FLORIDA PUBLIC SERVICE COMMISSION
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M E M O R A N D U M

December 7, 1995

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF COMMUNICATIONS (GREER, LONG)
DIVISION OF LEGAL SERVICES (BARONE)

RE: DOCKET NO. 950737-TP - INVESTIGATION INTO TEMPORARY LOCAL TELEPHONE NUMBER PORTABILITY SOLUTION TO IMPLEMENT COMPETITION IN LOCAL EXCHANGE TELEPHONE MARKETS

AGENDA: 12/14/95 - SPECIAL AGENDA - POST HEARING DECISION - PARTIES MAY NOT PARTICIPATE

CRITICAL DATES: JANUARY 1, 1996 PURSUANT TO 364.16(4), F.S.

SPECIAL INSTRUCTIONS: I:\PSC\CMU\WP\950737. Rcm

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EXECUTIVE SUMMARY

The parties to this proceeding filed a Stipulation on August 31, 1995 which was approved by the Commission. The Stipulation rendered Issues 1, 2, 6, and 7 moot. The main unresolved issue is the price LECs will charge for Remote Call Forwarding as a temporary number portability mechanism. Listed below is a brief discussion of the issues in this docket.

Issue A addresses Time Warner AxS of Florida, L.P.'s Motion to Accept Supplemental Authority and Motion for Official Recognition of Washington Utilities and Transportation Commission Order. Staff recommends granting the Motions.

Issue B addresses whether the Commission should accept or reject the proposed findings of fact submitted by MFS. Staff recommends that the Commission accept proposed findings of fact numbered 2 and 5-9. Staff recommends that the Commission reject proposed findings of fact numbered 1,3,4,10 and 11.

Issue C addresses whether the Commission should accept the proposed conclusions of law submitted by MFS. Staff recommends that the Commission not rule on the proposed conclusions of law.

Issue 3 addresses the advantages and disadvantages of using Remote Call Forwarding (RCF) to provide temporary number portability. Although most of the parties do not dispute the advantages and disadvantages, the LECs appear to be concerned that the price they charge for RCF will be affected by the advantages and disadvantages identified in this docket. The LECs believe that consideration of the advantages and disadvantages of using RCF to provide temporary number portability is not necessary since the parties have stipulated RCF as the temporary number portability mechanism. All other parties believe the advantages and disadvantages should be considered when determining the price for RCF. The advantages and disadvantages are not attributable to a single carrier, but instead are associated with the way the current telecommunications network has evolved. Further, staff believes it is necessary for the Commission to vote on the advantages and disadvantages since they will be supporting evidence for its decision in Issue 5.

Issue 4 addresses the relevant costs for providing RCF for temporary number portability. The parties generally agreed that the costs consist of service implementation costs, central office equipment software costs, and interoffice networking costs. The parties disagreed on specific cost items and the levels of some costs. Staff believes the LECs' costs studies are questionable; therefore, accurate costs for RCF cannot be determined.

Issue 5 addresses the specific rates for RCF. GTEFL and Sprint proposed rates above their incremental costs, stating that they should be able to recover some shared and common costs as well. Curiously, Southern Bell did not propose any rates in this proceeding. Staff recommends rates of $1.00 per month for one path, $0.50 per month for each additional path, and a $10.00 nonrecurring charge. Staff believes these rates will cover the companies' direct costs, however, because the costs were not accurately determined in Issue 4 and staff's proposed rates are below SBT's stated costs, we recommend that SBT file a cost study at a later date that more accurately reflects direct incremental costs. SBT's rates may be adjusted after examination of that study.

Issue 8 addresses the closing of this docket and any implementation issues necessary to implement RCF as a temporary number portability mechanism. The parties are mixed as to whether this docket should be kept open to address any problems associated with the implementation of RCF and begin to investigate the appropriate permanent number portability mechanism. Staff believes the Commission should keep this docket open to address any problems with the implementation of RCF as a temporary number portability mechanism and to evaluate the potential cost information that will be filed by Southern Bell in March 1997. Further, staff believes the Commission should open a separate docket to address the development of a permanent number portability mechanism. This approach seems to be cleaner than using this docket to investigate permanent number portability.

As for implementation issues that need to be addressed, staff recommends the LECs should file temporary number portability RCF tariffs by January 1, 1996 which concur with the requirements identified in Issue 5. Since the ALEC rules do not require filing of pricing information, except for basic services, staff recommends the ALECs should notify the Commission 30 days prior to using RCF to provide temporary number portability. Staff also recommends if the LECs and ALECs negotiate a different price for RCF, higher than the price established in Issue 5, or a price for any other temporary number portability such as Flex DID, the companies should file a joint notice of such an agreement 10 days from the completion of the negotiated agreement.

Several procedures pertaining to temporary number portability have been identified as necessary prior to the beginning of competition by ALECs. Listed below are these procedures.

1. Billing of RCF for temporary number portability
2. Handling of 911 information of ported numbers
3. Service Ordering Requirements for RCF
4. Trouble Handling of Ported Numbers

Staff recommends the LECs should file these procedures with the Commission no later than January 1, 1996, and the ALECs should provide the same information at the time they begin to provide local telephone service. This information will be necessary to ensure carriers know what to expect in these essential areas before they decide to use RCF as a temporary number portability solution.

CASE BACKGROUND

Section 364.16 (4), Florida Statutes, which became effective on July 1, 1995, requires the Commission to ensure the implementation of a temporary number portability solution prior to the introduction of competition in the local exchange market. This section specifically states:

> In order to assure that consumers have access to different local exchange service providers without being disadvantaged, deterred, or inconvenienced by having to give up the consumer's existing local telephone number, all providers of local exchange services must have access to local telephone numbering resources and assignments on equitable terms that include a recognition of the scarcity of such resources and are in accordance with national assignment guidelines.

This section of the statute requires the parties, under the direction of the Commission, to set up a number portability standards group by no later than September 1, 1995 for the purposes of investigation and development of appropriate parameters, costs and standards for number portability. However, since the Commission is required to ensure the establishment of a temporary number portability solution by January 1, 1996, it was impossible to establish a normal hearing schedule that met the timeline of Section 364.16 (4), F.S. Therefore, it became necessary, in order to meet the deadlines of the statute, to develop a hearing schedule which required the parties to be on a faster timeline than normally required by this section.

On June 29, 1995, the Commission established this docket to investigate the appropriate temporary local number portability solution as contemplated by the statute. Staff held a workshop on July 20, 1995 to address the following topics:

1. Establishment of the Number Portability Standards Group
2. Appropriate issues for the October hearing.
3. The possibility of stipulating the issues in this proceeding.
4. Staff's intention to investigate a permanent number portability solution once the temporary solution had been established

After the initial workshop, the parties and staff met on four separate occasions (August 3, August 15, August 22, and August 25) in an attempt to develop a stipulation for the issues in this proceeding. The parties submitted a proposed stipulation

(Attachment A) on August 31, 1995, which addressed some, but not all, of the issues identified in this docket. By issuance of Order No. PSC-95-1214-AS-TP on October 3, 1995, the Commission approved the stipulation proposed by the parties, thus rendering Issues 1, 2, 6 and 7 moot.

The stipulation requires LECs to offer certificated ALECs remote call forwarding (RCF) as the mechanism to provide temporary number portability by January 1, 1996, while allowing the parties to continue to negotiate on other mechanisms, such as Flex DID, if so desired. Likewise, ALECs shall offer RCF to LECs effective on the date they begin to provide local exchange telephone service. The parties have agreed that the price charged by the ALECs will mirror the price of the LECs. In addition, the parties agree that RCF is a temporary mechanism for number portability. They do not believe that RCF is feasible as a long term number portability mechanism. Therefore, the parties, via the stipulation, have agreed to continue to work to investigate and develop a permanent number portability solution.

On October 20, 1995, the Commission held its hearing which addressed the remaining issues (3, 4, 5 and 8): advantages and disadvantages of RCF, price to be charged for RCF, cost recovery mechanism to be used for RCF, and any implementation items identified in the hearing. At the hearing, seven (7) parties presented direct testimony, while three (3) parties presented rebuttal testimony on the remaining issues. Although Section 364.16 (4), F.S. addresses both temporary and permanent number portability, this proceeding only considered the appropriate parameters for the development of a temporary number portability mechanism in Florida. Staff intends to open another docket to address the development of a permanent solution. The following recommendation is the analysis of the remaining issues to be considered in this docket. All stipulated issues (1, 2, 6, and 7) will show the stipulated language listed in Prehearing Order No. PSC-95-1246-PHO-TP.

