there is a limitation that it should only apply to UNE loops as opposed to UNE loops and UNE-P; is that correct?

MR. DOWDS: Yes.

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COMMISSIONER DEASON: Okay. And the rationale for that is that FDN only utilizes UNE loops and does not use the UNE-P platform; is that correct?

MR. DOWDS: That's correct.

COMMISSIONER DEASON: I guess the question that I have is, certainly that's FDNs choice as to whether they utilize UNE loops or UNE-P. What happens if they change their competitive strategy and they begin to use UNE-P? The requirement to provide Internet access or FastAccess service would no longer apply if FDN chose to provide service over UNE-P?

MR. DOWDS: Two points. One, the basis for my recommendation here was solely because there is virtually no discussion whatsoever in the FDN/BellSouth record pertaining to UNE-P, because they aren't a UNE-P provider. That's why this recommendation is limited to UNE loops.

Point number two, however, is that nothing precludes FDN from using pick-and-choose and adopting the language that's in the Supra and BellSouth agreement if they so desire to have FastAccess put over a UNE-P.

COMMISSIONER DEASON: So you're saying it's

just not necessary for us to address this in the context of this proceeding, that if and when FDN ever decides to use UNE-P, there can be a mechanism for them to pursue that issue at that time?

MR. DOWDS: Yes. Because in contrast to FDN, Supra explicitly argued about UNE-P, not UNF-L.

COMMISSIONER DEASON: Then I have a question on Issue 4, and this is the billing arrangement. And I believe staff is in agreement with the BellSouth position that customers should be requested to provide credit card — credit card billing and credit card payment on behalf of the customer; correct?

MR. DOWDS: Yes, in the sense that it's not unreasonable for BellSouth to request that, because they do it for own retail FastAccess customers.

COMMISSIONER DEASON: And then what happens if the customer decides not to utilize credit card payment?

MR. DOWDS: This is the sticky wicket, because there's really no prior record that's dispositive one way or the other. The

Commission's prior decision, at least from my perusal of the record, did not give BellSouth an out. They didn't say you don't have to do X if this is the case. Given that I couldn't find any record support that would provide exceptions where BellSouth would not have to continue providing FastAccess in a migration context is the basis for my recommendation, trying to be consistent with the Commission's prior decision, that it was incumbent upon BellSouth to come up with an alternative billing mechanism.

COMMISSIONER DEASON: What would that be if it's not going to be credit card? Would BellSouth have to come up with some -- my concern is the additional incremental cost of imposing -- potentially associated with providing service, FastAccess service. It seems that the costs could be rather significant. Do we have any -- there any record evidence concerning potential costs associated with it?

MR. DOWDS: No, not in terms of changes to billing systems.

COMMISSIONER DEASON: Would it require a change in the billing systems if a customer refuses to provide for credit card payment?

MR. DOWDS: I'm not certain if it would
necessitate a change in the billing system.
They may have to come up with an ad hoc way to
produce a bill for the given customer.
COMMISSIONER DEASON: Would it be
permissible to simply have BellSouth look to FE

permissible to simply have BellSouth look to FDN for payment and have FDN bill the customer? Is that a workable solution?

MR. DOWDS: That seems to be a viable option.

COMMISSIONER DEASON: So that would be up to the parties. If that is the viable option, the parties could pursue that. We're not prohibiting that in any way by this decision?

MR. DOWDS: No, sir.

CHAIRMAN JABER: Commissioner Deason, may I follow up on that very point? Those are the questions I had on this item.

How do we incent that? How can we make -what kind of decision could we make related to
this language that would force these parties to
work out the billing arrangement? Because
frankly, that's where I am on this part of the
issue. I think that Bell shouldn't be forced to
issue a separate bill. FDN could accommodate

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some sort of negotiated agreement that allows the service to be billed on their bill, but I recognize there isn't record evidence to support that. So how -- I find myself wondering how to craft a decision here that incents these parties to negotiate a billing system to accommodate these limited circumstances.

MR. DOWDS: I'm not sure I have the answer to that, but let me take a stab at it. What I tried to do, based upon my review of the prior record, is -- it's more of a negative recommendation than anything else. You didn't give them a -- provide BellSouth an out under -- specifying circumstances under which they would no longer have to continue providing the FastAccess, and specifically the fact that they may have difficulty in billing them was not a factor you considered. It wasn't part of the record.

CHAIRMAN JABER: Right.

