

FLORIDA PUBLIC SERVICE COMMISSION

SPECIAL COMMISSION CONFERENCE

VOTE SHEET

DATE: November 30, 1994

RE: DOCKET NO. ~~930955~~ Petition for expanded interconnection for alternate access vendors within local exchange company central offices by INTERMEDIA COMMUNICATIONS OF FLORIDA, INC.

DOCKET NO. 930955-TL - Request for approval of tariff filing to restructure Switched Access Local Transport by BELLSOUTH TELECOMMUNICATIONS, INC. d/b/a SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY. (T-93-552 filed 9/15/93)

DOCKET NO. 940014-TL - Request for approval of tariff filing to restructure local transport element of switched access service by UNITED TELEPHONE COMPANY OF FLORIDA. (T-93-728 filed 12/17/93)

DOCKET NO. 940020-TL - Request for approval of tariff filing to restructure local transport element of switched access service by CENTRAL TELEPHONE COMPANY OF FLORIDA. (T-93-727 filed 12/17/93)

DOCKET NO. 931196-TL - Request for approval of tariff filing to provide Switched Local Channel rate elements for interexchange companies and end users who have requested interstate switched access collocation by BELLSOUTH TELECOMMUNICATIONS, INC. d/b/a SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY. (T-93-703 filed 12/1/93)

DOCKET NO. 940190-TL - Request for approval of tariff filing to restructure local transport by GTE FLORIDA INCORPORATED. (T-94-090 filed 2/16/94)

COMMISSIONERS ASSIGNED: DS CL JN

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

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REMARKS/DISSENTING COMMENTS:

PSC/RAR33 (5/90)

DOCUMENT NUMBER - DATE

12068 NOV 30 94

Fpsc-RECORDS/REPORTING

**Issue 1: How is switched access provisioned and priced today?**

**Stipulation:** Switched access service uses a local exchange company's switching facilities to provide a communications pathway between an interexchange company's terminal location and an end user's premises. Switched access is provisioned under a feature group arrangement. There are four feature groups: FGA, FGB, FGC, and FGD. These categories are distinguished by their technical characteristics, e.g. the connection to the central office is line side or trunk side. Rate elements differ by name according to the respective local exchange company. Rate elements typically include local switching, carrier common line, local transport, and carrier access capacity. Rate elements are currently priced under the equal charge rule. This means that each unit is priced the same as the next unit for a given rate element. Rates and charges include recurring, nonrecurring, and usage. (This stipulation was approved at the August 22, 1994 hearing. Therefore, this issue has been resolved.)

**APPROVED**

**Issue 2: How is local transport structured and priced today?**

**Stipulation:** Local transport, as mentioned in Issue 1, is one of the switched access rate elements. Local transport is currently priced on a usage sensitive basis. The rate is applied on a per minute of use basis. Regardless of distance, all transport minutes of use are assessed the same rate per minute of use. (This stipulation was approved at the August 22, 1994 hearing. Therefore, this issue has been resolved.)

**APPROVED**

**Issue 3: Under what circumstances should the Commission impose the same or different forms and conditions of expanded interconnection than the FCC?**

**Recommendation:** The FCC appears to grant state commissions broad latitude in defining the circumstances under which one form of collocation is established over another. Based on testimony in the record, staff believes that, if virtual collocation is mandated, LECs should be exempt from virtual collocation requirements if they opt for providing physical collocation. If physical collocation is mandated by the Commission, however, LECs should be exempted from the requirements for physical collocation if allocated space is exhausted and the LEC agrees to provide virtual collocation.

**APPROVED**

Issue 4: Is expanded interconnection for switched access in the public interest?

Recommendation: Yes, expanded interconnection for switched access is in the public interest.

**MODIFIED** *Approved with the addition of a benefit that may occur with expanded interconnection: Avoidance of non-economic bypass of the public network.*

Issue 5: Is the offering of dedicated and switched services between non-affiliated entities by non-LECs in the public interest?

Recommendation: Yes. The offering of dedicated and switched services between non-affiliated entities by non-LECs is in the public interest.

**APPROVED** *Approved with the understanding that the Commission will maintain the flexibility to address local rates should the offering have an impact on these rates.*

Issue 6: Does Chapter 364, F.S., allow the Commission to require expanded interconnection for switched access?