DISCUSSION OF ISSUES

ISSUE A: Should the Commission grant Time Warner AxS of Florida, L.P.'s Motion to Accept Supplemental Authority and Motion for Official Recognition of Washington Utilities and Transportation Order?

RECOMMENDATION: Yes. The Commission should grant Time Warner AxS of Florida, L.P.'s Motion to Accept Supplemental Authority and Motion for Official Recognition of Washington Utilities and Transportation Commission Order.

STAFF ANALYSIS: On November 6, 1995, Time Warner AxS of Florida, L.P., and Digital Media Partners (Collectively "Time Warner") filed a Motion to Accept Supplemental Authority and Motion for Official Recognition of Washington Utilities and Transportation Commission Fourth Order Rejecting Tariff Filings and Ordering Refiling; Granting Complaints, In Part which was issued on October 31, 1995.

Time Warner states that the Washington Order was issued after the hearing in this docket and that the Washington Commission's treatment of number portability issues is significant as contextual background for the policy determinations regarding number portability that are currently before the Florida Commission. Time Warner filed its Motions pursuant to Section 128.58(1)(a), Florida Statutes, Section 90.202, Florida Statutes, Section 120.61, Florida Statutes and Rule 25-22.035(3), Florida Administrative Code.

Section 120.61, Florida Statutes, provides that when official recognition is requested, the parties shall be notified and given an opportunity to examine and contest the material. Time Warner has provided a copy of the Washington Order to all parties and staff and no response in opposition has been filed with the Commission. Therefore, staff recommends granting the Motions.

ISSUE B: Should the Commission accept or reject the proposed findings of fact submitted by MFS?

RECOMMENDATION: The Commission should accept, in part, and reject, in part, MFS' proposed findings of facts as outlined in the Staff Analysis.

STAFF ANALYSIS: Rule 25-22.056(2)(a), Florida Administrative Code, and Section 120.57,(1)(b)4., Florida Statutes, provide that parties may file proposed findings of fact. Rule 25-22.056(2), Florida Administrative Code, provides that the Commission will rule upon each finding of fact, as required by Section 120.59(2), Florida Statutes, when filed in conformance with the rules. MFS properly filed proposed findings of fact on November 6, 1995. Therefore, staff recommends the following:

MFS' Proposed Findings of Fact

1. Temporary number portability is defined as "an end user's ability at a given location to change service from a local exchange company (LEC) to an alternative local exchange company (ALECs) or vice versa, or between two ALECs, without changing their local telephone number." Stipulation at 1-2.

   Recommendation: Reject.

   The stipulation states that service provider number portability allows an end user at a given location to change service from a local exchange company (LEC) to an alternative local exchange company (ALEC) or vice versa, or between two ALECs, without changing their local telephone numbers.

2. Remote Call Forwarding ("RCF") is a temporary service provider number portability mechanism that can be implemented in most LEC central offices at the present time using existing switch and network technology. Stipulation at 2. This mechanism entails sending a call to the old telephone number through the switch of the former local service provider, and then forwarding the call to the switch of the new local service provider. Stipulation at 2.

   Recommendation: Accept.

3. RCF is the most appropriate method to provide temporary number portability by January 1, 1996. Stipulation at 2.

   Recommendation: Reject as a conclusion of law.

4. Customers have indicated that they are extremely reluctant to change telephone service providers if they have to change their existing telephone numbers. (Devine TR 15,43)

   Recommendation: Reject. This is speculation, not fact.

   Witness Devine's testimony refers to MFS surveys conducted in New York which indicate that customers are extremely reluctant to change telephone carriers if they will also be required to change telephone numbers. (TR 43) He goes on to state that MFS has not seen in Florida or elsewhere any market survey or other evidence suggesting that number portability is <u>not</u> critically important to customers. (TR 44) Staff recommends that the Commission reject MFS' generalization which suggests that customers, including Florida customers, are <u>extremely</u> reluctant. Since there is no evidence in the record of any Florida survey, staff believes it is inappropriate to conclude that Florida customers are <u>extremely</u> reluctant to change telephone carriers if they will also be required to change telephone numbers.

5. A temporary number portability solution, such as RCF, is the only current means by which customers can retain their existing telephone numbers while exercising their option to choose an alternative local service provider. (Devine TR 25; Engleman TR 208)

   Recommendation: Accept.

6. Flexible Direct Inward Dialing is an alternative temporary number portability mechanism the terms of which the LECs will continue to negotiate with ALECs who desire to use such a mechanism. Stipulation at 3-4. Parties can continue to negotiate other feasible <u>options</u> for temporary number portability that may be available in the future. Stipulation at 4.

   Recommendation: Accept.

7. LECs have agreed to offer RCF to certificated ALECs as a temporary number portability mechanism, effective January 1, 1996. Stipulation at 2. ALECs have agreed to offer RCF to LECs as a temporary number portability mechanism, effective on the date the ALECs begin to provide local exchange telephone service. Stipulation at 2.

   Recommendation: Accept.

8. The recurring price for RCF will be charged on a per-line, per-month basis and will be uniform throughout an individual LEC's existing service territory. Stipulation at 3. The price charged by an individual LEC for RCF shall not be below the costs of that LEC to provide RCF for the purposes of providing temporary number portability. Stipulation at 3. The price charged for RCF offered by an ALEC will mirror the price charged by the LEC. Stipulation at 3.

   Recommendation: Accept.

9. The costs associated with providing RCF, which primarily entails the routing and switching of RCF calls over the existing network, include processing and transport costs. (Engleman TR 212-213; Price TR 250; Kolb EXH 11)

   Recommendation: Accept.

10. There is an added recurring cost associated with RCF as a result of the "double routing" of forwarded calls that is required under the RCF mechanism. Each call is first routed to the switch of the former local service provider, and then forwarded (ported) to the switch of the carrier actually serving the customer. The "double routing" imposes insignificant incremental switching costs on the carrier forwarding the call. (Devine EXH 3, p. 4)

    Recommendation: Reject.

    The concept of "double routing" is included in the LECs' cost studies as items such as interoffice transport or trunking. Whether the cost associated with interoffice trunking is insignificant or not is a matter of opinion. The LECs believe the cost is significant enough to include it as a separate cost item. (Kolb EXH 11, p. 3; Menard EXH 13, pp. 2-10; Poag EXH 15, p. 3)

11. RCF is not a "premium" service, such as "Caller ID" or "Call Trace", made available to customers merely as a convenient, supplemental feature of telephone service. (Devine, TR 45).

    Recommendation: Reject. This is not a finding of fact, but merely an opinion. The word "premium" is a relative term. RCF may or may not be considered a premium service depending on the customer.

ISSUE C: Should the Commission accept or reject the proposed conclusions of law submitted by MFS?

RECOMMENDATION: The Commission should not rule on the proposed conclusions of law.

STAFF ANALYSIS: Although MFS' proposed conclusions of law are set forth below, staff recommends that the Commission not rule on them. First, Rule 25-22.056, Florida Administrative Code, provides that parties may submit proposed conclusions of law; however, the Commission is not directed to rule on them. Second, Section 120.57,(1)(b)4., Florida Statutes, provides that parties may file proposed findings of fact. This section does not address whether parties may file proposed conclusions of law. Accordingly, staff recommends that the Commission not rule on the proposed conclusions of law since it is not required to do so by rule or statute.

