BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of the Petition of Intermedia Communications of Florida, Inc. for Expanded Interconnection for AAVs within LEC Central Offices.	DOCKET NO. 921074-TP FILED: October 16, 1992

INTERMEDIA COMMUNICATIONS OF FLORIDA, INC.
PETITION FOR AN ORDER PERMITTING AAV PROVISION
OF AUTHORIZED SERVICES THROUGH COLLOCATION
ARRANGEMENTS IN LEC CENTRAL OFFICES

TA001

Pursuant to Rule 25-22.036(4) of the Florida Administrative Code, Intermedia Communications of Florida, Inc. ("ICI") hereby petitions the Commission to issue an order mandating that local exchange carriers ("LECs") file tariff revisions necessary to allow Alternative Access Vendors ("AAVs") to provide authorized intrastate services through collocation arrangements that will be established within LEC central offices. As grounds for this petition, Intermedia states as follows:

1. The exact name of Petitioner and the address of its principal business office is:

Intermedia Communications
of Florida, Inc.
9280 Bay Plaza Boulevard
Suite 720
Tampa, Florida 33619
(813) 620-3195

2. All notices, pleadings and orders should be directed to:

Patrick K. Wiggins
Kathleen Villacorta
Wiggins & Villacorta, P.A.
501 East Tennessee Street
Suite B
Post Office Drawer 1657
Tallahassee, Florida 32302
(904) 222-1534

3. Intermedia holds a certificate issued by this Commission authorizing it to provide intrastate AAV services throughout the State of Florida.[1] Intermedia's certificate became effective January 1, 1992. At this time, Intermedia provides such services in Tampa, Orlando, Miami, and Jacksonville. Because this petition requests relief that will allow Intermedia to provide competitive AAV services more effectively, Intermedia has standing to bring this action.

4. As discussed below, ICI anticipates that, in the near future, it will establish expanded interconnection arrangements with LECs in its service areas, through which it will provide jurisdictionally interstate services over facilities collocated in LEC central offices. In this petition, ICI respectfully requests that the Commission mandate that these LECs establish tariffed rates, terms and conditions necessary to permit certificated AAVs to use these collocated facilities to

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[1] Notice Of Proposed Agency Action, Order Granting Intermedia Communications Of Florida, Inc., A Certificate To Provide Alternate Access Vendor Services, Docket No. 910396-TP, Order No. 25540, issued December 26, 1991.

provide the intrastate special access and private line services authorized in the AAV certificates. Such a mandate would be consistent with established Commission policies and would yield substantial and immediate benefits to the public.

5. On September 17, 1992, the Federal Communications Commission ("FCC") adopted an order mandating that all Tier 1 LECs provide central office collocation to competitive access providers ("CAPs", which is the FCC's equivalent of the Florida AAV classification), and other parties, upon request. The FCC has not yet released its order, but a press release and oral statements issued by the FCC Commissioners and Staff provide a relatively detailed description of the FCC's collocation requirements. A copy of the FCC's press release is appended to this Petition as Attachment A.

6. Under the FCC's order, as Tier 1 LEC operating companies, GTE Florida Incorporated ("GTEFL"), the Southern Bell Telegraph and Telephone Company ("SBT"), the Centel Telephone Companies and the United Telecom operating companies will be required to file interstate tariffs providing for central office collocation for interstate services. These tariffs must permit AAVs to place terminating equipment, multiplexers, digital cross-connect systems, and other necessary equipment within LEC central offices for purposes of interconnecting LEC and AAV interstate special access services. Once collocated, the AAV, upon payment of reasonable, cost-based cross-connection rates, will be able to hand off service originating or terminating on its network to the

LEC for routing to a destination on the LEC's network. Through this arrangement, AAVs will no longer be restricted to providing service only to those customers physically located on the AAV network, but will be able to provide AAV service to any customer located on the ubiquitous LEC network. Under the timetable established by the FCC, these tariffs will likely take effect during May, 1993.

7. ICI respectfully requests that the Commission require LECs to file in their intrastate tariffs reasonable, cost based rates and other necessary provisions that will enable AAVs that have established central office collocation arrangements via the LECs' interstate tariffs to use those same arrangements to provide intrastate private line and special access services as well. Without such a requirement, ICI will be denied a critical means of increasing its network efficiency, and customers of intrastate private line and special access services in Florida will be denied access to innovative and competitive telecommunications service options, which will be available to Florida customers with interstate telecommunications requirements.