MR. DOWDS: Consequently, the way this recommendation is couched, it basically gives BellSouth two options. Option 1, if the customer won't accept a credit card, BellSouth either has, a choice, at least in principle, of

figuring out a way to bill them, including -whatever that might entail, or they eat it. If
they can't bill them, that's their problem.

It's not -- one could argue it's not in -- it's
their problem to resolve.

CHAIRMAN JABER: But can't we also add a requirement on FDN that where the customer does not agree to credit card billing, FDN shall bill for BellSouth's FastAccess service?

MR. DOWDS: Respectfully, I honestly don't know about that, but I'm sure the Commission can strongly make suggestions and recommendations.

think we share the same concern, and I appreciate those questions. It seems to me that — it seems to me that it should be incumbent upon the parties to work this out. And then if credit card payment is not acceptable to the customer, that — I don't think our decision when we — our prior decision was that at all costs and under all circumstances, you must continue to provide FastAccess. I think it is still — it is conceivable that BellSouth, if they try to work everything out under reasonable terms with FDN and there's not a reasonable

solution, that it could be incumbent upon
BellSouth to file a petition to indicate to the
Commission that you did not consider the
incremental billing costs associated with this.

I understand staff's position that, you know, a possible outcome would be just to forgo the billing for that because it's more economical to do that than to try to impose the cost of a billing system. I think that's a business decision BellSouth needs to make. We don't need to make that for them.

We make our decisions based upon the evidence and facts. And if BellSouth and FDN cannot come to an understanding of a reasonable billing system basis and BellSouth is convinced that it is cost-prohibitive, it may be that if a customer refuses to provide credit card billing that perhaps that customer will not continue to have access to FastAccess. But I don't have the facts to base that upon yet, and that would be for some future consideration.

MR. DOWDS: And I agree completely.

There's nothing that precludes BellSouth from filing a petition to raise information that wasn't before you before.

token, the decision perhaps to start separate billing shouldn't be foreclosed. And we didn't

speak to that, but I -- I'm hopefully not opening a can of worms, but again, anticipating

CHAIRMAN JABER: Okay. Now, by the same

what could happen in the future, if Bell decides

to separately bill the customers that remain on FastAccess, I think that's a legitimate

communication between the customer and the

company.

And perhaps Bell would look at that as an opportunity to market other services, and I would hope that everyone thinks about that. I don't think that's a bad thing. I think if it's done in a fashion that relates to the service being provided, I think that that's a fair company decision too. And maybe as one weighs the costs and the benefits of doing separate billing, that would also go into BellSouth's thinking as it relates to this business decision. And I know we don't have evidence in the record there, and I'm certainly not

advocating opening up a can of worms, but it

that go into businesses' decisions to incur

seems to me that those are the kinds of things

additional costs. There may be some benefits that balance those costs out.

So my preference, Commissioner Deason, is to find a way that leaves it completely open and incents these companies to negotiate how to resolve the issue of a customer not accepting a credit card payment.

COMMISSIONER DEASON: I'm in agreement. So how do we get there from here?

CHAIRMAN JABER: Yes, how do we get there,
David? Your recommendation is that we allow
BellSouth to request that the service be billed
to a credit card, but not to discontinue service
is if the request is declined. Perhaps there we
add that they should be permitted to petition
the Commission if these situations arise for
alternative billing solutions. I'm talking out
loud. I don't know that this is the right --

MR. DOWDS: Right.

COMMISSIONER DEASON: And included in that is that if BellSouth can make a credible case that it is cost-prohibitive, then it may be that for a customer that refuses credit card payment, that they may have to terminate their FastAccess service. I don't know. I don't know the facts

yet, but it's conceivable to me that it could support that.

And that's -- you know, I think we have made a policy statement that generally, FastAccess should not be disconnected, that it should be continued when a customer changes service, and I agree with that policy statement. But I'm not sitting here to say that that's 100% of the time under all conceivable circumstances. There may be exceptions to that, but it's BellSouth's burden to demonstrate that it's an exception that is consistent with our general policy for other valid reasons. So I don't want to preclude that.

CHAIRMAN JABER: Right, right. I think with all of that clarification to (a), we've accomplished what we've stated. (b) -- I'm looking at page 12, David. (b) I support under your recommendation. (c), I think it's incumbent on BellSouth and FDN to arrive at an alternative way to bill the customer, or at least leave it open for the companies to negotiate an alternative billing solution.

I keep coming back to this was a case between FDN and BellSouth.

MR. DOWDS: Right.

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CHAIRMAN JABER: And it seems that the parties to this contract have the same burden to reach an agreement on billing.

