

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition of INTERMEDIA) DOCKET NO. 921074-TP
COMMUNICATIONS OF FLORIDA, INC.) ORDER NO. PSC-93-1274-PHO-TL
for expanded interconnection for) ISSUED: 09/01/93
AAVs within LEC central offices.)
_____)

Pursuant to Notice, a Prehearing Conference was held on August 11, 1993, in Tallahassee, Florida, before Commissioner Julia L. Johnson, as Prehearing Officer.

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PREHEARING ORDER

I. CASE BACKGROUND

This matter is before the Commission as the result of a Petition filed by Intermedia Communications of Florida, Inc. (Intermedia) for an order permitting AAV provision of authorized services through collocation arrangements in Local Exchange Company central offices. In order to address the Intermedia Petition, broader questions regarding private line and special access expanded interconnection must be resolved. In turn, these broader issues raise still larger issues regarding expanded interconnection of switched access. However, because the switched access issues do not need to be resolved prior to answering Intermedia's Petition, initially, we shall address only the private line and special access issues. Expanded interconnection of switched access shall be addressed in a hearing which has been tentatively scheduled for the Spring of 1994.

II. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

A. Any information provided pursuant to a discovery request for which proprietary confidential business information status is requested shall be treated by the Commission and the parties as confidential. The information shall be exempt from Section 119.07(1), Florida Statutes, pending a formal ruling on such request by the Commission, or upon the return of the information to

the person providing the information. If no determination of confidentiality has been made and the information has not been used in the proceeding, it shall be returned expeditiously to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of the proceeding, it shall be returned to the person providing the information within the time periods set forth in Section 364.183(2), Florida Statutes.

B. It is the policy of the Florida Public Service Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 364.183, Florida Statutes, to protect proprietary confidential business information from disclosure outside the proceeding.

In the event it becomes necessary to use confidential information during the hearing, the following procedures will be observed:

- 1) Any party wishing to use any proprietary confidential business information, as that term is defined in Section 364.183, Florida Statutes, shall notify the Prehearing Officer and all parties of record by the time of the Prehearing Conference, or if not known at that time, no later than seven (7) days prior to the beginning of the hearing. The notice shall include a procedure to assure that the confidential nature of the information is preserved as required by statute.
- 2) Failure of any party to comply with 1) above shall be grounds to deny the party the opportunity to present evidence which is proprietary confidential business information.
- 3) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the Court Reporter, in envelopes clearly marked with the nature of the contents. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.

- 4) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise the confidential information. Therefore, confidential information should be presented by written exhibit when reasonably possible to do so.
- 5) At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the Court Reporter shall be retained in the Commission Clerk's confidential files.

Post-hearing procedures

Rule 25-22.056(3), Florida Administrative Code, requires each party to file a post-hearing statement of issues and positions. A summary of each position of no more than 50 words, set off with asterisks, shall be included in that statement. If a party's position has not changed since the issuance of the prehearing order, the post-hearing statement may simply restate the prehearing position; however, if the prehearing position is longer than 50 words, it must be reduced to no more than 50 words. The rule also provides that if a party fails to file a post-hearing statement in conformance with the rule, that party shall have waived all issues and may be dismissed from the proceeding.

A party's proposed findings of fact and conclusions of law, if any, statement of issues and positions, and brief, shall together total no more than 60 pages, and shall be filed at the same time. The prehearing officer may modify the page limit for good cause shown. Please see Rule 25-22.056, Florida Administrative Code, for other requirements pertaining to post-hearing filings.

III. PREFILED TESTIMONY AND EXHIBITS

Testimony of all witnesses to be sponsored by the parties and Staff has been prefiled. All testimony which has been prefiled in this case will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the

testimony and associated exhibits. All testimony remains subject to appropriate objections. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. After all parties and Staff have had the opportunity to object and cross-examine, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer.

IV. ORDER OF WITNESSES

<u>WITNESS</u>	<u>APPEARING FOR</u>	<u>DATE</u>	<u>ISSUES</u>
<u>DIRECT</u>			
Jonathan E. Canis	Intermedia	9/13/93	All
Mike Guedel	AT&T	9/13/93	All
Joseph P. Gillan	FIXCA	9/13/93	1, 10, 15, 17
Paul Kouroupas	Teleport	9/13/93	All
Edward C. Beauvais	GTEFL	9/13/93	All
David B. Denton	So. Bell	9/13/93	All
Fred I. Rock	Sprint	9/13/93	All
F. Ben Poag	United	9/13/93	1-3, 6-21
<u>REBUTTAL</u>			
Jonathan E. Canis	Intermedia	9/14/93	
Mike Guedel	AT&T	9/14/93	
David B. Denton	So. Bell	9/14/93	
Paul Kouroupas	Teleport	9/14/93	
F. Ben Poag	United	9/14/93	

John Carroll	NE Florida Telephone	9/14/93
Harriett Eudy	Alltel	9/14/93

V. BASIC POSITIONS

INTERMEDIA'S BASIC POSITION: Expanded interconnection for special access and private line service is in the public interest because it will promote more rapid deployment of new technology, system redundancy and increased protection against disastrous service outages, increased service innovation and greater customer choice, and price competition that will reduce the cost of telecommunications services to all customers. These benefits will not be fully delivered, however, unless the LEC is required to provide physical collocation where there is available central office space.

ALLTEL'S BASIC POSITION: ALLTEL has no position on the issues in this case as they relate to Tier 1 local exchange companies. As this proceeding may relate to Tier 2 companies like ALLTEL, the FPSC's policy on expanded interconnection for alternative access vendors ("AAVs") should mirror the policy recently adopted by the Federal Communication Commission, i.e., expanded interconnection should not be required for Tier 2 local exchange companies like ALLTEL.

AT&T'S BASIC POSITION: AT&T submits that the Commission should find expanded interconnection to be in the public interest and should take the necessary steps to expedite its implementation. Expanded interconnection is the next logical step towards the introduction of competition into one of the remaining monopoly preserves of the Local Exchange Companies (hereinafter "LECs"). Expanded interconnection will facilitate competition in the market for special access services by allowing end user customers greater opportunity to reach competing access suppliers, thus bringing the benefits of competition to a larger number of special access customers. Expanded interconnection clearly serves the public interest, and its implementation should be immediately ordered by the Commission.

CENTEL'S BASIC POSITION: Centel adopts the basic position of United.

FCTA'S BASIC POSITION: Under the current provisions of Chapter 364, Florida Statutes, the Commission has the authority to authorize expanded interconnection for alternative access vendors within local exchange company central offices. Expanded interconnection is in the public interest and should be authorized for certificated telecommunications services providers.

FIXCA'S BASIC POSITION: The intrastate special access market is relatively minor and subject to different competitive conditions and public policy questions than the switched access market. Accordingly, most critical issues will be addressed in Phase II of this docket. Expanded interconnection for intrastate special access and private line services is likely to only incrementally impact conditions in these markets and is in the public interest.

GTEFL'S BASIC POSITION: Proponents of expanded interconnection for special access claim that it will produce competitive benefits for consumers. The theoretical consumer gains associated with a competitive marketplace will not, however, come about in the absence of a level playing field for all firms. The local exchange carrier (LEC) and competing interconnectors must be subject to the same level and type of regulatory requirements. Regulatory symmetry will also require that LECs be given the same opportunity to interconnect with competitors' networks as those competitors receive with respect to the LECs' facilities.

Further, GTEFL believes that a mandatory physical collocation requirement would be inconsistent with creation of fair and open competition. A physical collocation directive substantially restricts parties' ability to negotiate mutually advantageous interconnection arrangements. At least one of the two parties involved may be forced to enter into an arrangement that it would not elect to make on a voluntary basis. In addition, GTEFL believes mandatory collocation constitutes a taking of property in violation of Florida and federal constitutional provisions.

**INDIANTOWN'S, NORTHEAST'S,
QUINCY'S, SOUTHLAND'S**

BASIC POSITIONS: The basic position of Indiantown Telephone System, Inc., Northeast Florida Telephone Company, Quincy Telephone Company and Southland Telephone Company is that it would be contrary to the public interest to impose a requirement on them

to permit physical collocation under the same circumstances which would impose the requirement on those LECs with vastly greater annual revenues, urban service areas and immediate competitive pressures. Indiantown Telephone System, Inc., Northeast Florida Telephone Company, Quincy Telephone Company and Southland Telephone Company take the position that if the occasion arises where expanded interconnection for special access is required, the needs should be addressed on a case-by-case basis and negotiated, not tariffed. In addition, Indiantown Telephone System, Inc., Northeast Florida Telephone Company, Quincy Telephone Company and Southland Telephone Company must have recognition by the Commission that expanded interconnection will have possible financial and rate structure impacts on them and their rural subscribers.

IAC'S BASIC POSITION: IAC's interest in this proceeding is limited to issues relating to switched access interconnection. Accordingly, IAC's active involvement is likely to be limited to Phase II of this docket. IAC takes no position at this time regarding most of the issues raised in Phase I.

MCI'S BASIC POSITION: MCI believes that expanded interconnection in the intrastate special access market is in the public interest. The Commission should implement such expanded interconnection in a way that does not give a special advantage to any one carrier.

SOUTHERN BELL'S BASIC POSITION: Expanded interconnection for special access and private line services may serve the public interest by providing increased competitive options for these services. The offering of expanded interconnection, however, could be detrimental to the public interest if it is not accompanied by pricing flexibility for the LECs on services that are subject to expanded interconnection. Intrastate special access and private line services have historically provided a contribution to residential local exchange service. Thus, without pricing flexibility, a situation could occur in which ratepayers would be harmed by the diminished contribution resulting from the LECs inability to be price competitive as to these services. This situation would not be in the public interest.

This Commission is not bound to order expanded interconnection under the conditions and forms of the FCC Order on expanded interconnection for interstate services. Instead, this Commission has the authority to order expanded interconnection on an intrastate basis in any manner that it believes will serve the public interest. Substantial variances from the terms of the FCC

order may result in administrative difficulties and additional expenses. In one respect, however, Southern Bell believes strongly that this Commission should deviate from the FCC order: this Commission should not mandate physical collocation by the LECs. Instead, the Commission should allow the LECs the option of providing either virtual or physical collocation.

LECs should not be required to file tariffs for floor space and utility costs. Otherwise, all rate elements for both virtual and physical collocation should be tariffed. For physical collocation, the rate structure should mirror that which was filed by Southern Bell with the FCC for interstate expanded interconnection.

SPRINT'S BASIC POSITION: Sprint supports the Commission's initiative in examining expanded interconnection and central office collocation for the purpose of facilitating the competitive provisioning of local private line and special access transport. Expanded interconnection should be made available to all interested parties for the interconnection of transmission and multiplexing equipment. Sprint believes that the Commission should develop a more competitive local access market and more rational pricing of LEC special access services by adopting a policy requiring expanded interconnection. The Commission also has the opportunity to provide for an efficient transition to a competitive access market by allowing switched access to terminate at special access collocation sites prior to switched interconnection. Thus, the Commission should start developing the framework for switched access interconnection in Florida.

TELEPORT'S BASIC POSITION: TCG's basic position in this proceeding is that the Commission should grant Intermedia's petition for an order permitting AAV provision of special access and switched access services through collocation arrangements in local exchange company central offices. Expanded interconnection is in the public interest and will bring significant benefits to consumers in Florida. TCG further asserts that Chapter 364 of the Florida Statutes authorizes the Commission to implement expanded interconnection and TCG wishes to offer testimony on the details of this implementation.