8. ICI anticipates collocating in GTEFL and SBT central offices in its service areas as soon as the GTEFL and SBT interstate collocation tariffs become effective. Although the full monthly rates and nonrecurring charges for the LEC interstate collocation arrangements have not yet been determined, the experience of other AAVs with collocation in other states

makes it clear that collocation will require a substantial AAV investment in nonrecurring charges for the engineering and construction of the collocation facility, and monthly recurring charges for the rental of central office floorspace and conduit. If AAVs are denied the ability to provide authorized intrastate services through these collocated facilities, they will be denied significant economies of scale and operating efficiencies that will artificially inflate the rates they must charge for their services.

9. For example, the inability to provide intrastate private line and special access services over existing collocated facilities will require AAVs to maintain different facilities for the provision of intrastate and interstate traffic. This will require construction and maintenance of unnecessary and duplicative facilities. In addition, AAVs will be prevented from combining intrastate and interstate traffic on their networks. This inability will artificially constrain AAV traffic routing decisions and prevent them from using their high-capacity facilities to their full potential. These inefficiencies necessarily will inflate the AAV's costs of doing business, inhibiting their ability to compete, and ultimately increasing the cost of service to the public. Moreover, it will deny AAVs network efficiencies that LECs currently enjoy. Today, LECs routinely route intrastate intraLATA and interLATA services -- both switched and special access -- together with interstate services over the same facilities in order to optimize their

network efficiency. Failure to accord AAVs the same control over the routing of their approved services places AAVs at an insuperable competitive disadvantage.

10. Moreover, the ability of AAVs to provide authorized intrastate special access and private line services over collocated facilities is wholly compatible with the Commission's policies concerning AAVs. In its AAV Order of August 1991,[2/] the Commission considered at length the public benefits that accrue from competition for local special access and private line services. In finding that AAV entry into Florida markets would serve the public interest, the Commission specifically considered the impact on telecommunications service quality and rates.[3/] The Commission found that the limited competition that existed for local services had already provided considerable public benefits[4/] by spurring LECs to offer new services,[5/] increasing the overall reliability of the telecommunications infrastructure in Florida,[6/] and placing downward pressure on LEC service rates.[7/] Furthermore, the

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2/ Generic Investigation into the Operations of Alternate Access Vendors, Docket No. 890183-TL, Order No. 24877, issued August 8, 1991 (AAV Order).

3/ Id. at page 8.

4/ Id. at pages 9-10, 15.

5/ Id. at page 9.

6/ Id. at pages 9-10.

7/ Id. at page 10.

Commission found no countervailing negative effects from AAV competition.[8]

11. The Commission's analysis of the public benefits of competition reflected the experience gained in Florida from ICI's entry into the local services markets, and from the experience of other state regulators in jurisdictions across the country, and correctly identified the consumer benefits that competition inevitably brings. The year that has elapsed since the Commission released its AAV Order has provided further evidence of these public benefits. Years after Intermedia pioneered the use of fully redundant and diverse fiber ring networks in Florida, both GTEFL and SBT have now introduced similar services in both their intrastate and interstate tariffs. Not coincidentally, the LECs installed their first fiber ring networks in the cities in which ICI had already constructed its ring networks.[9]

12. In addition to stimulating fiber deployment and innovative new services, AAV entry in Florida has prompted LECs to increase their service standards. When ICI first entered the Florida market, the provisioning interval (the time required to provide a new service to a customer) for LEC DS1 service in Florida exceeded one month. ICI introduced much greater levels

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8/ Id. at pages 9, 11.

9/ Compare Federal Communications Commission, "Fiber Deployment Update, End of Year 1991" at 16 with "Fiber Deployment Update, End of Year 1990" at 18 (available from FCC Common Carrier Bureau - Industry Analysis Division) (showing trends in BellSouth deployment of fiber rings in Florida cities).

of responsiveness to customer requirements, offering customers the ability to turn up a new DS1 service in a matter of days. Since ICI introduced this superior responsiveness into the Florida DS1 market, GTEFL and SBT have reduced their average provisioning interval for DS1 service to approximately 10 days. There is no doubt that this improvement in LEC response time has been stimulated by competitive pressure: in a recent filing with the Commission, GTEFL lists the provisioning interval for its special access service -- which is subject to competition in some GTEFL service areas -- as 12 days; in the same filing, GTEFL lists the provisioning interval for switched service -- which is not subject to competition anywhere in Florida -- as 36 days.[10] The work involved in processing the service orders and performing the necessary labor is virtually identical for both services -- the only explanation for the service quality differential is the presence of competition.