MR. DOWDS: Referring you to the very bottom, the proposed language, in the second sentence, would something along the lines of, "The parties shall cooperatively determine an alternative means to bill the end user," would that capture the spirit of what I was hearing? I'm trying to get language for the agreement. And there's also Commissioner Deason's point about making it explicit that BellSouth has the option if it's unduly burdensome to come back to the Commission for a waiver, or whatever the proper vehicle would be.

CHAIRMAN JABER: So that would include that they first attempt to negotiate with FDN for an alternative billing solution, and if that doesn't work, then they petition us for anything that may include disconnecting the customer.

COMMISSIONER DEASON: And it may be -- I'll be very honest right now. That may be a very high burden, given our general policy statement. But if BellSouth thinks that they can make a

1 good business case and that it is again 2 consistent with good public policy, they're free 3 to do that. CHAIRMAN JABER: Yes. And I guess what 5 gives me comfort and what we're trying to 6 establish here, Commissioner Deason, I have to 7 believe Bell's decision is not to disconnect the 8 FastAccess customer. I can't believe that that 9 would be the goal. 10 COMMISSIONER DEASON: And I agree with 11 that. I agree. 12 MR. DOWDS: May I clarify one point just to 13 make sure we do this right? One is that there's 14 language that needs to go in the agreement --15 and primarily I'm referring to the second 16 sentence down here. 17 COMMISSIONER DEASON: Can you --18 MR. DOWDS: I'm sorry. 19 COMMISSIONER DEASON: Direct me to where 20 you're referring --21 MR. DOWDS: I'm sorry. 22 COMMISSIONER DEASON: -- so I can follow 23 you. 24 MR. DOWDS: Page 12, the paragraph at the 25 It's 2.10.1.6. The second sentence bottom.

1 currently reads, "If the end user does not 2 provide a credit card number to BellSouth for 3 billing purposes, BellSouth shall determine an 4 alternative means." And what I was proposing a 5 moment ago to try to capture the spirit of your 6 view is that the parties shall cooperatively, 7 something like that, determine an alternative 8 billing. Now --9 CHAIRMAN JABER: Or, "The parties to this 1.0 contract shall negotiate an alternative means to 11 bill the end user"? 12 MR. DOWDS: Yes. That's what I was trying 13 to --14 CHAIRMAN JABER: "Parties to this contract 15 shall negotiate an alternative means to bill the end user." 16 17 I think it goes without saying if they fail 18 to negotiate, they're going to be coming back 19 here. 20 COMMISSIONER DEASON: I think that goes 21 without saying. I agree with that. 22 MR. DOWDS: Certainly. 23 And my second question was a "ducks in a row" kind of question, and that is that you 24

wanted to make it explicit that BellSouth, if

all fails, has the option to come back before the Commission for a waiver, and the burden of proof we'll worry about later. But I guess my question is, does that need to go in the agreement, or does it just go in the order? COMMISSIONER DEASON: I don't think it has to go in the agreement. I think it's implicit. CHAIRMAN JABER: Exactly.

MR. DOWDS: That was what I thought. I wanted to make sure that I put it in the right place.

CHAIRMAN JABER: Right. No, because our preference -- we need to be real clear. Our preference is that they sit down and negotiate this. As a matter of fact, I will not be a happy Commissioner if we start to see these kinds of complaints. I mean, the idea is come up with your market solution, negotiate these things out. You want to keep the customer, whether it's BellSouth wanting to keep the FastAccess customer or FDN wanting to keep the voice customer. So it's in all the companies' interests to negotiate business solutions to these problems.

MR. DOWDS: Thank you for your

1 clarification.

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CHAIRMAN JABER: I had -- Commissioner Deason, you had more guestions?

COMMISSIONER DEASON: Well, I have a question on 7 -- yes, 7, and this deals with the possibility that there may not be available facilities. And I think that in BellSouth's proposal, they had suggested a 10% threshold, and I think staff has rejected that. Can you explain that further, please?

MR. DOWDS: We have no clue where the 10% came from. There's absolutely no record support for this at all. It's totally new.

Essentially, the language they're referring to about having no facilities presupposes that the only way they will continue to provide FastAccess when a customer migrates its voice to FDN is on a separate loop. In principle -- well, BellSouth argued, I believe, on reconsideration that if they put FastAccess on a loop that simultaneously had FDN voice, that it would be a violation of Computer Inquiry III. The Commission dismissed that claim.