MFS' Proposed Conclusions of Law

1. The purpose of RCF is to eliminate a substantial barrier to local exchange competition by enabling customers to retain their existing telephone numbers. (Devine EXH 2, p. 57)

2. Because interim number portability is a prerequisite for the development of local competition in Florida, the pricing of RCF also plays a critical role in the development of local competition. (Devine TR 44-45; Price TR 253-254)

3. Given the essential nature of this service, the historical LEC monopoly which is still present, and the deficiencies in this temporary mechanism, the pricing of RCF should be based on the incremental direct cost to the LEC for providing RCF with no contribution. (Price TR 254; Devine TR 44-46)

4. Pricing RCF to include a contribution to shared and common costs would stifle competition, not promote it. (Devine TR 43; Price TR 258-259)

5. An effective RCF interim number portability pricing mechanism in a competitive market requires the LECs to price RCF interim number portability, as well as all other LEC-to-ALEC charges, at incremental direct cost without contribution. (Price TR 254; Devine TR 44-46)

6. In light of the Stipulation that the costs of RCF be assessed on a per-line, per-month basis, the Commission shall adopt an RCF rate which assesses a monthly per number charge on all working telephone numbers (port and nonported). (Devine TR 32-33; Price TR 251) This surcharge will be determined by multiplying the total minutes of calls forwarded by the incremental costs of transport and switching required to provide RCF for the purposes of interim number portability. (Devine TR 32-33; Price TR 251)

7. The recovery of the RCF costs in this manner reflects the policy that the costs of RCF, which is necessary to develop competition in local exchange services, must be borne by all who benefit from the service and from the resulting competition. (Devine TR 17)

8. The opportunity for consumers to retain their telephone numbers when switching local telephone companies benefits not only those retaining their number but also those calling the consumer at the familiar retained number. (Devine EXH 2, pp. 16-17)

9. The cost of the benefit of the availability of RCF for interim number portability should be spread evenly across the entire subscriber base. (Devine TR 17, 31-32; Price TR 251-252)

10. While RCF is sufficient as an interim number portability solution, RCF should not be implemented as a permanent solution due to certain deficiencies. (Devine TR 28-30; Price TR 247-248; Engleman TR 210-213)

11. Any interim number portability funding mechanism should create an incentive for LECs to take the initiative in establishing permanent number portability. (Price TR 258)

12. The Commission should keep this docket open to ensure that implementation problems can be dealt with efficiently and effectively by the Commission. (Devine TR 45-46)

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

STIPULATION: According to the stipulation signed by the parties and approved by the Commission on September 12, 1995, temporary number portability is defined as an end user's ability at a given location to change service from a local exchange company (LEC) to an alternative local exchange company (ALECs) or vice versa, or between two ALECs, without changing their local telephone number. This is typically known as service provider temporary number portability.

It should be noted that the Stipulation and Agreement approved by Order No. PSC-95-1214-AS-TP, issued October 3, 1995 is the controlling document as it relates to this issue.

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

STIPULATION: According to the stipulation signed by the parties and approved by the Commission on September 12, 1995, the only technical solution that will be available by January 1, 1996 is remote call forwarding. However, the parties agree that Flexible Direct Inward Dialing is an alternative temporary local number portability mechanism, and that the LECs will continue to negotiate with the ALECs who desire to utilize Flexible Direct Inward Dialing or any other feasible option to provide temporary number portability that may be developed in the future.

It should be noted that the Stipulation and Agreement approved by Order No. PSC-95-1214-AS-TP, issued October 3, 1995 is the controlling document as it relates to this issue.

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

RECOMMENDATION: The Commission should accept the advantages and disadvantages for RCF listed in the staff analysis since they are supporting evidence for establishment of a price in Issue 5.

POSITION OF PARTIES

AT&T: As part of their work efforts, the industry number portability standards group developed a description of the advantages and disadvantages of the respective interim solutions. Such advantages and disadvantages are set forth in Exhibit 21.

SBT: Since RCF is the only technical solution available to meet the statutory mandate, SBT does not believe it is necessary for the Commission to make any finding with regard to the "advantages and disadvantages" of RCF.

BMI: Remote Call Forwarding interferes with the proper function of several services offered or contemplated by CMRS providers, such as BMI's Pro-Link, calling number identification service and the ability to identify calling numbers on customer bills.

FCTA: The advantages and disadvantages include those items contained in Hearing Exhibit No. 7. However, that list is not intended to be exhaustive.

FPTA: FPTA takes no position on any of the issues beyond those addressed in the stipulation between the parties.

GTEFL: It is not necessary for the Commission to vote on this issue because the stipulation designated RCF as the temporary number portability solution that will be implemented. Nevertheless, if the Commission deems it necessary to address this issue, GTEFL adopts SBT's position.

INTERMEDIA: Intermedia adopts Staff's Prehearing Position.

MCCAW: Hearing Exhibit 7 identifies the advantages and disadvantages of remote call forwarding.

MCIMETRO: The primary advantage of RCF as a temporary mechanism is that it is fairly simple for the LECs to implement. The disadvantages are numerous and are summarized on Exhibit 7. Most of these deficiencies arise from the fact that the LEC will remain in the call processing path of every call to the ported customer.

MFS: RCF provides the critical function of permitting end users to change local service providers while retaining their existing telephone number, with virtually no impact to the incumbent LEC's customer base and network. RCF, however, requires all calls to be routed to the LEC switch before they can be forwarded to MFS.

SPRINT: Sprint adopts the positions filed by United Telephone Company and Central Telephone Company of Florida.

SPRINT UNITED/CENTEL: Insofar as the parties have stipulated to RCF as an interim number portability solution, the pros and cons of RCF for that purpose are not relevant.

TIMEWARNER: The advantages and disadvantages of Remote Call Forwarding (RCF) as a temporary number portability mechanism are as compiled by Staff in Exhibit 7. The disadvantages outweigh the advantages, and the Commission should take this into account in setting the price for RCF for temporary number portability.

STAFF ANALYSIS: Some LECs do not believe it is necessary for the Commission to make a determination on this issue since RCF is the stipulated mechanism to be used in the provision of temporary number portability in Florida. (Menard TR 161, Line 17; Poag TR 187, Line 19) However, some potential competitors believe the advantages and disadvantages should be considered when determining the appropriate price the LECs should charge for RCF. (Engleman TR 220, Price TR 251-252) Although staff agrees to some extent with the LECs, staff believes the Commission should consider the advantages and disadvantages of RCF as a temporary number portability mechanism when determining the appropriate price. It should be clear that staff does not believe any advantage or disadvantage is attributable to any one carrier. The advantages or disadvantages are merely a fact of the current telecommunications network and some of the problems associated with moving to a competitive environment.

Before addressing the specific advantages and disadvantages, staff believes it is important to explain the perspective which it believes an advantage or disadvantage should be evaluated. Section 364.16 (4), F.S. establishes the requirement for the Commission to ensure that a temporary number portability mechanism is in place prior to the introduction of local exchange competition. One main emphasis of the statute is that a customer have access to different local exchange service providers without being disadvantaged, deterred, or inconvenienced by having to give up its existing local telephone number. Staff interprets this requirement to mean that basically the provision of number portability should be transparent in all aspects to the customer, if possible. Further, staff believes an advantage or disadvantage should be evaluated not only on the impact to customers but also to carriers. Staff considers an adverse impact to any carrier as a disadvantage. Likewise, a favorable impact should be recognized as an advantage. Staff does not intend to attribute any advantage or disadvantage to any one carrier. As stated before, we believe the advantages and disadvantages are a product of using RCF to provide temporary number portability in the telecommunications network of today.

The parties have identified numerous advantages and disadvantages in using RCF to provide temporary number portability. Listed below are the major advantages and disadvantages of RCF that were identified in this proceeding. Although there were additional advantages and disadvantages identified by parties, staff believes they are encompassed in the list of advantages and disadvantages listed below.

Advantages

1. RCF will be provisioned using existing translation routines and can be delivered directly from an end office to the ALEC. (Kolb TR 53, Line 23)

2. RCF is also a known and well understood offering generally available in all offices. (Kolb TR 53, Line 25)

3. RCF will not require additional trunking requirements with low call volume. The RCF'd call would traverse the normal interoffice trunking network. (Kolb EXH 10, p. 5)

4. RCF allows end users to change local service providers while retaining their existing telephone number, with minimal impact to the incumbent LEC's customer base and network. (Devine TR 29, Line 9)

5. Only one translation change per path is required. (Engleman TR 210, Line 6)

6. Screening list CLASS features in the customer's new central office still work. (Engleman TR 210, Line 8)

7. RCF supports the use of SS7 signaling. (Engleman TR 210, Line 13)

8. RCF can be applied on a line-by-line basis. (Engleman TR 210, Line 14)

Disadvantages

1. Two telephone numbers are required for each portable number arrangement using RCF. (Kolb TR 54, Line 5; Poag TR 188, Line 2)

2. Calls from a ported number may not allow for full CLASS feature transparency. (Kolb TR 54, Line 6; Engleman TR 212, Line 1)

3. Potential call set-up of an additional delay of .5 to 5 seconds is possible depending upon the network configuration and signaling protocols. (Kolb TR 54, Line 8)

4. The engineered capability of a given switch may pose a problem in regard to the number of call forwarded calls the switch can handle at a given time. (Kolb TR 54, Line 11)