13. Finally, the effect that AAV competition has on service rates is readily apparent from LEC tariff filings. In direct response to ICI's competitive entry into their service territories, both GTEFL and SBT cut their rates for both intrastate and interstate high capacity services by as much as 60%. Indeed, in Docket No. 890505-TL, the Commission recently

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[10] Florida Public Service Commission, Memorandum from Divisions of Communications, Auditing and Financial Analysis, and Legal Services to Director Division of Records and Reporting, re "Docket No. 910930-TL-Proposed Tariff Filing To Refund Nonrecurring Charges If Service Is Not Installed By The Commitment Date By GTE Florida Incorporated (T-91-430 Filed 8/28/91)", dated October 3, 1991, at page 5.

found that the LECs actually priced certain private line and special access services subject to competition below their incremental costs, and ordered them to revise their rates.[11]

14. These examples demonstrate that the Commission correctly determined that competition in special access and private line services in Florida would serve the public interest The most effective and efficient means to accomplish this expansion of AAV competition is to require that LECs file rates and terms in their intrastate tariffs that will allow AAVs to provide authorized intrastate special access and private line services via collocation arrangements established under the LECs' soon-to-be-filed interstate tariffs. Specifically, LECs should be required to tariff reasonable, cost-based rates for the cross-connection between an AAV's collocated equipment and the LEC's equipment, where the AAV's lines will be connected to individual LEC private line and special access circuits. In addition, it would be appropriate for LECs to tariff reasonable nonrecurring charges for installation of the cross-connection, and relevant terms and conditions governing the cross-connection service, on the same basis that the LECs charge themselves for providing competitive service.

15. This procompetitive step would be fully consistent with the Commission's decision in the AAV Order, in which the Commission found that the development of AAV competition was not accompanied by any discernible adverse effect on universal

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[11] See, AAV Order at page 25.

service.[12] Experience with collocation arrangements across the country demonstrates the truth of this finding: collocation arrangements for intrastate services have been effect for over a year in New York, Massachusetts, Illinois, New Jersey and California, and have spurred technological and service innovation, increased customer choice, and have driven down service rates, without adversely affecting universal service. Because all available data demonstrates the public benefits of expanded AAV competition, ICI urges the Commission to issue an order requiring that LECs establish reasonable, cost-based charges, and other tariffed terms and conditions, as necessary, that will allow the AAVs to provide authorized intrastate special access and private line services over collocation arrangements.

WHEREFORE, Intermedia Communications of Florida, Inc. respectfully requests that the Commission issue an order, as soon as practicable, mandating that LECs providing collocation to AAVs for interstate services revise their intrastate tariffs as necessary to allow AAVs to use those collocation arrangements to

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[12] Id. at page 11.

provide authorized intrastate special access and private lines services as well.

Respectfully submitted,

Patrick K. Wiggins

Patrick K. Wiggins
Wiggins & Villacorta, P.A.
501 East Tennessee Street
Suite B
Post Office Drawer 1657
Tallahassee, Florida 32302

Counsel for
INTERMEDIA COMMUNICATIONS OF FLORIDA, INC.

Dated: October 16, 1992

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing has been furnished by U.S. Mail to the following this 16th day of October, 1992.

Tracy Hatch
Division of Legal Services
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32399

Charles Beck
Office of Public Counsel
111 W. Madison Street
Suite 801
Tallahassee, Florida 32399-1400

Thomas Parker
GTE Florida Incorporated
P.O. Box 110
MC 616
Tampa, Florida 33601-0110

PKWiggins

Patrick K. Wiggins

ATTACHMENT A

PRESS RELEASE DESCRIBING FCC ORDER MANDATING CENTRAL OFFICE COLLOCATION FOR INTERSTATE SPECIAL ACCESS SERVICES

NEWS
FEDERAL COMMUNICATIONS COMMISSION
1919 M STREET, N.W.
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This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action. See MCI v. FCC. 515 F 2d 385 (D.C. Circ 1974)

Report No. ACTION IN DOCKET CASE September 17, 1992

EXPANDED INTERCONNECTION MANDATED FOR INTERSTATE SPECIAL ACCESS
(CC DOCKET 91-141)

The Commission has taken a historic step in the process of opening the remaining preserves of monopoly telephone service to competition. In today's action, the Commission is removing barriers to increased competition in the interstate access market by requiring that the Tier 1 local exchange carriers (LECs) (those with revenues of over $100 million annually) offer expanded interconnection to all interested parties, permitting competitors and high volume users to terminate their own special access transmission facilities at LEC central offices.