Given your prior decision there, it seems that if all else fails, it's not clear that

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there's anything that precludes BellSouth,
though it's not its desired option, to put the
FastAccess on the same loop that FDN is buying
to providing to voice service. And that's why,
based upon the Commission's prior vote and the
fact that the 10% miraculously appears in this
filing, or in the language, basically, there's
no real support for it.

COMMISSIONER DEASON: Let me ask this question. If for whatever reasons, business or policies, BellSouth believes that it is important and it is correct to continue to provide FastAccess over a separate facility and those facilities are not available, is there going to be a reasonable period of time for BellSouth to install the facilities if that is the means by which they wish to continue to provide the service?

MR. DOWDS: I want to say yes, but then you're going to ask me what the reasonable period is, and I don't know what the reasonable period is.

Going back to the discussion we had earlier on the potential problem of coming up with a satisfactory solution for billing, I guess my

response would be the same thing here. If they
had a problem in trying to provision the
migrated to FastAccess, they could come back
before the Commission to get a waiver, I would
imagine. Help, Counselor.

MS. BANKS: I believe that would be appropriate at that time if the company so deems.

COMMISSIONER DEASON: So we don't want to see that, but if that is the only recourse and BellSouth feels compelled, they'll be free to bring that to our attention?

MS. BANKS: I believe so, Commissioner.

CHAIRMAN JABER: Okay. But again anticipating these kinds of issues in the future, this is going to be at some point an interconnection agreement. If they bring a waiver request here, will there be a concern that this is not the appropriate forum, you know, that it's an interconnection agreement and concerns need to go to arbitration or --

MR. DOWDS: Well, I believe the Commission retains authority to -- I'm sorry; I'm playing lawyer -- to enforce those agreements that it approved.

CHAIRMAN JABER: So you would -- and, legal, you need to answer this. I don't want to have this discussion in, you know, eight months. You believe that retaining our jurisdiction would cover requests for waivers?

MS. BANKS: Madam Chair, I believe that it would be inclusive of that. Without being able to cite any particular instance, I believe that would be something the Commission could do.

CHAIRMAN JABER: We forced Beth to get up again. But again, agreeing with Commissioner Deason, that's not what we want to have happen here. It's not that we are wanting requests for waivers, but I just want to be fair in articulating what we believe our jurisdiction is.

MS. KEATING: I tried real hard not to get up.

CHAIRMAN JABER: I know. I'm sorry.

MS. KEATING: Yes, you do retain jurisdiction to interpret and enforce the agreements that you have approved. I can tell you that a request for a waiver of an interconnection agreement would be extremely unusual. That's not to say that it's something

that couldn't be entertained, particularly in the context of interpreting the terms that you approved based on the record that you have. I suppose that it's something that could be entertained in that context, but I can tell you that it would a highly unusual request, but that's not to say that it couldn't be done.

CHAIRMAN JABER: Does that give you any concern, Commissioner Deason? It gives me some concern.

COMMISSIONER DEASON: Well, then are you suggesting that we have modified language, or that the order just reflect it, or --

CHAIRMAN JABER: Right. Can we -- I don't want -- even though we don't want to see these kinds of requests, if a request were to come in, the allegation that that's not contemplated by the interconnection agreement, therefore, the PSC is not the appropriate forum, can we nip that argument in the bud by just including a sentence that says we -- you know, something to the effect that this concern should be negotiated, and failure to negotiate may result in a petition for a waiver at the Florida Public Service Commission?

1 MS. KEATING: Or a petition for relief of 2 some sort. Maybe waiver isn't exactly the 3 precise type of relief that should be sought. 4 But certainly for any issues that aren't 5 specifically addressed in the interconnection 6 agreement, the parties should have the 7 opportunity to seek further relief from the 8 Commission. And that's something that maybe you 9 don't necessarily want specifically laid out in 10 the interconnection agreement, but in your order 11 we could certainly include language like that. 12 CHAIRMAN JABER: I think that's fair. 13 especially in the order as opposed to the 14 agreement, because the agreements can be 15 adopted. 16 Precisely. MS. KEATING: 17 But the order is limited CHAIRMAN JABER: 18 to these parties. 19 MS. KEATING: That's correct. 20 CHAIRMAN JABER: Okay. That satisfies my concern, Commissioner. 21 22 COMMISSIONER DEASON: okay. 23 CHAIRMAN JABER: You had other questions? 24 COMMISSIONER DEASON: I have no other

questions. Are you prepared for a motion?

