State of Florida

Public Service Commission

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-M-E-M-O-R-A-N-D-U-M-

DATE: MARCH 4, 1999

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

FROM: DIVISION OF APPEALS (CALDWELL) DWC
DIVISION OF COMMUNICATIONS (SIMMONS) SAS
DIVISION OF RESEARCH AND REGULATORY REVIEW (LEWIS) KOL

RE: DOCKET NO. 980253-TX - PETITION TO INITIATE RULEMAKING, PURSUANT TO SECTION 120.54(7), F.S., TO INCORPORATE "FRESH LOOK" REQUIREMENTS IN ALL INCUMBENT LOCAL EXCHANGE COMPANY CONTRACTS, BY TIME WARNER AXS OF FLORIDA, L.P. D/B/A TIME WARNER COMMUNICATIONS

DOCKET NO. 960932-TP - INVESTIGATION INTO FRESH LOOK POLICY FOR LOCAL TELECOMMUNICATIONS COMPETITION

AGENDA: MARCH 16, 1999 - REGULAR AGENDA - RULE PROPOSAL - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\APP\WP\980253#2.RCM

CASE BACKGROUND

On February 17, 1998, Time Warner AxS of Florida, L.P. (Time Warner), filed a Petition to Initiate Rulemaking. Time Warner petitioned the Commission to include "fresh look" requirements in its rules. "Fresh look" provides customers of incumbent local exchange companies (LECs) a one-time opportunity to opt out of existing contracts with LECs so as to avail themselves of competitive alternatives now offered or to be offered in the future by alternative local exchange companies (ALECs). The Commission currently does not have any rules or established policy related to "fresh look."

The Commission granted the petition to initiate rulemaking. Notice of Rule Development was published in the April 10, 1998, FAW and a workshop was held April 22, 1998. Interested persons filed comments after the workshop, and a draft rule and request for rulemaking was prepared by staff. The Statement of Estimated Regulatory Cost (SERC) was requested and due to the Division of Appeals on September 30, 1998. Based upon information received in the data request sent to the companies by the Division of Research and Regulatory Review staff, the rule was revised and a new SERC was written.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission propose new Rules 25-4.300, F.A.C., Scope and Definitions; 25-4.301, F.A.C., Applicability of Fresh Look; and 25-4.302, F.A.C., Termination of LEC Contracts?

RECOMMENDATION: Yes, the Commission should propose the new rules.

STAFF ANALYSIS: Section 364.19, Florida Statutes, states that the Commission may regulate, by reasonable rules, the terms of telecommunications service contracts between telecommunications companies and their patrons. Prior to ALEC competition, LECs entered into customer contracts covering local telecommunications services offered over the public switched network (typically in response to PBX-based competition). In addition, the LECs entered into customer contracts covering dedicated services and long distance services due to competition from AAVs and IXCs, respectively. The regulatory environment has changed due to the 1995 rewrite to Chapter 364, Florida Statutes, and the Telecommunications Act of 1996. ALECs are now offering switched-based substitutes for local service, either through use of their own facilities, unbundled network elements, or resale, where PBXs had previously been the only alternative. For multi-line users not interested in purchasing a PBX (due to financing, maintenance needs, constraints on upgrades, air conditioning, space limitations, or whatever reason), the LEC was heretofore the only option. Consequently, it is reasonable in this circumstance to give ALECs the opportunity to compete for this business without having to overcome the significant termination liability inherent in many LEC contracts.

The purpose of the "fresh look" rule is to enable ALECs to compete for existing LEC customer contracts covering local telecommunications services offered over the public switched network, which were entered into prior to switched-based substitutes for local exchange telecommunications services. Promotion of competition in this area is in the public interest.

The rules describe those limited circumstances under which a customer may terminate a LEC contract service arrangement or tariffed term plan (collectively, contracts) subject to a termination liability less than that specified in the contract. Those limited circumstances are for customer contracts covering local telecommunications services offered over the public switched network, which were entered into prior to January 1, 1997, and that are still in effect and will remain in effect for at least six months after the effective date of this rule. In these limited circumstances, a customer may terminate the contract, during the "fresh look window," by paying only any unrecovered non-recurring cost which the LEC has incurred, not to exceed the termination liability specified in the contract. The unrecovered non-recurring cost will be calculated from the information contained in the contract and supporting work papers. The "fresh look window" will begin 60 days following the effective date of this rule and end two years later. The 60 days will allow the LECs time to set up procedures to implement this rule. A two year "fresh look window" is recommended since this is a one-time, statewide opportunity and ALECs should have a chance to expand their operations in areas which they may not presently serve.

The following is a rule-by-rule summary and analysis of the proposed rules:

25-4.300 Scope and Definitions: The Scope explains what contracts are eligible for a "fresh look" and to which LECs the rules apply. The following terms are defined: "Fresh Look Window;" "Notice of Intent to Terminate;" "Notice of Termination;" and Statement of Termination Liability."

25-4.301 Applicability of Fresh Look: This rule provides that the fresh look applies to all eligible contracts and specifies that the window of opportunity to exit an eligible contract will begin 60 days after the effective date of the rule and remain open for two years. This rule contemplates an end user and LEC going through this process only once during the fresh look window for each eligible contract.