TIME WARNER'S BASIC POSITION: Expanded interconnection is in the public interest, and should be available to all telecommunications services providers who do not provide monopoly services. Expanded interconnection offers the consumers of the state the advantage of

union between end-users and the most advanced telecommunications technology. This union will facilitate the growth of competitive telecommunications networks which will provide consumers throughout the State with the assurances of uninterrupted telecommunications service.

Under the current structure of Chapter 364 of the Florida Statutes, the Commission does have the authority to enact a statewide expanded interconnection policy. The policy adopted by the Commission should require all local exchange companies within the State to allow competitive telecommunications services providers an equal opportunity to interconnect with their networks. To facilitate competition among providers and to assure consistency and quality of service, the Commission should adopt a collocation policy that is consistent with the FCC's collocation policy.

UNITED'S BASIC POSITION: United Telephone Company of Florida supports expanded interconnection for special access and private line services, provided (1) all parties are given the same opportunities to compete on the basis of price, quality and technology, and (2) there is no mandatory requirement for any particular form of collocation. In addition, it is important to understand that expanded interconnection will not take place in a vacuum and the true economic benefits of competition will not be realized if pricing supports for basic residential services are not removed and all competitors are not allowed to price based on relevant economic costs.

OPC'S BASIC POSITION: The Citizens wish to hear and consider all evidence from the hearing before taking an overall position in this case.

STAFF'S BASIC POSITION: For purposes of this Prehearing Order, Staff is not proposing a basic position. Staff's positions on the issues are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions.

VI. ISSUES AND POSITIONS

ISSUE 1: Is the expanded interconnection for special access and/or private line in the Public Interest?

INTERMEDIA'S POSITION: Yes. Benefits from expanded interconnection will include more rapid deployment of new technology, system redundancy and increased protection against disastrous service outages, increased service innovation and greater customer choice, and price competition that will reduce the cost of telecommunications services to all customers. These benefits will be critical to communication dependent businesses, and will promote the general public interest.

ALLTEL'S POSITION: No position at this time.

AT&T'S POSITION: Yes. The adoption of expanded interconnection would facilitate the beginning of competition within the local exchange and would benefit customers in much the same way as competition in other aspects of the telecommunication industry (interexchange services and telephone sets) has benefited customers over the years. Competition facilitates customer choice and the development and production of innovative new services.

CENDEL'S POSITION: Centel adopts the position of United on this issue.

FCTA'S POSITION: Yes.

FIXCA'S POSITION: Under appropriate conditions, addressing unique problems such as AT&T's collocated arrangements inherited at divestiture and tariffing requirements, expanded interconnection for special access and private line service is in the public interest. (Gillan)

GTEFL'S POSITION: Whether or not expanded interconnection for special access and/or private line is in the public interest will depend upon how it is implemented. Expanded interconnection will increase the scope of competition in the local exchange market. In theoretical terms, increased competition is associated with consumer gains such as increased choice and lower prices. However, the type of competition being introduced through expanded interconnection is not the typical type of geographic competition. Because this competition has typical characteristics, the Commission will need to take affirmative measures to ensure that

all competitors are on equal footing in the marketplace and that LECs can respond to competitive challenges. The Commission must be particularly vigilant in ensuring that small business, rural, and residential customers are not harmed by greater competition for special access.

INDIANTOWN'S, NORTHEAST'S,

QUINCY'S, SOUTHLAND'S POSITIONS: Indiantown Telephone System, Inc. ("Indiantown"), Northeast Florida Telephone Company ("Northeast"), Quincy Telephone Company ("Quincy") and Southland Telephone Company ("Southland") respond only as to their own situations and believe that expanded interconnection for special access would not be in the public interest unless those matters peculiar to each of these small companies, as providers of service to rural subscribers, is taken into consideration and universal service is preserved.

IAC'S POSITION: No position at this time.

MCI'S POSITION: Yes, provided such expanded interconnection is implemented in a way that does not give a special advantage to any one carrier.

SOUTHERN BELL'S POSITION: Expanded interconnection for special access and private line may serve the public interest by providing increased competitive options for these services. Expanded interconnection may not be in the public interest, however, if the LECs are not granted pricing flexibility for services for which expanded interconnection will be available. Without pricing flexibility, ratepayers would be harmed by the diminished contribution resulting from the LECs inability to be price competitive as to these services.

SPRINT'S POSITION: Yes. Expanded interconnection is designed to encourage competitive entry in the provisioning of access services which is, at present, almost exclusively being provided by LECs. The long term benefits of lower prices, product innovation, higher quality service and network diversity would be realized by both the end-user and the telecommunications industry. Without an intrastate expanded interconnection offering, the Commission would be ignoring a potential intrastate revenue stream for LECs and would only be delaying the inevitable transformation of the access marketplace from monopoly to competition.

TELEPORT'S POSITION: Yes. Central office interconnection will provide significant benefits to consumers in Florida.

TIME WARNER'S POSITION: Yes.

UNITED'S POSITION: Yes. In the long run, United Telephone agrees that the competitive provisioning of local private line and special access transport services (and, in the future, switched access services) will provide customer benefits of product innovation, higher quality service, network diversity, and lower prices. However, United Telephone's customers, especially residential customers and single-line business customers, will be disadvantaged if the Company is not granted the pricing flexibility needed to meet the competition fostered by expanded interconnection.

OPC'S POSITION: No position at this time.

STAFF POSITION: Expanded interconnection for special access and/or private line is in the public interest. Expanded interconnection with LEC central offices will increase the opportunities for special access/private line competition by permitting customers to choose among alternative providers. Additionally, greater competition will bring new and innovative services and technology to the marketplace from both the LECs and competitive access providers.

ISSUE 2: How does the FCC's order on expanded interconnection impact the Commission's ability to impose forms and conditions of expanded interconnection that are different from those imposed by the FCC's order?

Proposed Stipulation:

The FCC's Order on Expanded Interconnection does not restrict the FPSC's ability to impose forms and conditions of expanded interconnection that are different from those imposed by the FCC's order. Expanded interconnection for intrastate special access/private line falls under the FPSC's jurisdiction and the Commission is not bound by any interstate policy.

INTERMEDIA'S POSITION: Although Florida is free to determine its own collocation policy for intrastate services, once a physical collocation arrangement is established for interstate services it will not be efficient to establish a conflicting collocation standard for intrastate services.

ALLETEL'S POSITION: No position at this time.

AT&T'S POSITION: AT&T takes no position on this issue at this time.

CENTEL'S POSITION: Centel adopts the position of United on this issue.

FCTA'S POSITION: The FCC's order on expanded interconnection does not restrict the FPSC's ability to impose forms and conditions of expanded interconnection that are different from those imposed by the FCC's order. Expanded interconnection for intrastate special access/private line falls under the FPSC's jurisdiction and the Commission is not bound by any interstate policy.

FIXCA'S POSITION: No position at this time.

GTEFL'S POSITION: The FCC's Order does not compel this Commission to adopt the same requirements for intrastate interconnection as the FCC has issued for interstate interconnection. With regard to most aspects of interconnection, however, separate schemes would prove unworkable as a practical matter. A notable exception to the need for uniformity is discussed in response to Issue 3.

INDIANTOWN'S, NORTHEAST'S,

QUINCY'S, SOUTHLAND'S POSITIONS: Since the FCC's order does not apply to Indiantown, Northeast, Quincy and Southland, the Commission may impose forms and conditions of expanded interconnection on Indiantown, Northeast, Quincy and Southland that are different than those imposed by the FCC's order. However, since the FCC has excluded small companies, consistency would require that the Commission do the same. Otherwise, the small companies could face a host of questions about policing obligations and have placed upon them as rural companies other administrative burdens.

IAC'S POSITION: No position at this time.

MCI'S POSITION: It is MCI's position that the opportunities for the development of competition through expanded interconnection will be best facilitated if the Commission adopts the same structure, standards, and conditions as adopted by the FCC in its order in CC Docket No. 91-141.

SOUTHERN BELL'S POSITION: This Commission has the authority to allow expanded interconnection on an intrastate basis in any manner that it determines will serve the public interest. To the extent that this Commission orders intrastate expanded interconnection on any basis that differs from the provisions of the FCC Order, however, there may be resulting administrative difficulties and additional expenses.

SPRINT'S POSITION: Sprint believes that the best alternative for the Commission is to structure its policy on expanded interconnection for special access based on the framework established by the FCC. Although the Commission is not obligated to embrace all aspects of the FCC's policy established on expanded interconnection, the standards for equipment, technologies, interconnection points, entry points and rate structure, should at least serve as the basis for an interconnection policy adopted in Florida.

TELEPORT'S POSITION: Florida can extend the benefits of the expanded interconnection order. First, Florida should require interconnection at a DS1, DS3 and DS0 level to extend the benefits of collocation to all special access customers. The FCC order required interconnection for DS1 and DS3 only, leaving additional interfaces (such as DS0) to be offered after a bona fide request.

The Commission should also institute "freedom of choice" policies so that LECs do not impede effective competition by instituting unreasonable terms and conditions in their collocation tariffs or by charging discriminatory central office reconfiguration rates or other practices. TCG further asserts that the LECs should not be permitted to impose termination liabilities on customers which have been locked into a long term contract but want to switch to a competitive access provider when expanded interconnection is first offered.

In addition, although the Commission has separated its consideration of interconnection for special and switched access services, it should consider one overlapping issue in this portion of Docket 921074-TP. Specifically, Florida should permit interconnectors to provide the local transport portion of switched carrier access. Although LECs offer local transport service within "switched access" service categories, the economic and technical nature of local transport circuit are more akin to private line services. Similar to private line services, local transport carrier access is provided between two discrete points, namely the

interexchange carrier (IXC) point of presence (POP) and the telephone company central office. There is no "switching" or call routing involved in local transport.

TCG estimates that local transport service represents approximately 75% of all circuits between an IXC POP and a telephone company central office. IXCs need the quality, reliability and diversity of competitive alternatives for these critical facilities. Moreover, competition for the local transport portion of switched access services dramatically increases the prospects for effective competition in traditional private line services, which is the purpose of this proceeding. AAVs must be able to compete for local transport on the same terms and conditions as the LECs. We must particularly have the ability to combine special and switched access services on one facility, which is the arrangement the interexchange carriers typically require.

TIME WARNER'S POSITION: The FCC's order on expanded interconnection does not restrict the FPSC's ability to impose forms and conditions of expanded interconnection that are different from those imposed by the FCC's order. Expanded interconnection for intrastate special access/private line falls under the FPSC's jurisdiction and the Commission is not bound by any interstate policy.

UNITED'S POSITION: The FCC's order mandates certain forms and conditions of expanded interconnection for interstate special access services. The FCC's mandate also covers pricing issues for both interconnection and the LEC's provisioning of special access services. Although the FCC's order does not preempt or preclude the Florida Commission's ability to establish different forms and conditions of expanded interconnection, as a practical matter, little will be gained by having different interstate and intrastate approaches because special access facilities carry both interstate and intrastate traffic. The same terms and conditions should be applicable for intrastate purposes as approved for interstate.

OPC'S POSITION: No position at this time.

STAFF'S POSITION: The FCC's Order on Expanded Interconnection does not restrict the FPSC's ability to impose forms and conditions of expanded interconnection that are different from those imposed by the FCC's order. Expanded interconnection for intrastate special access/private line falls under the FPSC's jurisdiction and the Commission is not bound by any interstate policy. However, staff

believes that the Commission should be guided by the decision made the FCC in establishing an intrastate policy for expanded interconnection.