Recommendation: There is nothing in Chapter 364 that prohibits expanded interconnection for switched access. However, there are certain prohibitions as to the extent which expanded interconnection for switched access can be implemented. Pursuant to Sections 364.335(3) and 364.337, Florida Statutes, AAVs are prohibited from interconnecting with the LEC switch for the provision of switched access. AAVs can provide transport of switched traffic between a single IXC's points of presence.

**APPROVED**

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**Issue 7:** Does a physical collocation mandate raise federal or state constitutional questions about the taking or confiscation of LEC property?  
**Recommendation:** Although a physical collocation mandate may raise federal or state constitutional questions about the taking or confiscation of LEC property, it does not necessarily mean that there is a constitutional violation. There is no need for the Commission to determine whether there is an actual taking of LEC property if the Commission decides not to implement a mandatory physical collocation policy as discussed in Issue 8.

*No decision was necessary, due to the decision in Issue 8.*

**Issue 8:** Should the Commission require physical and/or virtual collocation for switched access expanded interconnection?

**Recommendation:** The Commission should require the LECs to provide virtual collocation for switched access expanded interconnection to all interconnectors upon request. LECs will be exempted from this requirement in offices where they opt to provide physical collocation; once space for physical collocation is exhausted, the LEC must provide virtual collocation.

**APPROVED**

**Issue 9:** Which LECs should provide switched access expanded interconnection?

**Stipulation:** Only Tier 1 LECs (Southern Bell, GTEFL, United, and Centel) shall be required to offer switched access expanded interconnection. If a non-Tier 1 LEC receives a bona fide request for expanded interconnection but the terms and conditions cannot be negotiated by the parties, the Commission shall review such a request on a case-by-case basis. If the parties agree on expanded interconnection, the terms and conditions shall be set by individual negotiation. (This stipulation was approved at the August 22, 1994 hearing. Therefore, this issue has been resolved.)

**APPROVED**



**Issue 10:** From what LEC facilities should expanded interconnection for switched access be offered? Should expanded interconnection for switched access be required from all such facilities?

**Stipulation:** Expanded interconnection shall be offered out of all LEC offices, which include central offices, end offices, tandems, and remotes, that are used as rating points for switched access services and have the necessary space and technical capabilities. Initially, expanded interconnection shall be offered out of those central offices that are identified in the proposed tariffs in the interstate jurisdiction. Additional offices shall be added within 90 days of a written request to the LEC by an interconnector. (This stipulation was approved at the August 22, 1994 hearing. Therefore, this issue has been resolved.)

**APPROVED**

**Issue 11:** Which entities should be allowed expanded interconnection for switched access?

**Stipulation:** Any entity shall 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, orders and statutes. (This stipulation was approved at the August 22, 1994 hearing. Therefore, this issue has been resolved.)

**APPROVED**

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

**Recommendation:** No. The Commission should not impose such a requirement at this time. Instead, the Commission should encourage the collocators to allow LECs and other parties to interconnect with their networks. If a dispute arises, the Commission should review the request to interconnect on a case-by-case basis.

**APPROVED**

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**Issue 13:** Should the Commission allow switched access expanded interconnection for non-fiber optic technology?

**Stipulation:** Yes. The Commission shall allow expanded interconnection of non-fiber optic technology on a central office basis where facilities permit. The actual location of microwave technology shall be negotiated between the LEC and the interconnector. (This stipulation was approved at the August 22, 1994 hearing. Therefore, this issue has been resolved.)

**APPROVED**

**Issue 14:** Should all switched access transport providers be required to file tariffs?

**Recommendation:** No. Staff recommends that only LECs should file tariffs for switched access transport.

**APPROVED**

*with the understanding that  
the Commission will maintain  
the flexibility to re-visit the issue of who  
should file tariffs, if the law changes  
with respect to AAVs*

Issue 17: Should the LECs' proposed intrastate switched access interconnection tariffs be approved?