This decision requires LECs to open up bottleneck facilities to competitors in a fashion never before mandated by the FCC. This action represents one of the many steps the Commission is taking to ensure that telecommunications customers obtain the full benefits of technological advances that have spurred the development of new fiber optic and radio networks that compete with existing LEC services. This growing competition will expand service choices for telecommunications users, heighten incentives for efficiency, speed technological innovation, and reduce rates for services subject to competition.

The new rules require the Tier 1 LECs to provide expanded interconnection for special access through physical collocation in most circumstances. The LECs will not be allowed to impose a contribution charge at this time. The Commission also granted the LECs additional special access pricing flexibility in light of the increased competition that will result from this decision, but sought more information regarding certain LEC volume and term discounts.

Interconnection Architecture

The LECs will be required to offer physical collocation to all interconnectors that request it. Interconnectors and LECs will be free to negotiate virtual collocation arrangements if both parties prefer such arrangements over physical collocation. The Commission envisioned that waivers of the requirement that LECs make the option of physical collocation available would be granted only in two circumstances: (1) if a LEC demonstrates that a particular central office lacks physical space to provide physical collocation, or (2) if a state legislature or regulatory agency adopts a formal policy in favor of virtual collocation.

Under physical collocation, LECs will provide space within their central offices for interconnecting parties to collocate their own transmission equipment for termination of interconnected circuits. LECs will also provide power, environmental conditioning, and conduit and riser space for interconnectors' cable to enter the building. Interconnectors' personnel may enter the central offices to install, maintain, and repair the transmission equipment. If space for physical collocation is exhausted in any given central office, the LEC must provide virtual collocation in that office.

Virtual collocation arrangements would enable an interconnecting party to designate its choice of transmission equipment, to be located within LEC central offices and dedicated to its use. An interconnector with a virtual collocation arrangement would also have the right to remotely monitor and control the equipment it uses. The LEC would install, maintain, and repair the equipment.

LECs will be required to make special access expanded interconnection available at all central offices that are classified as end offices or serving wire centers, as well as other points in their networks that are relevant for determining special access rates. The LECs will be required to specify points of interconnection as close as reasonably possible to their central office buildings. Parties will be allowed to interconnect using either fiber optic or, where reasonably feasible, microwave radio transmission facilities. Interconnectors will not be permitted to "rachet," that is, interconnect with switched traffic using their special access expanded interconnection facilities.

<u>Availability of Expanded Interconnection</u>

The Order requires all Tier 1 LECs, with the exception of the Puerto Rico Telephone Company, to offer expanded interconnection. Smaller LECs are not subject to these requirements. Expanded interconnection will be available to all interested parties, including competitive access providers (CAPs), interexchange carriers (IXCs), and end users. AT&T and any other party with facilities already located within local telephone company central office buildings will be required to interconnect under the same terms and subject to the same charges as other interconnectors.

<u>Pricing, Rate Structure, and Tariffing Requirements</u>

To implement expanded interconnection for special access, LECs will be allowed to establish reasonable new connection charge rate elements designed to compensate the LECs for services offered to interconnectors. This approach will permit customers to buy only the LEC central office connection they need, while purchasing transmission from third parties or providing the transmission themselves, effectively unbundling LEC transmission facilities from LEC central office connections. Connection charges will be set based on direct costs plus reasonable overhead loadings. The LECs are required to use a consistent methodology to derive direct costs and to justify any overhead loadings that they propose. The "net revenue test" will not apply to connection charges.

LECs will be required to file tariffs covering all terms of their expanded interconnection arrangements, including the use of central office space for physical collocation. The tariffs are to offer physical collocation under generally uniform terms and conditions in all central offices in a given study area, although rates for such items as floor space, power, and environmental conditioning could differ by office. Interconnectors and LECs would have some flexibility to negotiate individualized arrangements covering the central office transmission equipment used under virtual collocation.

Contribution Charge

The LECs will not be allowed to impose a contribution charge at this time. The Commission determined that all market participants should share the cost of any specifically identified support mechanisms or non-cost-based allocations imposed by its regulations that are embedded in LEC rates for special access services subject to competition. The Commission determined that the only significant support flow demonstrated on the current record that might warrant a contribution charge is the over-allocation of General Support Facilities (GSF) costs to special access.