ISSUE 3: Under what circumstances should the Commission impose different forms and conditions of expanded interconnection?

Proposed Stipulation:

By agreement of the parties, Issue 3 is deleted from further consideration in this proceeding.

INTERMEDIA'S POSITION: The Commission should impose physical collocation except in two situations: (1) where the central office lacks adequate space to accommodate physical collocation, and (2) where the LEC and the interconnecting party voluntarily negotiate a virtual collocation agreement. The Commission should establish objective, verifiable criteria for determining whether there is adequate space for physical collocation. The Commission should also establish detailed standards for virtual collocation.

ALLTEL'S POSITION: See position on Issue No. 7.

AT&T'S POSITION: It is AT&T's position that the opportunities for the development of competition through expanded interconnection will be best facilitated if this Commission adopts the same standards and conditions as ordered by the FCC with respect to interstate interconnection in CC Docket No. 91-141.

CENDEL'S POSITION: Centel adopts the position of United on this issue.

FCTA'S POSITION: The FPSC should adopt a policy of physical collocation consistent with the FCC Order in Docket No. 91-141. The Commission should only impose different forms and conditions for expanded interconnection if the LEC central office lacks adequate space to accommodate physical collocation, or if the LEC and the interconnecting party voluntarily negotiate a virtual collocation agreement.

FIXCA'S POSITION: No position at this time.

GTEFL'S POSITION: As noted in response to Issue 2, GTEFL believes uniformity in federal and state interconnection requirements is desirable for the most part. A unified plan would limit the administrative costs of expanded interconnection and remove some of the incentives for misreporting the jurisdictional nature of traffic. However, the drawbacks of a physical collocation mandate are too severe to warrant acceptance of this mandate at a state level. GTEFL believes the Commission should decide for itself whether it is in the public interest of Florida consumers to force LECs to provide physical collocation.

INDIANTOWN'S, NORTHEAST'S, QUINCY'S, SOUTHLAND'S POSITION: The Commission should consider forms and conditions of expanded interconnection that are pertinent to Indiantown, Northeast, Quincy and Southland, each of which is a small LEC serving a rural base of subscribers.

IAC'S POSITION: No position at this time.

MCI'S POSITION: It is MCI's position that the opportunities for the development of competition through expanded interconnection will be best facilitated if the Commission adopts the same structure, standards, and conditions as adopted by the FCC in its order in CC Docket No. 91-141.

SOUTHERN BELL'S POSITION: This Commission should not impose the terms and conditions of expanded interconnection upon the LECs. This Commission should allow the LECs the option of providing either virtual or physical collocation.

SPRINT'S POSITION: Any enhancements to the policy as set forth by the FCC should ensure further promotion of the benefits of expanded interconnection. A Florida specific enhancement should require LECs to originate and terminate switched traffic at interconnector collocation sites established under the special access interconnection offerings. This would allow the shared and efficient use of collocation facilities. Under a dual use of special collocation sites, an interconnector would still be required to purchase LEC provided local transport service, as is required today. From a LEC revenue management standpoint, permitting dual use of special collocation sites has no impact on LEC revenue flows since LEC local transport revenue is recovered via a fixed non distance sensitive per minute of use ("MOU") charge in Florida.

TELEPORT'S POSITION: The Commission should adopt a standard of physical collocation except where the LEC and the interconnecting party voluntarily negotiate a virtual collocation agreement.

TIME WARNER'S POSITION: The FPSC should adopt a policy of physical collocation consistent with the FCC Order in Docket No. 91-141. The Commission should only impose different forms and conditions for expanded interconnection if the LEC central office lacks adequate space to accommodate physical collocation, or if the LEC and the interconnecting party voluntarily negotiate a virtual collocation agreement.

UNITED'S POSITION: The Florida Commission should not require physical collocation. The FCC's imposition of mandatory physical collocation is currently on appeal on the basis of an unconstitutional taking of the LEC's property. See the Company's position on Issue 5. Until that appeal has been concluded, the imposition of mandatory physical collocation is still an open issue. In any event, rather than mandating any particular form of collocation, the Commission ought to adopt rules and regulations which permit and encourage the parties to negotiate physical or virtual collocation arrangements on a case-by-case basis with the same terms and conditions available to all interconnectors.

OPC'S POSITION: No position at this time.

STAFF'S POSITION: The FPSC should use the FCC's order to assist in the development of an intrastate expanded interconnection policy. Any variances from the interstate policy should be based on public interest considerations.

ISSUE 4: Does Chapter 364 Florida Statutes allow the Commission to require expanded interconnection?

INTERMEDIA'S POSITION: Yes.

ALLTEL'S POSITION: No position at this time.

AT&T'S POSITION: Yes. Requiring expanded interconnection, under appropriate circumstances, is within the Commission's statutory discretion.

CENTEL'S POSITION: Centel adopts the position of United on this issue.

FCTA'S POSITION: Yes.

FIXCA'S POSITION: No position at this time.

GTEFL'S POSITION: GTEFL's preliminary review of Chapter 364 has revealed nothing that would, on its face, appear to forbid the Commission from requiring expanded interconnection for special access services.

**INDIANTOWN'S, NORTHEAST'S,
QUINCY'S, SOUTHLAND'S POSITIONS:** Yes.

IAC'S POSITION: No position at this time.

MCI'S POSITION: Yes. It is MCI's position that the opportunities for the development of competition through expanded interconnection will be best facilitated if the Commission adopts the same structure, standards, and conditions as adopted by the FCC in its order in CC Docket No. 91-141.

SOUTHERN BELL'S POSITION: There is nothing in Chapter 364, Florida Statutes that would prohibit this Commission from ordering expanded interconnection. Expanded interconnection, however, cannot be used as a means to do something that would otherwise be prohibited by Chapter 364.

SPRINT'S POSITION: Sprint takes no position on this issue at the present time.

TELEPORT'S POSITION: Yes.

TIME WARNER'S POSITION: Yes.

UNITED'S POSITION: Although the original enactment of Chapter 364, Florida Statutes, and any of its subsequent amendments, could not have contemplated expanded interconnection, it does appear that Chapter 364 allows the FPSC to require expanded interconnection. See Section 364.16, Florida Statutes. However, the Commission's authority is limited, in any event, to requiring expanded interconnection only for the provision of point-to-point or point-to-multipoint service dedicated to the exclusive use of an end user for the transmission of any public telecommunications service. See Section 364.335, Florida Statutes.

OPC'S POSITION: Yes.

STAFF'S POSITION: No position pending briefs filed by the parties.

ISSUE 5: Does a physical collocation mandate raise federal or state constitutional questions about the taking or confiscation of LEC property?

INTERMEDIA'S POSITION: No, for at least two fundamental reasons. First, this Commission enjoys full authority to order the LECs to provide service. Next, the LECs will be appropriately compensated for floorspace and facilities dedicated to the collocater's use.

ALLTEL'S POSITION: No position at this time.

AT&T'S POSITION: No.

CENTEL'S POSITION: Centel adopts the position of United on this issue.

FCTA'S POSITION: No.

FIXCA'S POSITION: No position at this time.

GTEFL'S POSITION: Yes. Mandatory physical collocation requires LECs to relinquish portions of their private real property to their competitors for an unlimited duration, along with the equivalent of easements over adjacent parts of their property for ingress and egress. These permanent physical intrusions constitute a "taking" of the LECs' property under both the Fifth Amendment of the United States Constitution and Article 10, section 6 of the Florida Constitution.

INDIANTOWN'S, NORTHEAST'S,

QUINCY'S, SOUTHLAND'S POSITIONS: Yes. We believe there is pending litigation.

IAC'S POSITION: No position at this time.

MCI'S POSITION: No.

SOUTHERN BELL'S POSITION: Southern Bell has appealed the FCC's Order because it believes that a mandate of physical collocation constitutes an unlawful taking of LEC property.

SPRINT'S POSITION: Sprint takes no position on this issue at the present time.

TELEPORT'S POSITION: No. The key to the fairness of interconnection to all parties is that the interconnectors compensate the LECs for the use of LEC facilities. Therefore, a physical collocation mandate does not constitute a taking.

TIME WARNER'S POSITION: No.

UNITED'S POSITION: Yes. In fact, several LECs, including BellSouth, GTE, Bell Atlantic, Pacific Telesis, Cincinnati Bell and Southwestern Bell, have appealed the FCC's decision on this issue to the U.S. Circuit Court of Appeals for the District of Columbia. The appeal is still pending. The basis for this appeal is that mandatory physical collocation constitutes a taking of the LEC's property requiring just compensation. Only courts, not regulatory agencies, have the authority to determine just compensation. This deficiency is equally applicable to Florida because the Florida Public Service Commission is a legislative agency, and it lacks the authority to require or effectuate such a taking which meets the required constitutional protection.

OPC'S POSITION: No position at this time.

STAFF POSITION: No position pending briefs filed by the parties.

ISSUE 6: Should the Commission require physical and/or virtual collocation?

INTERMEDIA'S POSITION: The Commission should require physical collocation. Physical collocation ensures that the LEC and collocators interconnect with the LEC's network on the same basis, whereas virtual collocation is both technically and economically inferior to physical collocation. On the other hand, a virtual collocation or "LEC choice" policy would be inefficient because it would conflict with the FCC's physical collocation policy, and would require collocators to build unnecessary and duplicative collocation arrangements, and to artificially segregate their interstate and intrastate traffic.

ALLTEL'S POSITION: ALLTEL has no position on this issue as it relates to Tier 1 local exchange companies. The FPSC should not

require physical and/or virtual collocation for Tier 2 local exchange companies like ALLTEL. See ALLTEL's position on Issue 7.

AT&T'S POSITION: The FCC has mandated physical collocation for purposes of interstate expanded interconnection where adequate space is available and virtual collocation in all other cases. Recognizing that the same basic equipment will be utilized in the provision of both interstate and intrastate services, AT&T recommends that this Commission adopt the same collocation standard for intrastate expanded interconnection for two reasons: 1) providing physical collocation where space is available and virtual collocation in other situations for expanded interconnection will offer minimal or no additional burden to the LECs, and 2) requiring different interconnection forms or standards could seriously impede the development of expanded interconnection.

CENTEL'S POSITION: Centel adopts the position of United on this issue.

FCTA'S POSITION: Yes.

FIXCA'S POSITION: No position at this time.

GTEFL'S POSITION: The Commission should not require either physical or virtual collocation. Instead, it should adopt a policy of allowing the LECs to choose between virtual and physical collocation in response to valid requests for interconnection. Under this flexible policy, the access market can develop in accordance with state-specific conditions.

A physical collocation requirement would be particularly harmful. It will subject LEC operations to numerous ongoing disruptions that would severely compromise this Commission's mission of assuring reliable and economical telephone service. Intractable space allocation and exhaustion problems are an inevitable outcome of a physical collocation directive. Forced reconfiguration of central offices will increase costs and reduce efficiency. Serious network security and reliability risks will also flow from mandatory physical collocation. The LECs' ratepayers will ultimately bear the costs of the unwarranted competitive disadvantages of a physical collocation requirement.

INDIANTOWN'S, NORTHEAST'S,

QUINCY'S, SOUTHLAND'S POSITIONS: The Commission should not require mandatory physical collocation, and no interconnection requirements should be imposed upon Indiantown, Northeast, Quincy or Southland without giving consideration to the specific and peculiar circumstances pertaining to each of the individual companies.

IAC'S POSITION: No position at this time.