25-4.302 Termination of LEC Contracts: This rule provides for the process under which eligible contracts may be terminated. The LEC must designate a contact to whom inquiries must be addressed. The rule provides for notice and procedure. The end user sends the LEC contact a Notice of Intent to Terminate. The LEC has ten business days to provide the end user with a written Statement of Termination Liability. The rule specifies the Termination Liability is limited to any unrecovered, contract specific nonrecurring costs and may not exceed the termination liability specified by the terms of the contract. The contract itself or the working papers used to support the contract may be used for the calculation.

Once the end user receives the Statement of Termination Liability, he has 30 days to provide a Notice of Termination to the LEC. If no notice is sent, the contract remains in effect. If notice is sent, the end user may pay the termination liability by a one-time, lump-sum payment or monthly payments over the remaining term of the contract.

Finally, the LEC has 30 days to terminate the service from the date it receives the Notice of Termination.

Statement of Estimated Regulatory Cost: Collectively, there are 7,199 contract service arrangements and tariffed term plans ILECs estimate would be eligible for early termination under the provisions of the proposed Fresh Look rules. With no Fresh Look rule in place, a LEC is entitled to collect the contract termination charges reflected in the contract or tariff when a customer chooses early termination. If the proposed Fresh Look rule becomes effective, a LEC will lose the revenues it would have earned from a customer who terminates early, except for the portion of those revenues associated with nonrecurring costs. A LEC would only experience a financial loss if its unrecovered, contract specific nonrecurring costs exceeded the termination liability specified in the controlling contract or tariff. LECs were generally unable to estimate the amount of costs, if any, they would not be able to recover since it is unknown which contracts might be terminated.

LECs would incur relatively minor administrative and labor costs to provide the Statement of Termination Liability to customers. Transactional costs for ALECs should be limited to the administrative cost of setting up new customer accounts. End-user customers should benefit from the proposed rules by having the opportunity to obtain services at lower rates with limited liability for contract termination charges.

ISSUE 2: Should the Commission close Docket No. 960932-TP, Investigation into Fresh Look Policy for Local Telecommunications Competition?

RECOMMENDATION: Yes, the docket should be closed.

STAFF ANALYSIS: Upon the Commission's proposal of staff's proposed rules, further investigation into Fresh Look Policy is unnecessary at this time. Therefore, Docket No. 960932-TP should be closed.

ISSUE 3: Should Docket NO. 980253-TX be closed?

RECOMMENDATION: Yes, if no requests for hearing or comments are filed, the rule amendments as proposed should be filed for adoption with the Secretary of State and the docket be closed.

STAFF ANALYSIS: Unless comments or requests for hearing are filed, the rules as proposed may be filed with the Secretary of State without further Commission action. The docket may then be closed.

PART XII - FRESH LOOK

25-4.300 Scope and Definitions

25-4.301 Applicability of Fresh Look

25-4.302 Termination of LEC Contracts

25-4.300 Scope and Definitions.

(1) Scope. For the purposes of this Part, all contracts that include local telecommunications services offered over the public switched network, between LECs and end users, which were entered into prior to January 1, 1997, that are in effect as of the effective date of this rule and are scheduled to remain in effect for at least six months after the effective date of this rule will be contracts eligible for Fresh Look. Local telecommunications services offered over the public switched network are defined as those services which include provision of dial tone and flat-rated or message-rated usage. If an end user exercises an option to renew or provision for automatic renewal, this constitutes a new contract for purposes of this Part, unless penalties apply if the end user elects not to exercise such option or provision. This Part does not apply to LECs which had fewer than 100,000 access lines as of July 1, 1995, and have not elected price-cap regulation. Eligible contracts include Contract Service Arrangements (CSAs) and tariffed term plans in which the rate varies according to the end user's term commitment.

(2) For the purposes of this Part, the definitions to the

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following terms apply:

(a) "Fresh Look Window"- The period of time during which LEC end users may terminate eligible contracts under the limited liability provision specified in Rule 25-4.302(3).

(b) "Notice of Intent to Terminate"- The written notice by an end user of the end user's intent to terminate an eligible contract pursuant to this rule.

(c) "Notice of Termination"- The written notice by an end user to terminate an eligible contract pursuant to this rule.

(d) "Statement of Termination Liability"- The written statement by a LEC detailing the liability pursuant to 25-4.302(3), if any, for an end user to terminate an eligible contract.

Specific Authority: 350.127(2), FS.

Law Implemented: 364.19, FS.

History: New XX-XX-XX.

25-4.301 Applicability of Fresh Look.

(1) The Fresh Look Window shall apply to all eligible contracts.

(2) The Fresh Look Window shall begin 60 days after the effective date of this rule.

(3) The Fresh Look Window shall remain open for two years from the starting date of the Fresh Look Window.

(4) An end user may only issue one Notice of Intent to Terminate during the Fresh Look Window for each eligible contract.

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Specific Authority: 350.127(2), FS.

Law Implemented: 364.19, FS.

History: New XX-XX-XX.