5. Some call flow scenarios would require additional trunking. (Kolb TR 54, Line 14; Engleman TR 211, Line 7)

6. All calls must be routed to the LECs' switches before they can be forwarded to ALECs. (Devine TR 28, Line 17)

7. The actual network number (for a ported number) is not known to customers. (Engleman TR 210, Line 18)

8. Administration is required to insure the appropriate RCF changes are made in the affected office when a customer moves to a new local service provider. (Engleman TR 211, Line 13)

9. RCF for two paths is necessary to enable call waiting for the ported customer. (Engleman TR 211, Line 18)

10. The incumbent LEC remains in the revenue stream for terminating access revenues. (Engleman TR 211, Line 20)

11. For 911 purposes, it is not clear that the ported number would be able to be displayed at the PSAP in all cases, and if it is, it will require training of the PSAP operator. (Guedel EXH 21)

For the most part, the parties to this proceeding did not strongly disagree with the list of advantages and disadvantages identified above. (Kolb TR 122-123, Menard TR 153-155, Poag TR 187-193, Engleman TR 234-236, Price TR 282; Guedel EXH 21) However, since some of the LECs were concerned with the use of a Commission approved list of advantages and disadvantages for RCF when establishing the prices for RCF, they expressed some concern with specific advantages or disadvantages. Although the LECs may not have disagreed that there was a specific advantage or disadvantage with using RCF, the LECs wanted to ensure that it was clear the disadvantages were not attributed to their company in any way. With that understanding, staff will address the major concerns raised by the parties.

GTEFL's witness Menard expressed some concern with using the RCF mechanism developed in the proceeding to allow customers to move from one location to another. (TR 153-154) When questioned by a Commissioner as to why she would be concerned, Witness Menard claimed it would require GTEFL to incur additional transport costs to handle the ported number. (TR 155) Although staff believes a **permanent** number portability solution should allow for location portability, if cost justified and desired by customers, in addition to service provider portability, we do not believe that was the intent of the stipulation which was approved by the Commission. The stipulation clearly states, "The parties agree that Chapter 364.16 (4), Florida Statutes, requires a service provider temporary number portability solution." Staff does not believe this part of the stipulation considered location portability when the parties where developing their testimony and presenting evidence in this docket. The LECs have not identified on the record, what impact the use of RCF to provide location number portability would have on the prices proposed in this docket. Therefore, staff believes since the RCF temporary number portability mechanism should only be a short term solution, and the parties have stipulated to the use of RCF as a mechanism to provide service provider portability, it should not be used to provide location portability at this time. However, staff notes if it becomes apparent that the development of a permanent number portability solution will not occur in Florida before January 1998, the ALECs should be permitted to use RCF to provide location portability. If the LECs believe the use of RCF for this purpose at its price established in Issue 5 adversely impacts their operations, the LEC may request the Commission to establish a higher price for RCF when used for location portability.

Sprint's witness Poag expressed some concern with several of the disadvantages identified by the parties. (TR 188-191) In several instances, he believed two disadvantages were actually the same and suggested elimination of one of the disadvantages. The first set of disadvantages that he expressed some concern were disadvantages 2 and 12 listed on Exhibit 7. (TR 188) These disadvantages are:

2. RCF would not allow for full CLASS feature transparency.

12. CLASS features Automatic Recall and Automatic Call Back are disabled following a call to the ported number.

Sprint's witness Poag believed the Commission should eliminate disadvantage 2 since they appear to be very similar. (TR 188) However, Time Warner's witness Engleman disagreed that the disadvantages were redundant and believed the disadvantages should be listed separately. Witness Engleman did recognize that one of the disadvantages was a generic statement that encompassed the other. (TR 235) Since disadvantage 12 appears to be encompassed in disadvantage 2, staff has combined these disadvantages into a single disadvantage, 2, which is listed above.

Disadvantage two (2) recognizes that some of the parties believe that RCF as a temporary number portability solution **may** not allow for full CLASS feature transparency. (Engleman TR 212, Line 1) In addition, Time Warner's witness Engleman states that CLASS features, Automatic Recall and Automatic Call Back, are disabled following a call to a ported number. Further, he states that CALLER ID will not show the ported number when the ported customer originates a call. (TR 212) Sprint's witness Poag claims his company has tested the call return, which is Automatic Recall and Automatic Call Back, and for his company these CLASS features work. (TR 188) However, GTEFL and SBT both indicate that RCF utilized as a temporary number portability arrangement may have some impact on existing CLASS features. (Kolb EXH 10, p. 43; Menard EXH 12, pp. 38-39) Witness Poag agreed that Caller ID did not work for any call originated from a ported number. (TR 192) Even though Sprint has successfully tested the impact of RCF used to provide temporary number portability on call return service, staff believes the limited testing does not guarantee that all CLASS features are transparent to customers. Staff believes the evidence shows that there may not only be some problems for customers with ported numbers for CLASS services, but even customers that don't desire to port their number will have some problems with CLASS services such as CALLER ID. Since staff believes one of the criteria to evaluate a disadvantage is whether it is transparent to the customer, we believe disadvantage 2 is in fact a disadvantage of using RCF as a temporary number portability mechanism since it may not be transparent to the customers.

Sprint's witness Poag was also concerned about disadvantage 3 which states that the potential of an additional call set-up delay of .5 to 5 seconds is possible depending upon the network configuration and signaling protocols. Witness Poag believes the delay for most calls is insignificant based on test calls using direct dial versus RCF to a ported number. (TR 188) SBT's witness Kolb stated in his deposition that a call would experience an additional delay of approximately .5 seconds per switch. (EXH 5, p. 25) Once again Sprint tested the call set-up delay and determined that some calls would experience additional delay and some would not. However, witness Poag did indicate that in his test there was an additional delay for some local calls, as well as approximately a 2 second call delay for long distances calls. (TR 188-190) Staff believes this limited testing does not disprove the belief that the use of RCF will adversely impact the call set-up delay. On the contrary, staff believes this evidence supports this specific disadvantage since the wording states that there could be a potential call set-up delay with the use of RCF as a temporary number portability mechanism. Therefore, staff recommends the Commission should consider the potential call set-up delay as a disadvantage.

Sprint's witness Poag also believed disadvantage 7 was not actually a disadvantage since the ALEC could publish the network numbers to their customers. (TR 190) Time Warner's witness Engleman believes service provider number portability by its very nature is supposed to be transparent to the customer who derives the benefit. (TR 236) Staff would agree with witness Engleman. This statement is consistent with Section 364.16 (4), Florida Statutes. The necessity to inform a customer of a network number in order to minimize customer confusion in staff's opinion is not transparent to the customer. Therefore, staff believes the Commission should consider this as a disadvantage.

All LEC witnesses believe there would not be a problem with the provision of 911 service from their perspective, and therefore, disadvantage 11 is not a disadvantage. (Poag EXH 14, p. 21-22; Menard EXH 12, pp. 40-41; Kolb EXH 10, pp. 46-47) However, staff believes this is a disadvantage of using RCF to provide temporary number portability, although not attributable to a specific company. It appears that all LECs believe there are some problems with 911 service when using RCF as a temporary number portability mechanism. The problem recognized by all parties is that the Public Safety Answering Point (PSAP) may only be capable of receiving the network number (ALEC assigned number to a ported customer) which could be confusing since the name, address, etc. would be identified with the number assigned by the LEC. Although staff believes this is not a problem specifically due to the LECs, staff does believe it is a disadvantage with using RCF as a temporary number portability mechanism. Therefore, staff believes the Commission should consider this as a disadvantage with using RCF to provide number portability.

The concerns raised by most of the parties were associated with how the possible advantage or disadvantage impacted their specific company, and not whether it was an advantage or disadvantage of using RCF to provide temporary number portability. Staff believes the advantages and disadvantages listed above represent the major considerations with using RCF to provide temporary service provider number portability and thus should be recognized by the Commission as such.

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

RECOMMENDATION: The costs for Remote Call Forwarding (RCF) include service implementation costs, central office equipment and software costs, and interoffice networking costs. The precise costs for providing temporary number portability cannot be determined at this time from the information in this record.

POSITION OF PARTIES

AT&T: There are both recurring and non-recurring costs associated with Remote Call Forwarding. All costs should be identified using the TSLRIC methodology.

SBT: There are three major categories of long run incremental costs which have been identified for the RCF temporary number portability solution. The first is service implementation costs, the second is central office equipment software costs, and the third is interoffice networking costs.