MCI'S POSITION: It is MCI's position that the opportunities for the development of competition through expanded interconnection will be best facilitated if the Commission adopts the same structure, standards, and conditions as adopted by the FCC in its order in CC Docket No. 91-141.

SOUTHERN BELL'S POSITION: This Commission should not require either form of collocation. Instead, each LEC should have the option of providing either physical or virtual interconnection arrangements.

SPRINT'S POSITION: The Commission should mirror the interstate requirements regarding collocation arrangements. The FCC has ordered LECs to provide physical collocation arrangements, with exemptions for inadequate central office space, negotiated virtual arrangements or where states have established a virtual collocation requirements. Technologically, Sprint believes that the same interconnection opportunities can be made available on a virtual as on a physical basis. As long as LECs provide "virtual" interconnectors the same level of service and at the same price for common rate elements as offered to interconnectors physically located in the central office, Sprint does not believe the requirement of physical interconnection is necessary.

TELEPORT'S POSITION: Florida should require LECs to offer physical collocation. Physical collocation ensures that interconnectors are provided interconnection on the same terms and conditions as the LECs interconnect their own high capacity networks. A physical requirement would also allow for uniformity between state and federal requirements.

TIME WARNER'S POSITION: The Commission should require physical collocation consistent with the FCC's order on expanded interconnection.

UNITED'S POSITION: The Florida Commission should not mandate any particular form of collocation. As set forth in the Company's position on Issue 3, the LECs and interconnectors should be able to negotiate physical or virtual collocation on a case-by-case basis, with the same terms and conditions available to all interconnectors.

OPC'S POSITION: No position at this time.

STAFF POSITION: Yes, the Commission should require all Tier 1 LECs to provide physical collocation. All other LECs should offer either physical or virtual collocation, whatever is most cost effective.

ISSUE 7: What LECs should provide expanded interconnection?

INTERMEDIA'S POSITION: Only Tier I LECs should be required to offer collocation as a tariffed, generally available service. Other LECs may control central offices that are critically important to competitors, however. The Commission should therefore review requests for collocation in non-Tier 1 LEC central offices on a case-by-case basis where that LEC has the technical ability to accommodate collocation.

ALLTEL'S POSITION: ALLTEL has no position on this issue as it relates to Tier 1 companies. As it relates to Tier 2 companies like ALLTEL, the FPSC's policy on expanded interconnection for alternative access vendors should mirror the policy recently adopted by the FCC, *i.e.*, expanded interconnection should not be required for Tier 2 local exchange companies like ALLTEL. The FCC Order applies only to Tier 1 local exchange companies and specifically, for good reason, exempts all others. The FCC, after receiving and considering comments from all elements of the telecommunications industry, concluded:

"56. ... it is unlikely that there would be great demand for expanded interconnection in the smaller LECs' service areas, at least in the near term. Requiring smaller LECs to offer expanded interconnection might also tax their resources and harm universal service and infrastructure development in rural areas. We believe that the demand for expanded interconnection that does exist in rural areas typi-

cally would come from a single large user. The use of expanded interconnection offerings by such customer could create substantial stranded LEC investment that could not readily be reused, possibly threatening the economic viability of a small LEC.

"57. We therefore adopt our proposal to limit the requirement to Tier 1 LECs ... We also conclude that NECA pool members should be excluded from expanded interconnection requirements, at least for the present ..."

Order at 29.

In support of its view that requiring smaller LECs to offer expanded interconnection might threaten their economic viability, the FCC stated:

"While large customers currently can bypass the LEC entirely using non-LEC facilities from their premises to the end point of the circuit, expanded interconnection makes the use of non-LEC alternatives more attractive to a greater range of customers by allowing substitution of alternative facilities for selected portions of the LEC network."

The FCC's reasoning on this subject is equally applicable to Florida and its Non-Tier 1 companies. In the absence of any significant or compelling evidence contrary to the FCC's position and its underlying rationale, the Commission should follow the lead of the FCC on this point and exempt Florida's Non-Tier 1 LECs from any requirement of expanded interconnection.

AT&T'S POSITION: The Commission should order all FCC designated "Tier 1" companies operating in the state to provide expanded interconnection for the provision of special access services.

CENDEL'S POSITION: Centel adopts the position of United on this issue.

FCTA'S POSITION: Only Tier 1 LECs should be required to provide expanded interconnection.

FIXCA'S POSITION: No position at this time.

GTEFL'S POSITION: If the Commission requires expanded interconnection, GTEFL would support extension of this requirement to Tier 1 LECs only. This is the limitation that has been adopted by the FCC for interstate expanded interconnection. (Tier 1 LECs are defined by the FCC as companies having annual revenues from regulated telecommunications operations of \$100 million or more.)

INDIANTOWN'S, NORTHEAST'S,

QUINCY'S, SOUTHLAND'S POSITIONS: Indiantown, Northeast, Quincy and Southland should not be required to provide expanded interconnection, but should be given the option to permit interconnection upon appropriate negotiated terms and conditions where circumstances suggest that there is a need to do so.

IAC'S POSITION: No position at this time.

MCI'S POSITION: It is MCI's position that the opportunities for the development of competition through expanded interconnection will be best facilitated if the Commission adopts the same structure, standards, and conditions as adopted by the FCC in its order in CC Docket No. 91-141.

SOUTHERN BELL'S POSITION: Southern Bell is not opposed to this Commission's adopting the same approach as did the FCC, and requiring expanded interconnection only by Tier 1 LECs. If, however, this Commission were to allow the LECs the option of offering either physical or virtual collocation, this might make collocation possible for smaller LECs that could not comply with a mandatory physical collocation requirement.

SPRINT'S POSITION: The Commission should adopt the same requirements established by the FCC. In its Order, the FCC required all Tier 1 LECs to file expanded interconnection tariffs for the provisioning of special access.

TELEPORT'S POSITION: All LECs, including non-Tier I LECs (those with less than \$100 million in annual revenues from regulated service), should be included in an intrastate interconnection policy in Florida so that all consumers may benefit the improved telecommunications infrastructure brought about by competition.

TIME WARNER'S POSITION: Only Tier 1 LECs should be required to provide expanded interconnection.

UNITED'S POSITION: At this time, only Tier 1 LECs should be required to offer expanded interconnection. United Telephone concurs with the FCC in its Order FCC 92-440, paragraphs 56-58. In addition, any potential interconnector should be subject to the same set of rules and requirements. See the Company's position on Issue 12.

OPC'S POSITION: No position at this time.

STAFF POSITION: All LECs should provide expanded interconnection consistent with Staff's position in Issue 6.

ISSUE 8: Where should expanded interconnection be offered?

INTERMEDIA'S POSITION: The Commission should adopt the compromise approach used by the FCC in which a LEC initially would tariff only the top 10% of the COs in its service area. However, collocators would be allowed a period within which to request the tariffing of additional COs. In addition, LECs must respond to bona fide requests for collocation in new or additional COs within 30 days of receiving such requests.

ALLTEL'S POSITION: No position at this time.

AT&T'S POSITION: Interconnection should be offered at all rating points including all LEC central offices.

CENDEL'S POSITION: Centel adopts the position of United on this issue.

FCTA'S POSITION: Expanded interconnection should be tariffed for those central offices where it is likely to occur. If additional locations are requested, they should be added. For consistency, the intrastate serving wire centers should match those approved for interstate expanded interconnection.

FIXCA'S POSITION: No position at this time.

GTEFL'S POSITION: Consistent with GTEFL's other positions, expanded interconnection should only be offered where sufficient demand exists or is anticipated to generate incremental revenues greater than the incremental costs associated with its offering. This would suggest that it should be offered primarily in the larger central offices in the major metropolitan areas. There may

be exceptions where a significant concentration of traffic exists in a non-metropolitan area. By adopting GTEFL's position that expanded interconnection be negotiated rather than mandated, no ex ante restriction on where the services should be offered is required to be made by this Commission. Further, since some offices may not have adequate space for expanded interconnection, the ability to negotiate among parties as to where the service can be offered is critical.

INDIANTOWN'S, NORTHEAST'S,

QUINCY'S, SOUTHLAND'S POSITIONS: Expanded interconnection should be offered in those situations where the net revenue retained by Indiantown, Northeast, Quincy or Southland would exceed the costs of provision of the service and the companies are permitted to negotiate favorable terms and conditions.

IAC'S POSITION: No position at this time.

MCI'S POSITION: It is MCI's position that the opportunities for the development of competition through expanded interconnection will be best facilitated if the Commission adopts the same structure, standards, and conditions as adopted by the FCC in its order in CC Docket No. 91-141.

SOUTHERN BELL'S POSITION: Expanded interconnection could be offered in all Southern Bell central offices in Florida where sufficient space is available.

SPRINT'S POSITION: Sprint supports the application of competition-based requirements in locations most likely to experience competitive entry. Specifically, expanded interconnection should be required where interconnectors have indicated a desire to collocate. Tier 1 LECs generally serve major metropolitan areas in Florida which are most likely to warrant and benefit from competition. While the Commission should nurture the competitive process, the decision of where an interconnector wants to collocate must be left up to the interconnector.

TELEPORT'S POSITION: LECs should offer expanded interconnection in all central offices, state-wide, upon a bona fide request.

TIME WARNER'S POSITION: Expanded interconnection should only be tariffed for those central offices where it is likely to occur. If additional locations are requested, they can be added. For

consistency, the intrastate serving wire centers should match those approved for interstate expanded interconnection.

UNITED'S POSITION: To avoid unnecessary administration and cost, expanded interconnection should only be tariffed for those central offices where it is likely to occur. If additional locations are requested, they can be added. For consistency, the intrastate serving wire centers should match those approved for interstate expanded interconnection.

OPC'S POSITION: No position at this time.

STAFF POSITION: Expanded interconnection should be tariffed for those central offices where it is likely to occur. Additional offices maybe added pending a bonafide request by the interconnector.

ISSUE 9: Who should be allowed to interconnect?

Proposed Stipulation:

Any entity should be allowed to interconnect on an intrastate basis its own basic transmission facilities associated with terminating equipment and multiplexers except entities restricted pursuant to Commission rules and regulations.

INTERMEDIA'S POSITION: Any entity that wishes to terminate its own special access transmission facility at a LEC's central office should be allowed to interconnect.

ALLTEL'S POSITION: No position at this time.

AT&T'S POSITION: Interconnection opportunities should be available to all third parties including CAPS, IXC's, and end users.

CENDEL'S POSITION: Centel adopts the position of United on this issue.

FCTA'S POSITION: Any party should be allowed to interconnect on an intrastate basis with their own basic transmission facilities associated with optical terminating and multiplexers. These parties will include IXC's, AAV's, cable companies, and end users.

FIXCA'S POSITION: No position at this time.

GTEFL'S POSITION: If the Commission mandates expanded interconnection, it should be made available to all parties, regardless of their possible regulatory classification. Limiting the service to only certain customer groups is unworkable. In an increasingly competitive marketplace, it is difficult to attach single, defining labels to telecommunications entities.

**INDIANTOWN'S, NORTHEAST'S,
QUINCY'S, SOUTHLAND'S POSITIONS:** No position.

IAC'S POSITION: No position at this time.

MCI'S POSITION: It is MCI's position that the opportunities for the development of competition through expanded interconnection will be best facilitated if the Commission adopts the same structure, standards, and conditions as adopted by the FCC in its order in CC Docket No. 91-141.

SOUTHERN BELL'S POSITION: Any party should be allowed to interconnect on an intrastate basis their own basic transmission facilities associated with optical terminating equipment and multiplexers. These parties will include interexchange carriers, alternate access vendors, cable companies and end users.