Instead of allowing a contribution charge, the Commission issued a Notice of Proposed Rulemaking proposing to modify the Part 69 rules to eliminate the GSF over-allocation. The Commission tentatively concluded that any benefits of this allocation are outweighed by the potential adverse effects on the development of competition in interstate access markets.

The LECs may seek to demonstrate that regulatory support flows other than the GSF over-allocation are embedded in the rates of special access services subject to competition, and warrant a contribution charge. The LECs may seek Commission approval of such a charge, but would be required to file petitions and obtain Commission approval prior to filing tariffs including any such charge.

LEC Special Access Pricing Flexibility

The Commission also granted the LECs additional special access pricing flexibility, once they have operational expanded interconnection offerings, in light of the increased competition that will result from this decision. The LECs will be permitted to establish a number of rate zones within each existing study area, assigning each wire center to one of the zones based on a showing that such assignments reflect cost-related factors such as traffic density.

LECs' special access rates will continue to be averaged within each zone, but DS1 and DS3 rates in different zones will be allowed to diverge over time, using a price cap mechanism. Subject to separate subindexes for services in each zone, LECs will be permitted to lower the average rate level in any zone by as much as 10 percent annually relative to the price cap index (PCI) for the special access basket, or to raise the rate level by up to 5 percent annually relative to the PCI, without triggering any of the additional cost justification or advance notice requirements contained in the price cap rules. The existing pricing bands for DS1 and DS3 services will continue to apply on an overall basis. LECs subject to the rate of return rules that implement expanded interconnection will be granted a similar degree of flexibility.

(over)

The Commission is directing the Chief, Common Carrier Bureau, to require submission of cost support data for the largest existing volume and term discounts for special access services offered by some LECs. This information will enable the Commission to determine whether further action is necessary to prevent anticompetitive or discriminatory pricing practices.

In addition, customers with LEC special access offerings with terms in excess of three years, entered into on or before the date of adoption of the Report and Order, will be permitted to take a "fresh look" to determine whether to avail themselves of a competitive alternative during the 90-day period after expanded interconnection arrangements are available in any given central office. In such cases, termination charges would be limited to the additional charges the customer would have paid for service for the term actually used, plus interest at the prime rate.

The LECs will be required to apply non-recurring reconfiguration charges in a non-discriminatory manner that does not differentiate based on whether customers choose to use interconnector or LEC facilities for special access service, unless there are identifiable cost differences.

The Commission said it would not restrict the distance sensitivity of LEC special access rates, noting that competitive pressures should tend to bring the distance sensitivity of LEC rates in line with costs.

Implementation Schedule

Tier 1 LECs will be required to file interstate tariffs within 120 days of the release of the Order to implement expanded interconnection. The tariffs are to offer physical collocation for interconnection with DS1 and DS3 services. The tariffs shall also make virtual collocation generally available in study areas where virtual collocation is offered under intrastate tariffs, or where LECs and interconnectors negotiate such arrangements. The tariffs are to be filed to be effective upon 90 days of the public notice.

The LECs are to file requests for waivers of the physical collocation requirement due to space limitations in particular central offices together with their initial tariff filings. The initial tariff filings need not provide for physical collocation in individual central offices for which the LEC is requesting a waiver due to space limitations. If the Bureau denies such waiver requests, the LECs will be required to file tariff revisions within 14 days, to provide physical collocation.

LECs with operational intrastate expanded interconnection offerings will be required to file interim federal tariffs within 30 days of the release of the Order, with terms mirroring the provisions of the state offerings but excluding contribution charges. These interim tariffs are to be effective upon 21 days of the public notice.

News Media contact: Rosemary Kimball at (202) 632-5050.
Common Carrier Bureau contacts: Claudia Pabo at (202) 632-4047, Douglas Slotten at (202) 632-9342, or David Sieradzki at (202) 632-6934.

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

STATEMENT OF CHAIRMAN ALFRED C. SIKES

Regarding Expanded Interconnection
for Special Access (CC Docket No. 91-141)

Today my colleagues and I adopted three interrelated policy items that collectively take a historic step in opening the local exchange market to the benefits of competition. While I am confident that we have removed many regulatory barriers to competition today, there is one aspect of our new rules on expanded interconnection that, for several reasons, troubles me.