BMI: Although not a direct cost of providing remote call forwarding, BMI notes that there are substantial unquantifiable costs to CMRS providers associated with the adverse impact of Remote Call Forwarding on various cellular services offered by BMI and others. These include lost revenues associated with the above-mentioned services.

FCTA: The record reflects recurring and non-recurring costs.

FPTA: FPTA takes no position on any of the issues beyond those addressed in the stipulation between the parties.

GTEFL: The general categories of costs associated with providing RCF are service implementation, central office equipment software, and interoffice networking. GTEFL's cost study submitted in this docket shows its specific, long-run incremental costs, to which shared costs must be added to calculate appropriate cost recovery.

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

MCCAW: The costs involved are service ordering and origination and the switching and transport associated with forwarding the calls.

MCIMETRO: The types of incremental direct costs fall into two categories, recurring and nonrecurring. The LEC cost studies, while flawed, suggest that the recurring costs of RCF are less than $1.00 per ported number per month.

MFS: There are limited direct incremental switching costs, as well as certain trunking and processing costs. The RCF rate should include, direct incremental costs with no contribution. LEC costs should be carefully analyzed by the Commission and the parties.

SPRINT: Sprint adopts the positions filed by United Telephone Company and Central Telephone Company of Florida.

SPRINT UNITED/CENTEL: In general, there are recurring and non-recurring costs. The specific costs are proprietary confidential business information. The recurring costs have been filed with the Division of Records and Reporting pursuant to Section 364.183, F.S., and Rule 25-22.006, F.A.C.

TIMEWARNER: The appropriate cost standard the Commission should use in determining the price is Total Service Long Run Incremental Cost (TSLRIC). Shared costs are not part of a TSLRIC study. Functions associated with RCF used for number portability include service implementation, central office equipment and software, and interoffice transport.

STAFF ANALYSIS: The Stipulation stated that only Remote Call Forwarding would be required as a temporary number portability solution. Although other services such as Flex-DID can be pursued, they are not part of the recommendation on this issue.

Most parties that stated a position on this issue agreed that the costs associated with RCF fall into three broad categories: service implementation costs, central office equipment and software costs, and interoffice trunking. (Kolb TR 54-55; 61; Engleman 212-213; Guedel TR 294) Service implementation includes taking the order, routing the order through the various departments, and performing data input functions by the customer service representatives and engineers. (Kolb TR 55-56) The central office costs include software costs and right-to-use fees, line cards or other equipment costs, processor memory, etc. (Kolb TR 56) Interoffice trunking includes signaling and transport between central offices, as well as trunk terminations. (Kolb TR 56) MFS witness Devine stated only that these cost categories should be closely scrutinized. (TR 42)

The method of determining costs was also not in dispute. The parties agreed that total service long-run incremental cost

(TSLRIC) is an appropriate measure. (Devine TR 43; Kolb TR 57; Menard EXH 13, p. 5; Poag TR 167, EXH 15 p. 2; Engleman TR 214; Price TR 254; Guedel TR 295) MCI Metro witness Price and Sprint witness Poag stated that TSLRIC includes only the directly assignable costs to a specific service. (Price TR 264; Poag TR 167, 174-175) If a cost is shared with other services, or is a general overhead cost, it should not be included in a TSLRIC study. (Price TR 264; Poag TR 167, 175; Kolb EXH 5, p. 23)

However, whether a cost item can be directly assignable to a service, and the levels of some costs, did cause disagreements among the parties. The specific disagreements included: the inclusion of land, buildings, electricity, and right-to-use fees, the appropriate cost of capital, and the specific functions necessary for order processing.

SBT's witness Kolb argued that costs for incremental land, buildings, and electricity are appropriate in a TSLRIC study. (EXH 11, p. 2) SBT included such costs in its study. (EXH 11, pp. 2-18) Sprint witness Poag explained that these costs are called shared or common costs. (EXH 4, p. 19) Witnesses Poag and GTEFL's Menard argued that, while shared costs are not direct incremental costs, they should be included when pricing RCF. (Menard TR 137; Poag TR 167, 174) Sprint and GTEFL did not include land and buildings in the incremental part of their studies. (Poag EXH 15, p. 2; Menard EXH 13, p. 5)

At least one witness argued that these items are <u>not</u> part of a true incremental study. MCI Witness Price testified that shared costs should not be a part of an incremental study. (TR 274) Other parties were more concerned with the price levels, which are discussed in Issue 5.

Ultimately, the LECs' testimony indicated that such items are not part of a true TSLRIC study. Sprint witness Poag stated that his proposed cost of $1.03 was not an incremental cost but an average cost, and did "not include any contribution to the shared and joint costs. . . ." (TR 173) However, Sprint's cost study clearly stated "Average costs, unlike TSLRIC, include shared fixed costs such as operational software. . . . Other shared costs which have not been included in either the TSLRIC or Average costs include billing, collection, directory listings and account maintenance." (EXH 15, p. 3) It appears as though witness Poag's stated average cost of $1.03 included at least some shared or common costs. SBT witness Kolb admitted that the costs for land, buildings, electricity, and additional switching capacity were not based on an expectancy that RCF for temporary number portability would cause any additional expenses in these categories. (TR 69-70, 87-88, 127) This supports the argument that these costs should not be included in a TSLRIC study. GTEFL witness Menard agreed that such items are not part of a TSLRIC study, but should be included when pricing RCF. (TR 140, 142, 145)

Right-to-use fees also generated some confusion and disagreement among the parties. SBT, GTEFL, and Sprint all included some level of right-to-use fees in their cost studies. (Kolb EXH 11, p. 3; Menard EXH 13, p. 1; Poag EXH 4, p. 42) SBT witness Kolb testified that right-to-use fees for 5ESS switches are paid on a per-line basis and cover many services. (TR 74-76) He also did not know whether the right-to-use fees for RCF had already been recovered through existing RCF customers. (TR 77) This would suggest that right-to-use fees are shared costs, and not a cost directly attributable to RCF.

The cost of capital used in the LECS' studies was also inconsistent. GTEFL used its current authorized rate of return as its cost of equity input to its cost of capital; Sprint's cost of capital was not stated. (Menard TR 143) However, SBT used a cost of equity of 16%, a rate substantially higher than the rate of return at which sharing begins. (Kolb TR 95)

The LECs' proposed nonrecurring costs, particularly SBT's, were also scrutinized by the other parties. Witness Kolb testified that SBT's nonrecurring costs were projected to be $24.84 per line. (TR 57) However, this estimate contained several elements questioned by the other parties. First, it was based solely on business customers and did not include the possibility that any residential customers would switch telephone companies. (TR 66) Second, it included the right-to-use fees already discussed. (EXH 11, p. 3) Third, it did not take into account that service orders may be placed electronically, or combined with other requests for efficiency. (TR 66) Finally, it shared a criticism of all the LECs' studies: it was based on speculative assumptions and not on any practical experience. Witnesses Kolb and GTEFL's Menard admitted that their nonrecurring cost studies were only proxies and did not relate any practical experience with RCF for number portability. (Kolb TR 66, EXH 5, pp. 22,30-31; Menard TR 148, 159) Witness Poag went further; Sprint did not file a proposed cost for nonrecurring activity because witness Poag did not believe an accurate estimate could be made without practical experience. (EXH 4, pp. 23-24, TR 194) GTEFL witness Menard proposed that after six months to a year of practical experience, a cost could be developed. (TR 160)

To summarize the parties' arguments, the LECs maintained that the cost studies provided were the best they could provide given no practical experience with number portability. None of the other parties had positions on actual costs, but they all maintained that the actual costs would be less than the stated costs because of unnecessary incremental cost elements and inflated costs.

The LECs' proposed costs are as follows:

Company	Proposed Nonrec. Cost	Proposed Recurring Cost	Proposed Add'l Path Cost*	Cost on TSLRIC Basis (Recurr./Add'l Path)
SBT	$24.84	$1.11	less than $0.50	no
GTEFL	$ 7.45 res. $12.35 bus. $ 9.90 avg.	$1.11	$0.50	no (TSLRIC = $0.88 1 path, $0.40 add'l path)
Sprint	unknown	$1.03	less than $0.75	no (TSLRIC < $1.00 1 path, 0.50 add'l path)

(Menard EXH 13, pp. 2-3, 5; Kolb TR 57; Poag EXH 15, pp. 2-3)

* **An additional path allows multiple calls to a single number or group of numbers. Services such as Call Waiting require an additional path, as well as multi line arrangements**

There are several factors that make developing costs for this service difficult. First, it is a new wrinkle on an old service. Some cost factors for existing RCF service may apply, while others may not. Second, no LEC in this docket has any experience taking service orders from ALECs for number portability. Third, the costs should be based not on RCF as a whole, but just on the increment that provides temporary number portability. This makes the study an "increment on an increment," so to speak.