SPRINT'S POSITION: Expanded interconnection should be made available to any party that chooses to locate its transmission and multiplexing facilities at a LEC central office and meets the applicable standards. In addition, LECs and other interconnectors should have the right to interconnect with an interconnector.

TELEPORT'S POSITION: LECs should offer interconnection to AAVs wanting to terminate special access transmission facilities at LEC central offices.

TIME WARNER'S POSITION: Any party should be allowed to interconnect on an intrastate basis with their own basic transmission facilities associated with optical terminating and multiplexers. These parties will include IXCs, AAVs, cable companies, and end users.

UNITED'S POSITION: Any party requesting interconnection of transmission and multiplexing equipment should be allowed to interconnect. LECs are not required by the FCC, nor should they be

required by the Florida Commission, to provide collocation for equipment that is not transmission or multiplex equipment.

OPC'S POSITION: No position at this time.

STAFF POSITION: All entities such as AAVs, IXC, Cable Television Companies, Information Service Providers should be allowed to interconnect.

ISSUE 10: Should the same terms and conditions of expanded interconnection apply to AT&T as apply to other interconnectors?

Proposed Stipulation:

AT&T should be allowed to interconnect intrastate Special Access Arrangements to the same extent as other parties, subject to the requirements adopted by the FCC in CC Docket 91-141 regarding preexisting collocated facilities.

INTERMEDIA'S POSITION: No position at this time.

ALLTEL'S POSITION: No position at this time.

AT&T'S POSITION: Yes. AT&T should be allowed to interconnect to the same extent and under the same terms and conditions as any other third party user.

CENDEL'S POSITION: Centel adopts the position of United on this issue.

FCTA'S POSITION: No position.

FIXCA'S POSITION: The Commission should insure that AT&T does not have an advantage over other carriers due to its previous status as part of the integrated telephone system. Specifically, the Commission should not allow AT&T to qualify for lower cross-connect charges for preexisting collocated circuits in a central office until: a) AT&T establishes new facilities which interconnect like any other interconnection, and b) expanded interconnection is being purchased and made available to other interexchange carriers by a collocated AAV. (Gillan)

GTEFL'S POSITION: Yes. GTEFL believes that all parties, regardless of their identity, should be authorized to purchase its access services.

**INDIANTOWN'S, NORTHEAST'S,
QUINCY'S, SOUTHLAND'S POSITIONS:** No position.

IAC'S POSITION: The Commission should insure that AT&T does not have an advantage over other carriers due to its previous status as part of the integrated telephone system. Specifically, the Commission should not allow AT&T to qualify for lower cross-connect charges for preexisting collocated circuits in a central office until: a) AT&T establishes new facilities which interconnect like any other interconnection, and b) expanded interconnection is being purchased and made available to other interexchange carriers by a collocated AAV.

MCI'S POSITION: The Commission should insure that AT&T does not have an advantage over other carriers due to its previous status as part of the integrated telephone system. Specifically, the Commission should not allow AT&T to qualify for lower cross-connect charges for preexisting collocated circuits in a central office until: a) AT&T establishes new facilities which interconnect like any other interconnection, and b) expanded interconnection is being purchased and made available to other interexchange carriers by a collocated AAV.

SOUTHERN BELL'S POSITION: Yes. The same terms and conditions for expanded interconnection should apply to all interconnectors.

SPRINT'S POSITION: Yes, Sprint agrees with the FCC in that any party currently located at a LEC central office must interconnect "in the same manner as other interconnectors," "using fiber optic facilities" and "under the same general terms and conditions."

TELEPORT'S POSITION: TCG does not have a position on this issue.

TIME WARNER'S POSITION: No position.

UNITED'S POSITION: Yes. Any customer, including AT&T, that is already located in a United Telephone serving wire center should pay the applicable expanded interconnection rates. However, this should not be construed to mean that AT&T and any other already collocated customer should actually be required to route fiber optic facilities out of the building and back in through the same

route used by other interconnectors. United Telephone concurs with the FCC in its Order FCC 92-440 in Docket Numbers 91-141 and 92-222, paragraphs 66-68.

OPC'S POSITION: AT&T should receive no advantage as a result of a Commission decision on interconnection of facilities.

STAFF POSITION: Yes. Staff supports the FCC position that all parties must connect in the same manner. AT&T, while not required to actually route fiber out of the building and back through the same route as the other interconnectors, must compensate the LEC as if the LEC provided those facilities and interconnect exactly like all parties in all remaining respects.

ISSUE 11: Should the Commission require standards for physical and/or virtual collocation? If so, what should they be?

INTERMEDIA'S POSITION: Yes. For physical collocation, the Commission should simply establish that the standards for interconnection are the same technical standards followed by the LEC for its own interconnection to its network. For virtual collocation (allowed where physical collocation is not practical or under negotiation), the Commission should prescribe standards governing at least the following: (a) cost support for the LEC's rate elements and the tariff generally; (b) provisioning and maintenance intervals of collocator equipment; (c) ownership of collocator equipment; (d) right of the collocator to supply its own equipment; (e) training costs of LEC personnel; and (f) handling of collocator equipment.

ALLTEL'S POSITION: No position at this time.

AT&T'S POSITION: Yes. This Commission should require standards consistent with those adopted by the FCC in CC Docket 91-141.

CENDEL'S POSITION: Centel adopts the position of United on this issue.

FCTA'S POSITION: Yes. The Commission should require a standard that would allow interconnection in a manner which is technically, operationally, and economically comparable to the way the LEC connects its own facilities.

FIXCA'S POSITION: No position at this time.

GTEFL'S POSITION: No. Standards are not necessary. It is preferable to allow two parties to reach a mutually advantageous agreement between themselves than to impose standards established by a third party. If, however, standards are required, the Commission should adopt only minimum technical standards equivalent to what the LEC offers with regard to its own services.

**INDIANTOWN'S, NORTHEAST'S,
QUINCY'S, SOUTHLAND'S POSITIONS:** No.

IAC'S POSITION: No position at this time.

MCI'S POSITION: It is MCI's position that the opportunities for the development of competition through expanded interconnection will be best facilitated if the Commission adopts the same structure, standards, and conditions as adopted by the FCC in its order in CC Docket No. 91-141.

SOUTHERN BELL'S POSITION: Yes. Southern Bell proposes the following standards: central office space should be provided on a "first come, first served" basis. The demarcation point for LEC and interconnector responsibilities should be the interconnection point. For physical collocation, this should be a point in the central office designated by the LEC. For virtual collocation, the point of interconnection should be as close as reasonably possible to the central office. Expanded interconnection should apply only to central office equipment needed to terminate basic transmission facilities associated with optical terminating equipment and multiplexers. Interconnection of non-fiber optic cable should not be allowed.

SPRINT'S POSITION: Yes, the Commission should mirror the FCC's policy of physical collocation, with one exception. Virtual collocation should be required when physical space becomes exhausted. LECs should also be required to establish interconnection points as close to the central office as possible, provide multiple points of entry into the central office and allow shared use of an interconnection point for both special access termination and switched transport termination as explained in Issue No. 3.

TELEPORT'S POSITION: The interconnection standard must provide AAVs with the same capability to connect its high capacity fiber optic network to the LEC's central office facilities and the LEC's ubiquitous low capacity loop network in a manner which is

technically, operationally and economically comparable to the way that the LEC connects its own high capacity facilities to the LEC central office facilities and loop network.

TIME WARNER'S POSITION: Yes. The Commission should require a standard that would allow interconnection in a manner which is technically, operationally, and economically comparable to the way the LEC connects its own facilities.

UNITED'S POSITION: Yes. The Florida Commission should require standards for collocation which are the same as those imposed by the FCC, except for mandatory physical collocation.

OPC'S POSITION: No position at this time.

STAFF POSITION: No position.

ISSUE 12: Should collocators be required to allow LECs and other parties to interconnect with their networks?

INTERMEDIA'S POSITION: Yes. Intermedia is willing to provide reciprocal interconnection arrangements for LECs or other parties, upon similar terms and conditions as those established by the LECs.

ALLTEL'S POSITION: No position at this time.

AT&T'S POSITION: No. The purpose of expanded interconnection is to facilitate the entry of potential competitors into the historical monopoly preserves of the local exchange companies - to remove a specific barrier to entry imposed by the existing monopoly. Expanded interconnection would allow potential competitors the opportunity to access customers on terms more equal to that of the local exchange companies. Because none of these potential competitors possesses the monopoly, interconnection requirements as prescribed for the LECs are not applicable - indeed such requirements would tend to frustrate rather than encourage the development of competition.

CENTEL'S POSITION: Centel adopts the position of United on this issue.

FCTA'S POSITION: No position at this time.

FIXCA'S POSITION: No position at this time.

GTEFL'S POSITION: Yes. In order to achieve maximum competitive benefits and ensure development of the most innovative telecommunications infrastructure possible, interconnection should be made available with all types of networks. If an alternative access vendor (AAV) has lower costs and more reliable service, an efficient market solution would be to permit LECs and other entities to purchase inputs from the AAV and utilize them in providing their own output. One of those inputs which might be utilized by LECs or others is AAV floor space.

INDIANTOWN'S, NORTHEAST'S, QUINCY'S, SOUTHLAND'S POSITIONS: Yes, if collocation is required for the small companies, then reciprocity is desirable.

IAC'S POSITION: No position at this time.

MCI'S POSITION: No.

SOUTHERN BELL'S POSITION: Yes. Reciprocity should be part of any interconnection/collocation ordered by this Commission.

SPRINT'S POSITION: Yes, interconnectors should be required to offer interconnection at its point of collocation.

TELEPORT'S POSITION: A requirement that collocators should provide interconnection to the LECs and other parties is unnecessary. As monopoly providers of essential bottleneck facilities, LECs need to be required to provide physical collocation to interconnectors. However, non-dominant, competitive carriers need no such requirement. As competition for private line services develops, a competitor would be foolish to reject a collocation request and the associated revenues. The potential interconnector will simply move on to the next provider.

TIME WARNER'S POSITION: No.

UNITED'S POSITION: Yes. The same rules and requirements should be applied to all potential interconnectors. It is essential that consumers have full accessibility to the telecommunications network, regardless of the provider. All interconnectors should be willing to offer access to their networks on terms and conditions that are similar for similar types of customers.

OPC'S POSITION: Yes.

STAFF POSITION: Yes, interconnection should be required on an equal bases with similar terms and conditions.

ISSUE 13: What standards should be established for the LECs to allocate space for collocators?

INTERMEDIA'S POSITION: The provisioning standard should be first come first served. The standard for denying space on the basis of unavailability should be one of reasonableness, taking into account the total central office space, the amount of space not currently used for provision of service and the amount of space reserved for services that may be provided over the next three years. The burden should be on the LEC to justify the denial of physical collocation.

ALLTEL'S POSITION: No position at this time.

AT&T'S POSITION: Space should be allocated on a first come first serve basis.

CENTEL'S POSITION: Centel adopts the position of United on this issue.

FCTA'S POSITION: Space Allocation and Exhaustion - LECs should be required to provide space for a physical collocation until it becomes filled to capacity. When space for physical collocation is exhausted, LECs should be required to provide virtual collocation to requesting interconnectors. In addition, LECs should be required to offer central office space on a first come, first served basis.

Point of Interconnection - In the case of physical collocation, the point of interconnection, or the "operational demarcation point", should be placed inside the central office. In the case of virtual collocation, this point should be placed in a public right-of-way that is accessible to all potential interconnectors and is as close to the central office as possible.