Recommendation: Not as filed. Tier 1 LECs filed only illustrative switched access interconnection tariffs based on mandatory physical collocation. Because staff is recommending mandatory virtual collocation in issue 8, all Tier 1 LECs should file actual tariffs which mirror the interstate switched access interconnection tariffs on file with the FCC as of January 1, 1994. However, those standards, terms and conditions that will be adopted in the Phase I final order that are different than those adopted by the FCC should be included in the tariff. Several of the terms and conditions for special access and private line are under reconsideration. These include checkerboarding, warehousing, and tariffing at the DSO level. These Phase I issues need to become final before the Phase II tariffs can be approved because the terms and conditions for special and switched should, for the most part, be the same.

The LEC-specific switched access interconnection tariffs containing mandatory virtual collocation requirements should be filed 60 days after the Phase I and Phase II orders are final and all outstanding motions for reconsideration have been decided. In addition, these tariffs should become effective on or after the date the LEC's local transport tariffs (issue 21) become effective. The switched access interconnection tariffs will be reviewed by staff according to the Commission's standard tariff review process and brought back before the Commission for approval.

**MODIFIED**

*Approved with the correction to the date, that the date is January 1, 1995, rather than 1994*

Issue 18: Should the LECs be granted additional pricing flexibility? If so, what should it be?

Recommendation: Yes. Some density pricing flexibility for the local transport elements of switched access should be approved on a conceptual basis for the LECs. This is consistent with Phase I of this docket and with the FCC. The FCC's some density pricing flexibility concept, which allows for the establishment of three density pricing zones and requires that rates be averaged within each zone but allows that rates may differ between pricing zones, should be used as a guide. No later than 90 days following the issuance of the final order in this phase of the proceedings, the LECs should be required to file their some density pricing tariffs, including supporting incremental cost data. In addition, to the extent possible, the LEC should identify the amount of any costs that, while not directly attributable to one of these elements, is associated with this service (i.e., group-specific costs). As with the special access tariffs, if a LEC desires to deviate from the FCC parameters, it should identify the variation and provide justification for the change. However, neither Contract Service Arrangements nor Switched Access Discount Pricing should be allowed at this time.

**APPROVED**

*with the understanding that LECs that feel they need CSAs to meet competitive needs are free to come before the Commission with a request.*

Issue 15: Should the proposed LEC flexible pricing plans for private line and special access services (Phase I) be approved?

Recommendation: Not at this time. Staff recommends that the decision regarding the LEC proposed intrastate flexible pricing plans for private line and special access services should be deferred until the Phase I order on Expanded Interconnection for Special Access and Private Line Services becomes final. After the Phase I order becomes final, staff will bring a recommendation before the Commission addressing each of the LECs' proposed tariffs for intrastate private line and special access flexible pricing. This recommendation will be based on the Phase I order and the Phase II record for this issue.

**APPROVED**

Issue 16: Should the LECs' proposed intrastate private line and special access expanded interconnection tariffs be approved?

Recommendation: Not at this time. Staff recommends that the decision regarding the LEC proposed intrastate private line and special access expanded interconnection tariffs should be deferred until the Phase I order on Expanded Interconnection for Special Access and Private Line Services becomes final. After the Phase I order becomes final, staff will bring a recommendation before the Commission addressing each of the LECs' proposed intrastate private line and special access expanded interconnection tariffs. This recommendation will be based on the Phase I order and the Phase II record for this issue.

**APPROVED**

Issue 23A: Should the Commission modify the Phase I order in light the decision by the United States Court of Appeals for the District of Columbia Circuit?

Recommendation: Yes. The Commission should modify the Phase I order in light of the decision by the United States Court of Appeals for the District of Columbia. Staff recommends that, generally, the Phase I order should mirror the decisions made in Phase II, but specifically these Phase I decisions should not be dealt with until after reconsideration of the Phase I order.

**APPROVED**



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**Issue 19: Should the Commission modify its pricing and rate structure regarding switched access transport service?**

**a) With the implementation of switched expanded interconnection.**

**b) Without the implementation of switched expanded interconnection.**

**Recommendation: Whether or not the Commission approves the implementation of expanded interconnection for switched access, it should still proceed with the restructure of Local Transport.**

**APPROVED**

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**Issue 20:** If the Commission changes its policy on the pricing and rate structure of switched transport service, which of the following should the new policy be based on:

- a) The intrastate pricing and rate structure of local transport should mirror each LEC's interstate filing, respectively.
- b) The intrastate pricing and rate structure of local transport should be determined by competitive conditions in the transport market.
- c) The intrastate pricing and rate structure of local transport should reflect the underlying cost based structure.
- d) The intrastate pricing and rate structure of local transport should reflect other methods.