It's not clear to me what problems we are attempting to resolve by requiring the local exchange carriers to provide physical collocation to all interconnectors that request it. Often such a highly regulatory approach will create more real problems than the illusory ones it seeks to resolve. This requirement is intrusive and raises questions whether it constitutes a "taking" or confiscation of local exchange carrier property. I am also sensitive that our actions may appear to undercut any future state interconnection policies. Finally, I have serious concerns about the local exchange carriers' ability to control access to its network facilities and thus the impact of such a mandate on network reliability. While I am not going to formally request the Network Reliability Council to take up the issue of mandated physical collocation, I do intend to let them know the question has been raised so they can determine whether it should be considered.

I will look forward to reviewing the comments on reconsideration that address the specific action we are taking today requiring physical collocation in the context of the several issues I have raised.

September 17, 1992

SEPARATE STATEMENT
OF
COMMISSIONER ANDREW C. BARRETT

RE: Expanded Interconnection with Local Telephone Company Facilities; Amendment of Part 69 Allocation of General Support Facility Costs (CC Docket No. 91-141)

This item is a major step toward increased competition in the provision of interstate access services. This item requires Tier 1 LECs to offer expanded opportunities for interconnection for the provision of interstate special access service. This Order also provides that expanded interconnection will be available to all third parties, including CAPs, IXCs, and end users. This Order in conjunction with today's other companion access Orders will expand service choices for telecommunications users, heighten incentives for efficiency, and increase pressure for cost-based prices.

A major aspect of this Order is the recognition and authorization for additional pricing flexibility to enable the LECs to price their own services in response to competition. I believe that the interconnection rules established in this item in conjunction with the added pricing flexibilities for the LECs, represents an equitable regulatory framework for increased competition in the interstate special access market.

This item requires LECs to make physical collocation available to all interconnectors that request it. The parties would be free to negotiate satisfactory virtual collocation arrangements if such arrangements are preferable from the point of view of both parties. Although interconnectors will have a right to physical collocation, this approach allows interested parties to negotiate collocation arrangements to meet specific needs. It is quite likely that LECs will be able to create virtual collocation arrangements sufficiently comparable to physical collocation that many interconnectors will choose virtual rather than physical collocation.

The tariffs implementing expanded interconnection for special access will include connection charges designed to compensate the LECs for services offered to interconnectors. However, the LECs will not be allowed to impose a contribution charge at this time.

September 17, 1992

STATEMENT OF
COMMISSIONER SHERRIE P. MARSHALL

Re: Report and Order on Expanded Interconnection with Local Telephone Companies (CC Docket No. 91-141); Second Notice of Proposed Rulemaking on Expanded Interconnection with Local Telephone Companies (CC Docket No. 80-286); and Report and Order on Transport Rate Structure and Pricing (CC Docket No. 91-213)

The three actions we take today -- implementation of expanded interconnection for special access, a proposal to implement expanded interconnection for switched access, and adoption of a new transport rate structure and prices -- cover some of the most important, complex and controversial issues this Commissioner has ever tackled. The questions presented are intricate, difficult to grasp and not susceptible to "quick fixes." Yet, from a consumer's perspective the basic result of the decisions is amazingly straightforward: rates for special access and switched transport services will decrease as competition increases.

I have been vigilant throughout these proceedings to ensure that in our efforts to stimulate the development of competition we have also given proper weight to the legitimate concerns of existing carriers and existing customers. An example of this balancing process is evident in the Special Access Expanded Interconnection Order. Upon concluding that the public interest is best served by a collocation policy, we simultaneously revised our rules to allow local exchange carriers to revise their special access prices so that they would not be hamstrung from competing with alternative access carriers. Similarly, in the transport proceeding, on the one hand we implement an interim rate structure that avoids immediate, excessive rate impacts on the smaller interexchange carriers, while on the other, we eliminate the equal charge per minute of use pricing structure, thus ensuring that the LECs can better meet the needs of the larger interexchange carriers.

The Further Notices we adopt today provide concrete evidence that our work has just begun. A final permanent transport rate structure and pricing plan have yet to be developed because we appreciate the need to move cautiously in this new competitive environment. In addition, the questions we ask about adopting expanded interconnection for switched transport are more complex and controversial in their potential effect on local customers than those we addressed in the special access environment.

I am confident, however, that the record developed in both proceedings will provide significant guidance to the Commission as we further pursue our goals of increased competition, lower rates for consumers and continued high quality service. I can not emphasize enough the importance a well-developed record plays in proceedings of this magnitude and I urge all interested parties to devote whatever time and resources are necessary to assist us in our efforts.

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