Equipment Placed in Central Offices by or for Interconnectors - LECs should be required to allow collocation of equipment necessary to terminate basic transmission facilities, including optical terminating equipment and multiplexers.

Interconnection of Non-fiber Technologies - LECs should be required to make expanded interconnection available to fiber technologies as well as non-fiber technologies such as microwave facilities.

LEC Offices at which Interconnection is Available - LECs should be required to provide expanded interconnection at servicing wire centers (SWCs) and offices.

FIXCA'S POSITION: No position at this time.

GTEFL'S POSITION: As noted in response to Issue 11, above, the operation of the market would obviate the need for any mandatory standards. Nevertheless, the FCC has established a first-come, first-served regime for allocation of floor space in central offices. As a practical matter, it is probably impossible for this Commission to enforce different space allocation standards for the intrastate jurisdiction.

INDIANTOWN'S, NORTHEAST'S,
QUINCY'S, SOUTHLAND'S POSITIONS: None.

IAC'S POSITION: No position at this time.

MCI'S POSITION: It is MCI's position that the opportunities for the development of competition through expanded interconnection will be best facilitated if the Commission adopts the same structure, standards, and conditions as adopted by the FCC in its order in CC Docket No. 91-141.

SOUTHERN BELL'S POSITION: Central office space for collocation should be allocated on a "first come, first served" basis. The space for both physical and virtual collocation should be allocated in a manner that is consistent with the standards set for interstate expanded interconnection service.

SPRINT'S POSITION: Physical collocation should be required on a first-come first-served basis. If central office space is exhausted, the LEC should be required to offer a virtual arrangement equitable to physical.

TELEPORT'S POSITION: TCG agrees with the FCC's method of requiring LECs to provide space for physical collocation on a "first come, first served basis."

TIME WARNER'S POSITION: Space Allocation and Exhaustion - LECs should be required to provide space for a physical collocation until it becomes filled to capacity. When space for physical collocation is exhausted, LECs should be required to provide virtual collocation to requesting interconnectors. In addition, LECs should be required to offer central office space on a first come, first served basis.

Point of Interconnection - In the case of physical collocation, the point of interconnection, or the "operational demarcation point", should be placed inside the central office. In the case of virtual collocation, this point should be placed in a public right-of-way that is accessible to all potential interconnectors and is as close to the central office as possible.

Points of Entry into Central Offices - LECs should be required to offer interconnectors multiple entry locations to LEC central offices. In the event that at least two entry locations are not available, LECs should be required to create additional points of entry upon request.

Equipment Placed in Central Offices by or for Interconnectors - LECs should be required to allow collocation of equipment necessary to terminate basic transmission facilities, including optical terminating equipment and multiplexers.

Interconnection of Non-fiber Technologies - LECs should be required to make expanded interconnection available to fiber technologies as well as non-fiber technologies such as microwave facilities. In the case of microwave technologies, LECs should be required to make expanded interconnection available via rooftop antennas.

LEC Offices at which Interconnection is Available - LECs should be required to provide expanded interconnection at servicing wire centers (SWCs) and offices.

UNITED'S POSITION: The LECs should not be required to reserve or allocate space. In those central offices where interconnectors want space, it should be furnished, if available, on a first-come, first-served basis.

OPC'S POSITION: If it is determined that collocation is in the public interest, the LECs should be required to provide space on an as-available basis for collocation subject to appropriate security measures to insure protection of the public switched network from

unauthorized access. In the event that space is not available within a central office, the LECs should be required to provide external co-location, such as a cross-box outside the central office utilizing central office power for transmission and environmental controls.

STAFF POSITION: Central office space for colocation should be allocated on a first come, first served basis. The space for both physical and virtual colocation should be allocated in a manner that is, at the very least, consistent with the standards set for interstate expanded interconnection service. Staff recognizes that additional standards may be needed but cannot list them at this time. No position at this time pending further discovery.

ISSUE 14: Should the Commission allow expanded interconnection for non-fiber optic technology?

INTERMEDIA'S POSITION: No position at this time.

ALLTEL'S POSITION: No position at this time.

AT&T'S POSITION: AT&T takes no position on this issue at this time.

CENDEL'S POSITION: Centel adopts the position of United on this issue.

FCTA'S POSITION: LECs should be required to make expanded interconnection available to fiber technologies as well as non-fiber technologies such as microwave facilities.

FIXCA'S POSITION: No position at this time.

GTEFL'S POSITION: No. In principle, the technology involved in expanded interconnection should be irrelevant. However, practical considerations with regard to space constraints, particularly in vault space and entrance facilities to LEC central offices, imply that expanded interconnection should be limited to only fiber optic technology. Nevertheless, if the Commission were to allow parties to negotiate their own physical or virtual collocation arrangements, it is possible that they could arrive at some accommodation for technologies other than fiber optic. In any case, the LEC must have the final decision to avoid immediate exhaustion of LEC structural space.

**INDIANTOWN'S, NORTHEAST'S,
QUINCY'S, SOUTHLAND'S POSITIONS:** No.

IAC'S POSITION: No position at this time.

MCI'S POSITION: No position at this time.

SOUTHERN BELL'S POSITION: No. The interconnection of non-fiber optic cable would require too much space and it would be incompatible with technological developments.

SPRINT'S POSITION: Expanded interconnection for non-fiber technologies should be limited to microwave transmission.

TELEPORT'S POSITION: TCG has no position on this issue.

TIME WARNER'S POSITION: LECs should be required to make expanded interconnection available to fiber technologies as well as non-fiber technologies such as microwave facilities. In the case of microwave technologies, LECs should be required to make expanded interconnection available via rooftop antennas.

UNITED'S POSITION: Although the Commission should not require expanded interconnection for non-fiber optic facilities, United Telephone should be allowed the option to offer expanded interconnection to non-fiber technology if it so chooses.

OPC'S POSITION: Technology should not be the determining factor in the decision by this Commission to require physical collocation and/or virtual collocation.

STAFF POSITION: Yes. With the exception of microwave equipment, expanded interconnection for non-fiber optic technology should be allowed as an option at the discretion of the LEC. Expanded interconnection for microwave equipment should be offered at the same terms and conditions the LEC imposes on itself.

ISSUE 15: If the Commission permits expanded interconnection, what pricing flexibility should the LECs be granted for special access and private line services?

INTERMEDIA'S POSITION: None. The Commission already has granted LECs substantial pricing flexibility -- allowing them to offer contract serving arrangements and individual case basis pricing,

under which the LECs may price their services at nearly any level they desire, so long as they meet the LECs' long run incremental costs. This degree of flexibility allows the LECs to meet the competitive challenge posed by AAVs, but imposes certain limits on that flexibility to help ensure that LECs do not unfairly cross-subsidize their competitive services. Moreover, this existing pricing flexibility combines with other monopolistic competitive advantages enjoyed by the LECs to make them extremely formidable competitors in the provision of special access and private line services. In short, permitting expanded interconnection simply allows the LEC competitor onto the playing field, which remains tipped in the LEC's favor.

ALLTEL'S POSITION: No position at this time.

AT&T'S POSITION: AT&T would not oppose granting the LECs "zone-pricing" flexibility under the same parameters established by the FCC in Order No. 92-440, CC Docket No. 91-141. This arrangement allows for the establishment of three density pricing zones, requiring that rates be averaged within each zone but allowing that rates may differ between pricing zones. All rates must cover the cost incurred in providing the specific services.

CENDEL'S POSITION: Centel adopts the position of United on this issue.

FCTA'S POSITION: LECs currently enjoy substantial pricing flexibility under current imposed price restrictions. No further pricing flexibility is appropriate.

FIXCA'S POSITION: Expanded interconnection for special access and private line service, per se, does not justify granting the LECs any additional pricing flexibility. The Commission should separately consider, however, whether zone pricing based on identifiable cost differences in service is a reasonable pricing strategy for LEC-provided special access and private line services. (Gillan)

GTEFL'S POSITION: LECs must be given the ability to deaverage prices both on volume and geographic bases. If access services are competitive, then they should be deregulated or at least detariffed. If they are not competitive everywhere, this is an indication that geography does make a difference and that difference should be recognized in pricing flexibility granted to LECs.

INDIANTOWN'S, NORTHEAST'S,

QUINCY'S, SOUTHLAND'S POSITIONS: If competition materializes in the rural areas of Indiantown, Northeast, Quincy and Southland, the companies need sufficient pricing flexibility to respond to competitive situations in a timely manner.

IAC'S POSITION: Expanded interconnection for special access and private line service per se, does not justify granting the LECs any additional pricing flexibility. The Commission should separately consider, however, whether zone pricing based on identifiable cost differences in service is a reasonable pricing strategy for LEC-provided special access and private line services.

MCI'S POSITION: No additional pricing flexibility is required.

SOUTHERN BELL'S POSITION: The LECs should retain the pricing flexibility they currently have for private line services. For intrastate special access services, Southern Bell should be permitted, at a minimum, to implement zone pricing on the basis of wire center groupings.

SPRINT'S POSITION: LECs should have a certain degree of pricing flexibility in relation to expanded interconnection for special as well as switched access. The FCC has adopted density zone pricing for special access where competition exists as evidenced by an operational special access interconnection. This pricing methodology allows LECs to be competitive in the pricing of their special access services while limiting uneconomic interconnection.

With the following modifications, the Commission should adopt density zone pricing. The FCC has been overly restrictive in allowing LECs to initiate a zone pricing system in study areas only after expanded interconnection offerings are operational in that study area. Density-based pricing should facilitate fair competition between the LECs and interconnectors after competitive entry has occurred. Allowing the LEC industry to price by density zones regardless of whether competitive entry has occurred in any study area, will send the correct economic signals more promptly and should facilitate sound entry decisions from the competitive access industry.

A second modification to the FCC's plan Sprint proposes is that LECs be permitted to offer different initial rates in each density zone.

TELEPORT'S POSITION: The presence of AAV competitors does not mean a fully competitive market exists. The Commission should not grant pricing flexibility to the LECs until full and effective competition has developed. If competitors cannot compete for the local transport portion of switched access services and consumer do not have effective freedom of choice between LECs and AAVs, pricing flexibility for LECs is inappropriate and will be disproportionate to the level of actual competition that will develop as a result of this proceeding.

TIME WARNER'S POSITION: LECs currently enjoy substantial pricing flexibility under current imposed price restrictions. Until additional competition for both switched and special access develops, no further pricing flexibility is appropriate.

UNITED'S POSITION: Because of the cross-elasticity between switched and special access services, pricing flexibility should not be limited to special access and private line services. In order to allow the Company to compete based on its economic costs, switched access reductions and pricing flexibility, in the form of geographically deaveraged intrastate local private line and switched and special access rates, are necessary when expanded interconnection is approved.

United Telephone's intrastate switched access rates are substantially higher than its interstate rates. Because of the cross-elasticity between switched and special access services, drastic price reductions and pricing flexibility are necessary if the Company is to be allowed to compete effectively and to avoid uneconomic resource allocations. Both access price reductions and deaveraged prices are necessary if the benefits of competition are to be realized fully.

OPC'S POSITION: If allowed at all, downward pricing flexibility should only be granted for competitive services, such as DS-3. No price increases should be allowed as a result of this docket.

STAFF POSITION: No additional pricing flexibility should be granted. Contract service arrangements have been permitted for private line and special access for years. If streamlining this process is necessary, the LECs should propose a method for doing so.

ISSUE 16: If the Commission permits collocation, what rates, terms and conditions should be tariffed by the LEC?