Staff believes the cost study provided by SBT is suspect. The inclusion of land, buildings, and electricity by SBT, as well as the high cost of money used, are inconsistent with both Sprint's and GTEFL's study (Sprint's cost of capital was not stated), and inappropriate in staff's view. (Poag EXH 4, p. 19, EXH 15, p. 2; Menard EXH 13, p. 5) Also, the inputs used for the nonrecurring costs are admittedly speculative and completely ignore the residential market, and ignore efficiencies possible through electronic ordering or ordering combinations of features. (Kolb TR 66, EXH 5, pp. 22, 30-31) Staff believes that costs for temporary number portability through SBT are overstated and cannot be accurately determined from the information in this record.

The costs provided by GTEFL and Sprint appear to be more reasonable, but still do not lead staff to precise cost estimates. GTEFL's stated costs of $1.11 + $0.50 per additional path include shared costs; the TSLRIC costs in the study are only $0.88/$0.40. (Menard EXH 13, p. 5) Also, GTEFL did not perform a cost study for the nonrecurring charges. It used its existing Secondary Service Order study as a proxy for RCF ordering. (Menard TR 160) Again, this ignores the probability that entrants will order services electronically and in larger numbers than the single features the Secondary Service Order charge is designed to cover.

Sprint's cost study approach appears the most reasonable. It did not propose nonrecurring costs, as witness Poag believed it was impossible to determine them at this time. (TR 194) Also, Sprint's proposed cost of $1.03 was an average cost; the incremental cost stated in the study was far less (Sprint has requested confidentiality for the precise incremental numbers). (TR 173, EXH 15, p. 3)

To the LECs' defense, providing accurate costs in this docket was nearly impossible. The lack of practical experience, coupled with an extremely short time period to complete the work, made it very difficult to provide worthwhile studies.

Staff believes that Sprint's and GTEFL's proposed TSLRIC recurring costs appear to follow a conservative incremental methodology, while SBT's do not. However, none of the companies were able to provide a reasonably precise estimation of the nonrecurring costs for temporary number portability through RCF.

Staff recommends that the costs for Remote Call Forwarding (RCF) include service implementation costs, central office equipment and software costs, and interoffice networking costs, as agreed to by the parties. The record shows that the precise costs for providing temporary number portability cannot be determined at this time.

ISSUE 5: How should the costs identified in Issue 4 be recovered?

RECOMMENDATION: Temporary number portability through remote call forwarding should be provided to all companies at $1.00 per month per line for one path, with additional paths at $0.50 each. A nonrecurring charge of $10.00 should also apply.

SBT should file cost studies that identify the recurring and nonrecurring costs associated with providing RCF for telephone number portability by March 31, 1997. The incremental cost study deriving SBT's recurring cost should include only those cost components that are directly related to providing RCF as a temporary number portability solution. The nonrecurring cost study should reflect SBT's actual experience gained during calendar year 1996 providing RCF for number portability to ALECs. SBT's rates for temporary number portability through remote call forwarding may be adjusted at that time based on actual incremental costs.

Any other company that begins providing temporary number portability and subsequently determines that its rates are below cost may request a rate adjustment at any time.

POSITION OF PARTIES

AT&T: The TSLRIC costs associated with Remote Call Forwarding should be recovered through an initial non-recurring charge and through recurring charges set on a per-line, per-month basis. Prices charged LEC competitors should be set at TSLRIC and no mark-up should be permitted.

SBT: The costs (LRIC) of RCF arrangements for providing TNP should be recovered directly from carriers who make use of these arrangements. Prices established should be specific for each LEC. LRIC should be used to establish a price floor. Parties should be allowed to negotiate prices in accordance with Section 364.16(4).

BMI: No Position.

FCTA: The prices should reflect the LECs' direct incremental cost. Recurring costs should be recovered through a flat-rate recurring charge per ported path, including two paths. Non-recurring costs should be recovered through a flat-rate per order charge.

FPTA: FPTA takes no position on any of the issues beyond those addressed in the stipulation between the parties.

GTEFL: In accordance with the stipulation, the LEC's costs must be recovered in RCF prices to be charged to ALECs on a monthly, per-line basis. Prices must include an appropriate level of shared costs. GTEFL's proposal of $1.25 per line, and $.75 for each additional line is plainly reasonable.

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

MCCAW: Pursuant to the approved stipulation in this docket, the costs should be recovered through a per-line per-month charge. Given the statutory charge to recover cost but not disadvantage, deter, or inconvenience customers changing carriers, the rate levels should be LEC-specific at cost without any additional mark up or contribution.

MCIMETRO: These costs should be recovered through a nonrecurring service order charge and a recurring monthly charge for each ported number associated with a directory listing. These charges should equal the incremental direct cost and should not include any contribution toward joint and common costs.

MFS: Pursuant to the Commission-approved stipulation in this proceeding, the cost is to be assessed on a per-line, per-month basis. RCF should be a monthly rate assessed on all working telephone numbers. As all subscribers benefit from RCF, the costs of RCF should be spread evenly across the entire subscriber base.

SPRINT: Sprint adopts the positions filed by United Telephone Company and Central Telephone Company of Florida.

SPRINT UNITED/CENTEL: The Commission should approve a $1.25 recurring monthly rate for the telephone number and first path, a second $.50 recurring monthly rate for each additional path associated with the same number, and a $10.00 non-recurring service order charge.

TIMEWARNER: Costs should be recovered through a price per line with two paths of $1.00, and $.50 per additional path. Nonrecurring charges should be $10.00 per order. Prices should not exceed TSLRIC to reflect the shortcomings inherent in RCF as a temporary number portability mechanism and to encourage local competition.

STAFF ANALYSIS: Chapter 364.16(4), Florida Statutes, provides the following:

> In the event the parties are unable to successfully negotiate . . . a temporary number portability solution, the commission shall establish a temporary number portability solution by no later than January 1, 1996. . . . The prices and rates shall not be below cost.

The two questions at hand in this issue are (1) who pays whom for number portability, and (2) how much? All of the parties agreed, except MFS, that the company receiving the ported number would pay the company providing the ported number a monthly fee. This provision is explicitly stated in the Stipulation. However, MFS's witness Devine argued that the costs should be spread out among the entire customer base. (EXH 2, pp. 10-13) Other witnesses agreed that this proposal was contrary to the Stipulation (Kolb TR 121; Menard TR 157; Price TR 281; Guedel TR 300-301) The Stipulation also stated that ALECs would charge LECs the same rate as they are charged for RCF.

The LECs proposed the following rates for RCF:

Company	Proposed Nonrecurring Charge	Proposed Recurring Charge	Proposed Additional Path Charge
SBT	$25.00	≥ $2.00	$0.75
GTEFL	$11.00 res. $14.00 bus.	$1.25	$0.75
Sprint	$10.00	$1.25	$0.50

(Kolb TR 63; Menard TR 138; Poag TR 171)

The rates shown for SBT in the table above are staff's approximations based on information provided in direct testimony and during cross examination of witness Kolb. Neither SBT's prehearing nor posthearing positions offered specific rate proposals. SBT entered into a stipulation with Teleport Communications Group, Inc. for RCF at $25.00 nonrecurring, $1.50 recurring, and $0.75 per additional path charges. (Kolb TR 62-63, 86, 99-100) However, that stipulation is based on this Commission's approval of one of SBT's proposals in the universal service docket. Witness Kolb stated that if such a proposal is not approved, SBT's proposed rate for RCF "should be more in the range of $2.00 and maybe higher." (TR 63) No mention was made of the nonrecurring or additional path charges. Additionally, no specific rates were mentioned in his direct testimony. He did note that "long run incremental cost should be used to establish a price floor." (TR 57)

Sprint witness Poag and GTEFL witness Menard defended their respective rate proposals by arguing that recovery of some shared and common costs is appropriate. (Menard TR 137; Poag TR 167, 175) Witness Menard added that GTEFL's nonrecurring charges would be the same as those currently charged to enhanced service providers (ESPs) for similar features such as call forwarding. (TR 139) Also, witness Menard stated that costs for GTEFL's GTD-5 switches were not included, which would substantially increase the costs. (TR 144)