**Recommendation:** The intrastate pricing and rate structure must reflect the underlying costs, and should encourage efficient utilization of the LEC network. The following guidelines should be used to evaluate LEC Local Transport tariff proposals:

- \* The intrastate pricing and structure of Local Transport should accurately reflect the underlying cost structure. Prices should be set such that they recover incremental costs and provide a contribution to joint and common costs.
- \* The relationship between prices for various transport options should encourage the optimal and most efficient utilization of the LEC network.
- \* It is not necessary that contribution levels between the three types of switched transport be absolutely identical. However, contribution levels should not be so disparate as to be unreasonably discriminatory or as to distort demand.
- \* This Commission should not establish a policy of "market-based" pricing since it cannot effectively monitor or evaluate such a policy.
- \* Mirroring interstate rate levels is neither necessary nor desirable as a rate design policy.

**APPROVED**

**Issue 21:** Should the LECs' proposed local transport restructure tariffs be approved? If not, what changes should be made to the tariffs?

**Recommendation:** No. No later than 90 days following the issuance of the final order in this phase of the proceedings, the LECs should be required to refile their Local Transport tariffs according to the guidelines identified in Issue 20. In addition, the following should also be required to support their revised filings:

- 1) LECs should be required to develop estimates of their costs for their Entrance Facilities, Tandem Switched, and Direct Trunked transport rate elements to serve as benchmarks against which to measure their pricing proposals. The LECs should provide incremental cost estimates for each of these elements. In addition, to the extent possible, the LEC should identify the amount of any costs that, while not directly attributable to one of these elements, are associated with this service (i.e., group-specific costs).
- 2) LECs should provide an analysis justifying the contribution levels which they incorporate into their proposed rates.
- 3) LECs should include a cross-over point analysis in their filings. The cross-over point analysis should cover different mileage distances, and cross-over points should be calculated for Entrance Facilities separately from interoffice channels. The Residual Interconnection Charge (RIC) should not be included.
- 4) The Commission should allow the use of demand estimates for the RIC based on networks as currently configured. The Non-Recurring Charge (NRC) waiver has been in effect for almost two years now and is scheduled to expire at the end of 1994. It was designed to encourage more efficient trunking configurations on the part of the IECs. Therefore, the LECs should use 1994 demand estimates using as much actual data as is available in the time frame allowed. Staff believes that the results would be more accurate.

**APPROVED**

**Issue 22:** Should the Modified Access Based Compensation (MABC) agreement be modified to incorporate a revised transport structure (if local transport restructure is adopted) for intraLATA toll traffic between LECs?

**Recommendation:** LEC rates under the Modified Access Based Compensation (MABC) plan for intraLATA LEC toll should continue to mirror the corresponding switched access rates. Therefore, if the Commission revises or restructures Local Transport rates, then intraLATA transport and intertoll trunking rates between LECs should be modified accordingly. The LECs should file tariff revisions to their MABC tariffs to incorporate the rate structure and levels approved by the Commission in Issue 21, no later than 90 days following the effective date of the new tariffs required in Issue 21. They should also delete the provision in their MABC tariffs that eliminated the need for the MABC rate structure to match switched access. Until new tariffs are approved, the LECs should continue to charge the current Local Transport rate under the MABC plan.

**APPROVED**

**Issue 23:** How should the Commission's imputation guidelines be modified to reflect a revised transport structure (if local transport restructure is adopted)?

**Recommendation:** The policy issue of whether the Commission should continue to require imputation of LEC switched access rates in their toll rates should be addressed in a separate docket. LECs should continue to use the current Local Transport rate element for purposes of access imputation until the Commission has addressed the broader policy issues.

**APPROVED**

**Issue 24:** Should these dockets be closed?

**Recommendation:** No. These dockets should not be closed until all related issues have been resolved in the federal proceeding.

**APPROVED**