INTERMEDIA'S POSITION: All rates and charges associated with physical and virtual collocation should be tariffed. These elements would include: central office space rental, cross-connects, power and other utilities, cage constructions, cable and conduit, splicing, testing, training, order processing, engineering and design, and central office space preparation.

ALLTEL'S POSITION: No position at this time.

AT&T'S POSITION: Initially the LECs should file the same rates, terms, and conditions as they have approved in the Federal arena (assuming those rates cover the cost incurred in providing the services).

CENTEL'S POSITION: Centel adopts the position of United on this issue.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position at this time.

GTEFL'S POSITION: The answer to this question depends on whether or not the Commission requires LECs to file tariffs in the first place. If AAVs and other entrants are not required to file tariffs, then the LECs should not have to do so either. If this is the case, it is not necessary to tariff any rates, terms, or conditions for expanded interconnection, as they would be reached by negotiation.

Despite GTEFL's view that reliance on the market is the best means of arriving at prices for floor space, prices for floor space and associated items (power, etc.) have already been established in interstate tariffs by order of the FCC. As a practical matter, the prices, terms, and conditions in the federal tariffs should be mirrored in the state tariffs.

**INDIANTOWN'S, NORTHEAST'S,
QUINCY'S, SOUTHLAND'S POSITIONS:** None. If a tariff is required, the companies should be allowed to recover in tariff prices all costs, including capital costs.

IAC'S POSITION: No position at this time.

MCI'S POSITION: It is MCI's position that the opportunities for the development of competition through expanded interconnection will be best facilitated if the Commission adopts the same structure, standards, and conditions as adopted by the FCC in its order in CC Docket No. 91-141. The parties should be given an opportunity to examine the rate levels contained in any intrastate tariff and such tariff should be subject to review and challenge under the Commission's normal approval procedures for LEC tariff filings.

SOUTHERN BELL'S POSITION: The LEC should not be required to file a tariff that sets forth rates for floor space and utility costs. All other rate elements for virtual collocation should be tariffed. Likewise, for physical collocation, the rate structure should be the same as the one that Southern Bell has filed with the FCC for interstate collocation, except that, again, the tariff should not include floor space and utility costs.

SPRINT'S POSITION: The Commission should establish a policy requiring expanded interconnection offerings and central office space usage to be tariffed. Given the LECs level of control, it is appropriate to tariff interconnection and central office space offerings due to the potential for anticompetitive pricing and discrimination. Sprint believes the framework of terms, conditions and rates approved by the FCC should be adopted by this Commission. The Commission should, however, review rate elements and levels for reasonableness. It is in the best interest of competitive entry that terms, conditions and rates are reasonable and similar to those incurred by the LEC, be included in the pricing of its access services.

TELEPORT'S POSITION: To promote uniformity and facilitate effective interconnections, LECs should tariff the following non-recurring rate elements: cage construction, power cabling and racking and the cable pull. Interconnectors should also have the option to complete these tasks themselves.

LECs should also tariff the following recurring rate elements: cable space, cross-connect, floor space and electric power.

In addition, it is critical that the Commission ensure that LECs indicate in their tariffs that they will abide by the following terms and conditions. Rearrangement charges must be non-discriminatory. Interconnectors must be given channel assignment control. Many customers of interconnectors insist that they be

allowed to order and bill for end user circuits under a letter of agency authorization, therefore interconnectors must be permitted to use letters of agency. Escort and eviction terms must be limited to prevent LECs from using these mechanisms as a way to invalidate the usefulness of a central office interconnection arrangement. LECs should only force an interconnector to relocate within a central office under extreme circumstances and must give reasonable notice to the interconnector.

Reasonable installation time frames should be tariffed. Government compliance should be the responsibility of the LEC. Interconnectors should be allowed to purchase their own insurance. There should be no restrictions placed on interconnectors by LECs regarding the types of equipment that can be installed as long as it can be used to terminate basic transmission facilities. Finally, the Commission should ensure that the LECs' liability language for interconnections is reasonable.

TIME WARNER'S POSITION: LECs should tariff the following non-recurring rate elements: Cage Construction, Power Cabling, and Racking, and the Cable Pull. LECs should tariff the following recurring rate elements: cable space, cross-connect, floor space, and electric power.

UNITED'S POSITION: For consistency, ease of administration, and increased customer understanding, the tariffs for intrastate expanded interconnection should mirror those approved by the FCC for United Telephone.

OPC'S POSITION: No position at this time.

STAFF POSITION: Staff supports the FCC position, in part, that tariffing requirements must be established to prevent anticompetitive pricing and discrimination. Accordingly, LECs are required, at minimum, to tariff the following interconnection elements:

- a. The cross-connect element (the short cable connection from the LEC distribution frame to the interconnector's electronic equipment);
- b. Any contribution charge that may be permitted in the future;

- c. Charges for central office space which must be tariffed at a uniform charge per square foot;
- d. Labor and materials charges for initial preparation of central office space under physical collocation; and installation, repair and maintenance of central office equipment dedicated to virtual collocation interconnectors;
- e. Other charges that can be reasonably standardized, such as power, environmental conditioning, and the use of riser and conduit space;
- f. Language to reflect that LECs and interconnectors be allowed to negotiate connection charge subelements where different types of central office electronic equipment are dedicated to interconnectors under virtual conditions. These rates, terms and conditions must be available to all similarly situated interconnectors.

ISSUE 17: Should all special access and private line providers be required to file tariffs?

INTERMEDIA'S POSITION: No. A tariffing requirement for competitive access providers is superfluous. These providers have no captive customer base from which they can exact monopoly profits. Furthermore, as recognized by the Commission in its Alternative Access Vendor Order, No. 24877, AAV customers are generally sophisticated users who do not need expansive Commission protection. Thus, the Commission declined in its AAV Order to require tariffing by AAVs. The considerations that informed that decision still hold true today.

ALLTEL'S POSITION: No position at this time.

AT&T'S POSITION: AT&T takes no position on this issue at this time.

CENDEL'S POSITION: Centel adopts the position of United on this issue.

FCTA'S POSITION: No. The Commission should exempt AAVs from tariff filing requirement as it did in Order No. 24877.

FIXCA'S POSITION: Yes. The Commission should require that all access providers tariff their services so that it may guard against discrimination in this market. This requirement is particularly critical with respect to switched access services where any discrimination between access customers -- i.e., the interexchange carriers -- will seriously disrupt interexchange competition. (Gillan)

GTEFL'S POSITION: All market participants should be allowed the same freedom to compete, under the same terms and conditions. Therefore, if the Commission finds it appropriate that the LECs operate under tariffs, then all special access and private line providers should be subject to the same condition. Unilateral tariffing requirements may serve to weaken price competition between the LEC and other parties, lessening the benefits to the ultimate consumer.

**INDIANTOWN'S, NORTHEAST'S
QUINCY'S, SOUTHLAND'S POSITIONS:** Yes, if LECs have to. Regulatory burdens should be equivalent.

IAC'S POSITION: Yes. The Commission should require that all access providers tariff their services so that it may guard against discrimination in this market. The requirement is particularly critical with respect to switched access services where any discrimination between access customers -- i.e., the interexchange carriers -- will seriously disrupt interexchange competition.

MCI'S POSITION: No position at this time.

SOUTHERN BELL'S POSITION: If tariffs are required for any providers of special access or private line services, then tariffs should be required of all providers of these services. Southern Bell, however, believes that the better alternative would be to remove these competitive services from the detailed regulatory requirements that apply today.

SPRINT'S POSITION: Yes, but only because non-dominant carriers are currently required to file tariffs in Florida. Given that non-dominant carriers may be an interconnector and are required to file tariffs, all interconnectors must be required to file tariffs to prevent discrimination. Generally, Sprint believes a non-dominant carrier has limited ability to effect the market with its pricing and certainly has limited ability to price discriminately.

Therefore, rules requiring price lists would normally be sufficient.

TELEPORT'S POSITION: No. The Commission should continue to exempt AAVs from a tariff filing requirement as it did in Order No. 24877.

TIME WARNER'S POSITION: No. The Commission should exempt AAVs from tariff filing requirement as it did in Order No. 24877.

UNITED'S POSITION: No.

OPC'S POSITION: No position at this time.

STAFF POSITION: No.

ISSUE 18: What separations impact will expanded interconnections impact have on the LEC?

INTERMEDIA'S POSITION: For special access, none.

ALLTEL'S POSITION: No position at this time.

AT&T'S POSITION: AT&T takes no position on this issue at this time.

CENDEL'S POSITION: Centel adopts the position of United on this issue.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position at this time.

GTEFL'S POSITION: Expanded interconnection could have potentially significant effects on the jurisdictional separation of LEC costs. As firms begin to interconnect at the LECs' central offices and abandon existing LEC access connection facilities, the total LEC investment in these joint facilities will not disappear; rather, it will be reallocated among the services and jurisdictions which remain, based on the usage of these facilities. As the interLATA access usage declines, more of the interoffice transport facility costs will be allocated to the remaining extended area service and intraLATA toll services. The impact of special access interconnection will therefore result in a decrease in the costs of

special access and an increase in the cost of all other LEC services.

The relative jurisdictional impact of switched interconnection will be much greater than that of expanded special access interconnection. This is because of the sheer volume of traffic involved, and because switched interconnection will likely result in carriers interconnecting at each end office, bypassing the tandem altogether.

INDIANTOWN'S, NORTHEAST'S,

QUINCY'S, SOUTHLAND'S POSITIONS: There will be an effect, but Indiantown, Northeast, Quincy and Southland are unable at the present time to quantify that effect.

IAC'S POSITION: No position at this time.

MCI'S POSITION: No position at this time.

SOUTHERN BELL'S POSITION: Southern Bell has not yet developed a forecast of demand for collocation and, therefore, does not know the potential jurisdictional separations impact of expanded interconnection.

SPRINT'S POSITION: In general, the overall effect of expanded interconnection and competition will produce a more efficient LEC, lower prices and generate greater quality and benefits to the end-user. While traditional cost separations tend to force costs to follow revenues, competition, with safeguards against cross-subsidization, will require LECs to cut unnecessary expenditures, increase productivity and make decisions in response to competition rather than merely shifting costs from one jurisdiction to another and from one service to another.

To the extent the LEC is unable to cover "lost contribution" from reduced special access demand through productivity gains, the Commission must look at the current overall rate levels. LECs in Florida have among the highest intrastate switched access rates in the United States. Given the fact that switched access currently contributes greatly to subsidized basic local rates, Sprint believes any LEC revenue shortfall should be recovered in rates other than switched access.

TELEPORT'S POSITION: TCG does not believe that expanded interconnection will have any material impact on separations.

TIME WARNER'S POSITION: No position.

UNITED'S POSITION: The central office investment used in the provision of local switching is allocated in the jurisdictional separations process using a usage sensitive factor (Dial Equipment Minutes). As the toll/access minutes are moved from the switched network to dedicated special access, the local allocation of these investments and related expenses will increase, putting upward pressure on local service rates.

OPC'S POSITION: No position at this time.

STAFF POSITION: No position.

ISSUE 19: Should expanded interconnection be subject to a "net revenue test" requirement in order to avoid possible cross-subsidy concerns?

Proposed Stipulation:

By agreement of the parties, Issue 19 is deleted from further consideration in this proceeding.

INTERMEDIA'S POSITION: No position at this time.

ALLTEL'S POSITION: No position at this time.