SBT's stipulation with Teleport and witness Kolb's testimony offered rates substantially above SBT's stated incremental cost. (TR 62-63) Witness Kolb also argued that, even at $2.00, RCF would be priced far below the currently tariffed rate and would be the second lowest in the country. (TR 63, 100)

The other parties differed philosophically with the LECs regarding contributions over incremental costs. While the LECs argued such recovery is appropriate, the other parties believed that no contribution should be included. MFS' Witness Devine testified that temporary number portability was simply a technical hurdle to competition, not an opportunity for companies - LECs or ALECs - to generate profits from their competitors. He believed that each company should only recover its direct costs. (EXH 2, pp. 57-58) Other witnesses agreed. (Guedel TR 295-296; Price TR 254; Engleman TR 215)

Some nonLECs offered specific rate proposals. Time Warner's witness Engleman proposed a rate of $1.00 for two paths, but admitted that no cost information was used in determining that rate. (TR 225) MCI's witness Price proposed that additional paths should be free, even after acknowledging some costs are associated with additional paths. (TR 265) Some non-LEC witnesses went so far as to advocate a lower price for RCF based on its disadvantages argued in Issue 3. (Engleman TR 220, Price TR 251-252)

Staff proposes that the rate for temporary number portability through remote call forwarding be set at $1.00 per line, per month for one path. Additional paths should be $0.50 per month per path. A nonrecurring charge of $10.00 should also be included.

Staff bases its recommendation on the following:

(1) We agree that number portability is crucial to the ALECs' ability to compete for customers. (Devine TR 20; Engleman TR 212; Price TR 254) Because of this, we also agree with witnesses Devine, Guedel, Price, and Engleman that pricing the solution at or near TSLRIC is appropriate in this instance.

(2) As shown in the table above, $1.00 per month and $0.50 per additional path are above both GTEFL's and Sprint's stated TSLRIC for RCF. Although $1.00 is below SBT's stated costs, SBT's costs are highly questionable as outlined in Issue 4. $0.50 is well above SBT's stated costs for additional paths. Also, SBT made no definite proposal for any rate in this docket.

(3) The $10.00 per month nonrecurring charge was proposed by both Sprint and Time Warner and is above GTEFL's average nonrecurring cost of $9.90. Although it is below SBT's stated costs, again those costs are highly questionable as each LEC witness admitted the nonrecurring activity for this service is speculative at this time. Again, SBT also did not propose any rate.

The record reflects that these proposed rates are above GTEFL's and Sprint's stated costs to provide them. However, if any company that begins providing temporary number portability subsequently determines that its rates are below cost, it may request a rate adjustment at any time.

Chapter 364.16(4), Florida Statutes, requires that the rates for temporary number portability not be below cost. This statutory provision imposes a responsibility on the Commission to reasonably ensure that the rate is above cost. Notwithstanding the Commission's responsibility to set a rate that covers cost, the Commission must also implement the number portability, including the rates, by January 1, 1996. Balancing the necessity of implementation of number portability against the need to set rates above cost, staff is recommending applying the rates discussed above to SBT even though these rates are below SBT's stated costs. These rates do cover the costs of the other LECs and, while there may reasonably be differences between the costs of the various LECs, the magnitude of the difference appears unreasonable. Accordingly, it is reasonable to implement these rates for SBT beginning January 1, 1996. This will allow number portability to be in place with the advent of competition.

The legal staff is convinced that setting SBT's rates below their stated costs on a permanent basis without accurate cost data is problematic. Therefore, to comply with the Commission's responsibility to ensure that SBT's rates are above cost, staff recommends that SBT should file cost studies that identify the recurring and nonrecurring costs associated with providing RCF for telephone number portability by March 31, 1997. The incremental cost study deriving SBT's recurring cost should include only those cost components that are directly related to providing RCF as a temporary number portability solution. The nonrecurring cost study should reflect SBT's actual experience gained during calendar year 1996 providing RCF for number portability to ALECs. SBT's rates for temporary number portability through remote call forwarding may be adjusted at that time based on actual incremental costs. If a permanent number portability solution is implemented before March 31, 1997, it would negate the need to pursue this matter further.

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

STIPULATION: According to the stipulation signed by the parties and approved by the Commission on September 12, 1995, Remote Call Forwarding is the most appropriate method to provide temporary number portability by January 1, 1996. The parties will continue to negotiate possible future options if a party desires a different option.

It should be noted that the Stipulation and Agreement approved by Order No. PSC-95-1214-AS-TP, issued October 3, 1995 is the controlling document as it relates to this issue.

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

STIPULATION: According to the stipulation signed by the parties and approved by the Commission on September 12, 1995, Remote Call Forwarding as a temporary number portability mechanism can be implemented in most LEC central offices at the present time. This temporary mechanism uses existing switch and network technology. The parties agree that the LECs shall offer Remote Call Forwarding to certificated ALECs as a temporary number portability mechanism, effective January 1, 1996. ALECs shall be required to offer Remote Call Forwarding to LECs or other ALECs as a temporary number portability mechanism, effective on the date they begin to provide local exchange telephone service. All parties will work together and with the 911 coordinators to successfully integrate the relevant ALEC information into the existing 911/E911 systems. The recurring price for Remote Call Forwarding will be on a per-line per-month basis and will be uniform throughout an individual LEC's existing service territory. The price charged by an individual LEC for Remote Call Forwarding shall not be below the costs of that LEC to provide Remote Call Forwarding for purposes of providing temporary number portability. The price charged for Remote Call Forwarding offered by an ALEC will mirror the price charged by the LEC.

It should be noted that the Stipulation and Agreement approved by Order No. PSC-95-1214-AS-TP, issued October 3, 1995 is the controlling document as it relates to this issue.

ISSUE 8: Should the docket be closed?

RECOMMENDATION: No. The Commission should keep this docket open until January 1, 1998 in order to deal with any problems associated with the provision of RCF as a temporary number portability mechanism and to evaluate LRIC studies filed as required by Issue 5. At that time, the Commission should close this docket.

In addition, the Commission should require the LECs and ALECs to comply with the requirements in the following staff analysis.

POSITION OF PARTIES

AT&T: This docket should remain open to determine a permanent number portability solution.

SBT: Yes. Once a temporary number portability solution has been implemented by the Commission, this Docket should be closed. However, the Commission should open a separate Docket for the purpose of investigating and developing the appropriate cost parameters and standards for a permanent number portability solution.

BMI: Yes

FCTA: No. The docket should remain open for the number portability standards group to continue its work under the "direction of the Commission" as required by s. 364.16(4).

FPTA: No position.

GTEFL: This docket should be closed upon the Commission adopting GTEFL's positions on the issues remaining for resolution.

INTERMEDIA: Yes

MCCAW: No, the docket should remain open to monitor implementation of the Commission's decisions and to undertake a permanent number portability solution.

MCIMETRO: No. This docket should remain open to resolve any implementation issues, to resolve any issues regarding the use of alternative interim portability mechanisms, and to develop a long-term solution for true service provider local number portability.

MFS: No. It should be left open to monitor implementation.

SPRINT: Sprint adopts the positions filed by United Telephone Company and Central Telephone Company of Florida.

SPRINT UNITED/CENTEL: No position.

TIMEWARNER: No. This docket should remain open so that the number portability standards group can continue to work under the auspices of the Commission for the purposes of investigation and development of appropriate parameters, costs, and standards for number portability. In the alternative, a new docket should be opened for this purpose.

STAFF ANALYSIS: Although the stipulation approved by the Commission did not include all ALECs, staff believes the requirements established in this proceeding are binding on all ALECs, both present and future. Section 364.16 (4), F.S. states that if the parties are unable to successfully negotiate the prices, terms, and conditions of a temporary number portability solution, the Commission shall establish a temporary number portability solution by no later than January 1, 1996. The parties were unsuccessful in establishing a complete temporary number portability solution. The Commission was required to establish a temporary number portability solution. Since the Commission established the temporary number portability, staff does not believe this section of the statute contemplates continued negotiation for a temporary number portability solution. Therefore, staff believes the requirements and use of RCF to provide temporary number portability should apply to all LECs as well as ALECs.