1 CHAIRMAN JABER: I have questions. 2 COMMISSIONER DEASON: Oh, you have 3 questions? 4 CHAIRMAN JABER: Yes. I just have one 5 question. On page 5, staff, I agree with 6 staff's recommendation and absolutely believe we 7 limited the discussion to the FastAccess 8 service. That was the issue in front of us, 9 frankly, and I went back and read the orders and agree with staff's recommendation. 10 11 My question relates to the notion that 12 BellSouth should be allowed to discontinue the 13 provision of other kinds of Internet service. 14 And you use -- I guess FDN cites the AOL service 15 that BellSouth may provide. I'm just confused 16 as to why a company would discontinue that sort 17 of arrangement anyway. Assuming, David, that 18 BellSouth has an arrangement with AOL to provide 19 high-speed Internet service to their voice 20 customers --21 MR. DOWDS: Oh, oh, I'm sorry. You got it 22 reversed. 23 CHAIRMAN JABER: Okay. 24 MR. DOWDS: It's not BellSouth's customer.

It's EarthLink's customer, or it's AOL. If you

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want to get high-speed Internet access in South Florida, what are your options, hypothetically? One is, you can get FastAccess from BellSouth for whatever they charge. If you like AOL's wonderful little menus and things like that, presumably you can get it from AOL. You can also get it from EarthLink.

Now, the interstate ADSL transport that's used as the telecommunications input in all three information services is provided by BellSouth. So what we're talking about here is a situation where I'm a BellSouth voice subscriber, I have EarthLink or AOL as my high-speed Internet access, and if I -- under the conditions of the interstate tariff, BellSouth's ADSL tariff says that the interstate offering goes on a telephone company exchange line, which means they're an access line. So if -- in this example, if I migrate from BellSouth voice to somebody else's voice service, BellSouth will disconnect the interstate offering that EarthLink or AOL was using to provide the high-speed access. And it's kind of like the FDN situation, but it was not before you.

CHAIRMAN JABER: But to the degree this presents any problems for other companies, they can seek similar relief here at the Commission. This clearly was not in front us.

MR. DOWDS: Yes, I believe it was not.

CHAIRMAN JABER: Okay. Commissioner, I think between the two of us, we covered all the questions I had.

COMMISSIONER DEASON: Very well. Well, let me see if I can make a motion. I would move approval of staff's recommendation on all issues, and as it pertains to Issues 4 and 7, as clarified by our discussion today.

CHAIRMAN JABER: There is a motion to accept staff's recommendation with the clarifications and modifications we made today.

I'm going to agree with that.

Staff, procedurally speaking, are there other issues you expect to come before us related to this docket? Does this conclude the process of ironing out the interconnection agreement between these two parties?

MS. BANKS: As I understand it, Madam Chair, yes. The parties would, as staff has proposed in this close docket issue, have 30

1 days to file their final interconnection 2 agreement, going forth with what the Commission 3 decision is today, in sync with the Commission's decision. 5 MR. DOWDS: Chairman Jaber, just to echo or 6 embellish my counselor's comment, the only 7 revision I think that we need to make that will 8 affect language in the agreement is on page 12 9 that we were talking about earlier. We just 10 need to draft some language for that second 11 12 opposed to what's here. 13 COMMISSIONER DEASON: 14 15 16 within the order. 17 MR. DOWDS: Yes, sir. 18 19 20 COMMISSIONER DEASON: 21 22 the entirety. 23 24

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sentence that captures your plural view as I agree with that. That's the only change in language within the agreement. The other clarifications can be made CHAIRMAN JABER: Okay. There's a motion and a second. All those in favor say aye. CHAIRMAN JABER: That resolves Item 19 in Staff, the reason I'm asking the question on procedure, to the degree there are other items directly related to our vote today, we'll

continue to keep it a panel of Commissioner Deason and myself. But if this gets a little bit broader than the scope of this proceeding, I want you to work with my office on another panel or full Commission, whatever is appropriate. But, you know, I would note that this is a panel of two, and that continues to be appropriate as it relates to this docket. But anything broader between the two parties, let's open another docket. MS. BANKS: Will do, Madam Chair. CHAIRMAN JABER: Thank you. (Conclusion of consideration of Item 19.)

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CERTIFICATE OF REPORTER

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I, MARY ALLEN NEEL, do hereby certify that the foregoing proceedings were taken before me at the time and place therein designated; that my shorthand notes were thereafter transcribed under my supervision; and that the foregoing pages numbered 1 through 28 are a true and correct transcription of my stenographic notes.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, or relative or employee of such attorney or counsel, or financially interested in the action.

DATED THIS 11th day of March, 2003.

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MARY ALLEN NEEL, 100 Salem Court

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