AT&T'S POSITION: The rates charged for expanded interconnection should exceed the incremental costs incurred in providing the interconnection; i.e., expanded interconnection should not be subsidized. Some test should be made to guarantee this, however; without knowing exactly what is meant here by the term "net revenue test," AT&T cannot endorse it as an appropriate methodology. If, however, "net revenue test" implies a "keep whole" pricing scheme, where the LECs would be allowed to set prices for interconnection as high as necessary to generate the same revenue that they currently receive from the entire special access services, then the "net revenue test" is wholly inappropriate.

CENTEL'S POSITION: Centel adopts the position of United on this issue.

FCTA'S POSITION: Yes.

FIXCA'S POSITION: No position at this time.

GTEFL'S POSITION: Yes. From a societal standpoint, it is undesirable to "waste" resources where the incremental costs of a product exceed the benefits which are expected to be derived from it. If the expanded interconnection service does not pass a net revenue test (where the net revenues associated with it are positive, stated on a net present value basis), it should not be offered. This is because if the LEC is to be "made whole," the additional costs will have to be recovered from some other source. Failure to pass a net revenue test will imply that the expanded interconnection product is being cross-subsidized. GTEFL believes its position is consistent with the decision recently reached by the Commission in Docket No. 910757-TP on cross-subsidization.

**INDIANTOWN'S, NORTHEAST'S,
QUINCY'S, SOUTHLAND'S POSITIONS:** See No. 8 above.

IAC'S POSITION: No position at this time.

MCI'S POSITION: No position at this time.

SOUTHERN BELL'S POSITION: No. Southern Bell routinely prices all new products and services above their long run incremental cost floor. Thus, even if avoiding a cross-subsidy for expanded interconnection were an appropriate concern, Southern Bell's normal pricing procedure is sufficient to avoid any cross-subsidy.

SPRINT'S POSITION: No. It is unlikely that LECs will price expanded interconnection below cost since the result is to allow competition for its access services.

TELEPORT'S POSITION: TCG does not believe that LECs would cross subsidize expanded interconnection offerings by pricing them below cost, and therefore does not see the need for a net revenue test. Rather, the risk is that the LECs will over-price expanded interconnection to frustrate competition, a problem that a net revenue test would not appear to address.

TIME WARNER'S POSITION: Yes.

UNITED'S POSITION: United Telephone does not believe a "net revenue test" is required to avoid cross-subsidy concerns.

OPC'S POSITION: No position.

ISSUE 20: How would ratepayers be financially affected by expanded interconnection?

INTERMEDIA'S POSITION: Ratepayers who receive the benefit of competition in special access and private line services will enjoy improved services at reduced prices. This financial benefit will promote the general public interest by lowering input costs for the production of goods and services.

ALLTEL'S POSITION: No position at this time.

AT&T'S POSITION: The financial impact on the rate payers should be negligible for the following reasons:

1. Expanded interconnection only offers the opportunity for the entry of competition, it does not transform the monopoly into a competitive market.

2. The LECs will most likely aggressively compete for special access and private line customers and hold on to a majority of their existing market share.

3. The facilities used by the LECs to provide special access are generally fungible - thus as long as the telecommunications market continues to grow, the LECs can find opportunities to earn on these investments even if they lose some special access customers.

CENTEL'S POSITION: Centel adopts the position of United on this issue.

FCTA'S POSITION: No position at this time.

FIXCA'S POSITION: No position at this time.

GTEFL'S POSITION: As indicated in response to several other issues, the effect of expanded interconnection on ratepayers will depend on the manner in which specific interconnection arrangements are structured and the degree to which this Commission allows LECs to respond to increasing competition by interconnectors. In any case, the primary beneficiaries of special access expanded interconnection will be the AAVs and other interconnectors themselves. If these firms decide to pass along savings to their customers, they might benefit as well. These AAV customers are typically large businesses located in metropolitan areas.

Without careful structuring of the terms of interconnection, the average residential and small business ratepayer will be forced to bear additional expenses--for example, the numerous types of costs associated with physical collocation. And if LECs cannot quickly and easily respond to competitive challenges, losses incurred when the LEC loses large customers will have to be borne by the average ratepayer.

INDIANTOWN'S, NORTHEAST'S,

QUINCY'S, SOUTHLAND'S POSITIONS: Different classes of ratepayers may be affected differently and the rural subscribers may be adversely affected by expanded interconnection.

IAC'S POSITION: No position at this time.

MCI'S POSITION: It is MCI's position that the opportunities for the development of competition through expanded interconnection will be best facilitated if the Commission adopts the same structure, standards, and conditions as adopted by the FCC in its order in CC Docket No. 91-141. The parties should be given an opportunity to examine the rate levels contained in any intrastate tariff and such tariff should be subject to review and challenge under the Commission's normal approval procedures for LEC tariff filings.

SOUTHERN BELL'S POSITION: If the LECs are not able to compete for the provision of telecommunications services that currently provide a contribution to residential service, then this would have an adverse impact on residential ratepayers.

SPRINT'S POSITION: As explained in Issue No. 18, expanded interconnection and competition, in general, will stimulate the efficient provision of all telecommunications services. Ratepayers may need to bear more of the costs attributable to providing local service but only to a point short of impacting universal service. Sprint supports targeted assistance to ratepayers in need and is willing to contribute a fair share to provide such assistance. Thus, across the board subsidization of local rates is unwarranted.

TELEPORT'S POSITION: Ratepayers will benefit financially from expanded interconnection. To the extent that expanded interconnection leads to increased competition for access services, ratepayers will benefit from LEC efforts to increase efficiency and lower costs. The LEC should flow through these efficiencies and cost reduction to consumers.

TIME WARNER'S POSITION: No position at this time.

UNITED'S POSITION: Special and switched access services and private line services provide a substantial contribution. Those end users that are able to take advantage of the price benefits of expanded interconnection alternatives will pay less, while those customers who do not qualify for expanded interconnection alternatives will have to pay more for their same service.

OPC'S POSITION: Users of AAV services should obtain lower prices and higher quality service.

STAFF POSITION: No position.

ISSUE 21: Should the Commission grant ICI's petition?

INTERMEDIA'S POSITION: Yes.

ALLTEL'S POSITION: Please see ALLTEL's basic position.

AT&T'S POSITION: The Commission should grant ICI's petition consistent with the testimony and positions taken by AT&T in this proceeding.

CENTEL'S POSITION: Centel adopts the position of United on this issue.

FCTA'S POSITION: Under expanded interconnection, ratepayers will be able to obtain lower prices and a higher quality of telecommunications service.

FIXCA'S POSITION: No position at this time.

GTEFL'S POSITION: GTEFL would not object to the Commission granting ICI's petition, provided the Commission ensured sufficient pricing flexibility, symmetrical regulatory treatment for all market participants, and a LEC-option policy for collocation.

**INDIANTOWN'S, NORTHEAST'S,
QUINCY'S, SOUTHLAND'S POSITIONS:** No position.

IAC'S POSITION: No position at this time.

MCI'S POSITION: No position at this time.

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SOUTHERN BELL'S POSITION: Any action this Commission takes on the ICI petition should be consistent with its general rulings in this docket.

SPRINT'S POSITION: Yes. The Commission should allow ICI to interconnect under the terms and conditions developed in this proceeding for expanded interconnection.

TELEPORT'S POSITION: Yes.

TIME WARNER'S POSITION: Under expanded interconnection, ratepayers will be able to obtain lower prices and a higher quality of telecommunications service.

UNITED'S POSITION: Yes. ICI's petition should be granted on the condition that the Commission adopt United Telephone's recommendations embodied in its position on these issues and in the testimony of its witness F. Ben Poag.

OPC'S POSITION: No position at this time.

STAFF POSITION: Staff believes that ICI's petition should be granted based on its position that expanded interconnection for special access and private line is in the public interest. See Issue 1.

VII. EXHIBIT LIST

<u>WITNESS</u>	<u>I.D. NO.</u>	<u>DESCRIPTION</u>
F. Ben Poag	FBP-1	Four schedules

Parties and Staff reserve the right to identify additional exhibits for the purpose of cross-examination.

VIII. PROPOSED STIPULATIONS

1. Proposed generic stipulation:

Unless specifically stated otherwise, when reference is made in this proceeding to "expanded interconnection", it is understood to be limited to expanded interconnection for private line and special access services.

2. ISSUE 2: How does the FCC's order on expanded interconnection impact the Commission's ability to impose forms and conditions of expanded interconnection that are different from those imposed by the FCC's order?

Proposed Stipulation:

The FCC's Order on Expanded Interconnection does not restrict the FPSC's ability to impose forms and conditions of expanded interconnection that are different from those imposed by the FCC's order. Expanded interconnection for intrastate special access/private line falls under the FPSC's jurisdiction and the Commission is not bound by any interstate policy.

3. **ISSUE 3:** Under what circumstances should the Commission impose different forms and conditions of expanded interconnection?

Proposed Stipulation:

By agreement of the parties, Issue 3 is deleted from further consideration in this proceeding.

4. **ISSUE 9:** Who should be allowed to interconnect?

Proposed Stipulation:

Any entity should be allowed to interconnect on an intrastate basis its own basic transmission facilities associated with terminating equipment and multiplexers except entities restricted pursuant to Commission rules and regulations.

5. **ISSUES 10:** Should the same terms and conditions of expanded interconnection apply to AT&T as apply to other interconnectors?

Proposed Stipulation:

AT&T should be allowed to interconnect intrastate Special Access Arrangements to the same extent as other parties, subject to the requirements adopted by the FCC in CC Docket 91-141 regarding preexisting collocated facilities.

6. **ISSUE 19:** Should expanded interconnection be subject to a "net revenue test" requirement in order to avoid possible cross-subsidy concerns?

Proposed Stipulation:

By agreement of the parties, Issue 19 is deleted from further consideration in this proceeding.

IX. PENDING MATTERS

1. Notice of Withdrawal of the Prefiled Direct Testimony of Joseph Gillan filed by FIXCA.
2. Notice of Withdrawal of Prefiled Rebuttal Testimony of Mike Guedel filed by ATT-C.

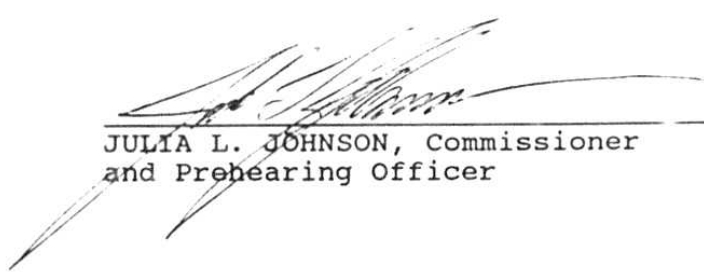
X. RULINGS

1. Motion to Accept Amended Prehearing Statement filed by Teleport Communications Group, Inc. on July 13, 1993, is granted.
2. Motion for Request for Leave to File Prehearing Statement After Due Date filed by Central Telephone Company of Florida on July 13, 1993, is granted.
3. Motion to Accept Late-Filed Prehearing Statement filed by MCI Telecommunications Corporation on July 20, 1993, is granted.
4. Motion to File Rebuttal filed by ALLTEL Florida, Inc. on August 10, 1993, is granted.

It is therefore,

ORDERED by Commissioner Julia L. Johnson, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

By ORDER of Commissioner Julia L. Johnson, as Prehearing Officer, this 1st day of September, 1993.



JULIA L. JOHNSON, Commissioner
and Prehearing Officer

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), 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 this order, which is preliminary, procedural or intermediate in nature, may request: 1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; 2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or 3) 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 or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.