Staff believes there are a lot of unknowns with the use of RCF as a temporary mechanism to provide number portability. As companies start to use RCF in this manner, additional problems may arise that need the Commission's attention. In addition, staff will need to evaluate the LRIC studies that are required to be filed in Issue 5. Therefore, staff believes the Commission should leave this docket open until January 1, 1998 to evaluate the LRIC studies filed and address any problems that may arise due to using RCF to provide temporary service provider number portability. If at that time there are no pending problems to be addressed, the Commission should close this docket.

Some parties have expressed some interest to address a permanent number portability solution in this docket. Staff believes the development of a permanent solution will be very complicated and should be distanced from the temporary mechanism and its problems. Therefore, staff believes the Commission should open a separate docket to address the development and investigation of a permanent number portability solution in Florida.

Staff believes there are several implementation requirements that should be addressed, such as filing of tariffs by LECs for RCF and procedures that need to developed before January 1, 1996 to ensure a smooth use of RCF as a temporary number portability mechanism. Staff believes Section 364.16 (4), F.S. requires LECs and ALECs to provide a temporary number portability mechanism by no later than January 1, 1996. Staff believes it will be important for the LECs to inform ALECs, as well as staff, of the requirements and procedures to be used when using RCF to provide temporary number portability. Since the Commission has established RCF as the temporary number portability solution, staff believes the Commission should require the LECs to file tariffs showing the rates approved in Issue 5 by January 1, 1996. Based on the stipulation and the Commission's acceptance of the stipulation, staff believes ALECs should provide RCF to LECs as a temporary number portability mechanism effective on the date they begin to provide local exchange telephone service. The rate for the ALEC's RCF service should mirror the respective LEC. Staff does not believe the ALECs should be required to file price lists for its RCF service since the ALEC rules only require the filing of price lists for basic service.

Several parties have identified procedures that need to be in place prior to RCF being used as a temporary number portability mechanism. (Kolb TR 118-119; Menard TR 158-159; Poag TR 194-195) Normally such procedures would not be filed with the Commission. However, it will be important for the parties to understand what they have to do in order to utilize RCF as a temporary number portability mechanism. In addition, it will allow staff to determine if there is some action necessary to ensure a smooth implementation of RCF as a temporary number portability mechanism. Staff believes the LECs should provide procedures for the following items to the ALECs and staff no later than January 1, 1996, and the ALECs should provide the same information to the LECs and staff at the time they begin to provide local telephone service.

1. Billing of RCF for temporary number portability
2. Handling of 911 information of ported numbers
3. Service Ordering Requirements for RCF
4. Trouble Handling of Ported Numbers

For those ALECs that are not parties, the provisions of the order will be a condition of certification.

SBT believes the Commission should continue to allow the LECs to negotiate the price for RCF as a temporary number portability mechanism. Staff does not believe that was contemplated by Section 364.16 (4), F.S. However, staff does not have a problem with the companies continuing to negotiate a package that includes a price for RCF as a temporary number portability mechanism, as long as the negotiated price for RCF is not lower than the prices listed in Issue 5. Staff believes this type of negotiation will allow a party to negotiate a package of services while not allowing discriminatory pricing of RCF as a temporary number portability mechanism. As for other temporary number portability mechanisms, staff believes the LECs and ALECs can negotiate a price for a specific mechanism such as Flex DID, but the LECs and ALECs should be required to provide an explanation of the mechanism and the negotiated rates to the Commission no later than 10 days from the completion of the negotiations for the new temporary number portability mechanism.

As stated before, staff believes this docket should only remain open to address temporary number portability concerns. The Commission should open another docket to investigate the possible mechanisms available for the provision of permanent number portability in Florida.

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August 31, 1995

BY HAND DELIVERY

Monica Barone
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oaks Boulevard
Tallahassee, FL 32399-0852

Re: Local Number Portability Stipulation
(Docket No. 950737-TP)

Dear Monica:

Enclosed for the staff's information is a copy of the fully executed stipulation in the local number portability docket.

By copy of this letter, I am forwarding copies of the fully executed document to the parties on the service list for this docket.

If you have any questions, please call.

Very truly yours,

Richard D. Melson

RDM/mee
Enclosure
cc: Blanca Bayó (for docket file)
Stan Greer
Parties of Record

STIPULATION AND AGREEMENT

Chapter 364.16(4), Florida Statutes, requires the Florida Public Service Commission to have a temporary service provider number portability mechanism in place on January 1, 1996. The statute further requires industry participants to form a number portability standards group by September 1, 1995 for the purpose of developing the appropriate costs, parameters, and standards for number portability. Negotiating the temporary number portability solution is one task that the group is to perform. This standards group was formed on July 26, 1995, and consists of the members listed on Attachment A to this agreement. If parties are unable to come to agreement on the temporary solution, the Florida Public Service Commission has reserved dates for an evidentiary proceeding under Chapter 120.57, Florida Statutes.

As a result of workshops held by the members of the standards group, an agreement has been reached as to the methods of providing temporary number portability. This Stipulation is entered into by and between the undersigned parties to Docket No. 950737-TP, Investigation into a Temporary Local Telephone Number Portability Solution to Implement Competition in Local Exchange Markets.

The parties agree that Chapter 364.16(4), Florida Statutes, requires a service provider temporary number portability solution. Service provider number portability allows an end user at a given location to change service from a local exchange company (LEC) to an alternative local exchange company (ALEC) or vice versa, or between two ALECs, without changing local telephone numbers.

The parties further agree that a temporary service provider number portability mechanism that can be implemented in most LEC central offices at the present time is Remote Call Forwarding. With Remote Call Forwarding, a call to the old telephone number is first sent to the switch of the former local service provider, and then forwarded (ported) to the switch of the new local service provider. This is a temporary mechanism that can be implemented using existing switch and network technology. While remote call forwarding is not an appropriate solution to the issue of permanent number portability, the parties agree that it can be used as a temporary number portability mechanism.

The parties therefore agree that the LECs shall offer Remote Call Forwarding to certificated ALECs as a temporary number portability mechanism, effective January 1, 1996. Likewise, the parties agree that ALECs shall offer Remote Call Forwarding to LECs as a temporary number portability mechanism, effective on the date they begin to provide local exchange telephone service. All parties agree that the provision of reliable end user access to emergency services such as 911/E911 is necessary to protect the public health, safety and welfare. This stipulation is entered into with the understanding that Remote Call Forwarding does not provide technical impediments to the availability and reliable transfer of relevant information to 911/E911 systems.

All parties shall work together and with the 911 coordinators to successfully integrate the relevant ALEC information into the existing 911/E911 systems. The recurring price for Remote Call Forwarding will be on a per-line per-month basis and will be uniform throughout an individual LEC's existing service territory. The price charged by an individual LEC for Remote Call Forwarding shall not be below the costs of that LEC to provide Remote Call Forwarding for purposes of providing temporary number portability. The price charged for Remote Call Forwarding offered by an ALEC will mirror the price charged by the LEC.

The parties recognize that there are other related compensation issues that are not addressed in this agreement, including compensation for termination of ported calls and the entitlement to terminating network access charges on ported calls. These items will be negotiated by the parties, or resolved by the Commission, as local interconnection issues under Chapter 364.162.

The parties further agree that Flexible Direct Inward Dialing is an alternative temporary number portability mechanism. With Flexible Direct Inward Dialing, the number is routed to the switch of the former local service provider, which translates it to look like a direct inward dialed call terminating in the switch of the new local exchange provider. The parties recognize that Flexible Direct Inward Dialing involves certain technical and administrative issues that have not yet been fully addressed.

The parties agree that the LECs will continue to negotiate with the ALECs who desire to utilize Flexible Direct Inward Dialing as a method of providing temporary number portability to resolve any technical and administrative issues and to establish the prices, terms and conditions upon which Flexible Direct Inward Dialing will be offered. In the event the parties are unable to satisfactorily negotiate the price, terms and conditions, either party may petition the Commission which shall, within 120 days after receipt of the petition and after opportunity for a hearing, determine whether Flexible Direct Inward Dialing is technically and economically feasible and, if so, set nondiscriminatory rates, terms and conditions for Flexible Direct Inward Dialing. The prices and rates shall not be below cost.

Nothing in this Stipulation shall preclude the use of other feasible options for temporary number portability that may be developed in the future.

The parties further agree that the work of the number portability standards group will continue, under Chapter 364.16(4), Florida Statutes, to investigate and develop a permanent number portability solution.

(SIGNATURES BEGIN ON FOLLOWING PAGE)