25-4.302 Termination of LEC Contracts.

(1) Each LEC shall respond to all Fresh Look inquiries and shall designate a contact within its company to which all Fresh Look inquiries and requests should be directed.

(2) An end user may provide a written Notice of Intent to Terminate an eligible contract to the LEC during the Fresh Look Window.

(3) Within ten business days of receiving the Notice of Intent to Terminate, the LEC shall provide a written Statement of Termination Liability. The termination liability shall be limited to any unrecovered, contract specific nonrecurring costs, in an amount not to exceed the termination liability specified in the terms of the contract. The termination liability shall be calculated from the information contained in the contract or the workpapers supporting the contract. If a discrepency arises between the contract and the workpapers, the contract shall be controlling. In the Statement of Termination Liability, the LEC shall specify if and how the termination liability will vary depending on the date services are disconnected pursuant to subsections (4) and (6) and on the payment method selected in subsection (5).

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(4) From the date the end user receives the Statement of Termination Liability from the LEC, the end user shall have 30 days to provide a Notice of Termination. If the end user does not provide a Notice of Termination within 30 days, the eligible contract shall remain in effect.

(5) If the end user provides the Notice of Termination, the end user will choose and pay any termination liability according to one of the following payment options:

(a) One-time payment of the unrecovered nonrecurring cost, as calculated from the contract or the work papers supporting the contract, at the time of service termination; or

(b) Monthly payments, over the remainder of the term specified in the now terminated contract, equal to that portion of the recurring rate which recovers the nonrecurring cost, as calculated from the contract or the work papers supporting the contract.

(6) The LEC shall have 30 days to terminate the subject services from the date the LEC receives the Notice of Termination.

Specific Authority: 350.127(2), FS.

Law Implemented: 364.19, FS.

History: New XX-XX-XX.

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MEMORANDUM

November 18, 1998

TO: DIVISION OF APPEALS (Caldwell)

FROM: DIVISION OF RESEARCH AND REGULATORY REVIEW (Lewis) for PR

SUBJECT: STATEMENT OF ESTIMATED REGULATORY COST FOR PROPOSED RULES: 25-4.300, F.A.C., SCOPE AND DEFINITIONS; 25-4.301, F.A.C., APPLICABILITY OF FRESH LOOK; 25-4.302, F.A.C., TERMINATION OF LEC CONTRACTS. DOCKET NO. 980253-TX.

SUMMARY OF THE RULES

There are no existing Commission rules governing contract service arrangements (CSAs), tariffed term plans, or "Fresh Look." Presently, Commission Orders permit incumbent local exchange companies (ILECs) to offer special contract service arrangements for those services which are susceptible to uneconomic bypass by competitors. That is, when a competitor is able to offer the service at a price lower than the ILEC's tariffed rates, but above the ILEC's incremental costs, the ILEC may provide the customer with a CSA. A customer who enters into a CSA may be required to pay a termination charge if he terminates the contract prior to the date the contract is scheduled to expire. Termination charges vary according to each contract. Tariffed term plans, in which the rate varies according to the term of commitment, also typically include termination charges.

The proposed rules would provide a "Fresh Look Window" or period of time during which ILEC customers may terminate a tariffed term plan or CSA with limited liability. The customer's termination liability would be limited to any unrecovered, contract-specific, nonrecurring costs, in an amount not to exceed the termination liability specified in the terms of the contract. The Fresh Look Window would begin 60 days after the effective date of the proposed rule and remain open for two years. All contracts between ILECs and end users that include local telecommunications services offered over the public switched network would be eligible for early termination (provided such contracts were entered into prior to January 1, 1997, were in effect as of the effective date of the proposed rule, and were scheduled to remain in effect for at least six months after the effective date of the proposed rule).

ESTIMATED NUMBER OF ENTITIES REQUIRED TO COMPLY AND GENERAL DESCRIPTION OF INDIVIDUALS AFFECTED

ILECs with 100,000 or more access lines would be required to comply with the proposed rules. Only three of the ten ILECs operating in Florida meet this definition, BellSouth Telecommunications, Inc. (BellSouth), Sprint-Florida, Inc. (Sprint-Florida), and GTE Florida, Inc. (GTEFL). The proposed rules do not apply to ILECs which had fewer than 100,000 access lines as of July 1, 1995.

Over 200 ALECs are certified to operate in Florida. About 40 of those ALECs are known to provide the type of service (dial tone and flat-rated or message-rated usage) that could be competitive with ILEC contract service arrangements or tariffed term plans. However, if the proposed rules become effective, it would make a new pool of potential customers available to competitive providers, possibly resulting in an increase in the number of ALECs providing such services.

Customers with accounts which are priced under a CSA or tariffed term plan would be directly affected by the proposed rule, provided they entered into the contract prior to January 1, 1997, and the contract does not expire for at least six months after the rule becomes effective. There are approximately 7,199 such accounts, according to information staff received from the three large ILECs. BellSouth reported 1,640 accounts, GTE reported 2,759, and Sprint reported 2,800 (approximately 40% of Sprint's accounts are with governmental agencies).

RULE IMPLEMENTATION AND ENFORCEMENT COST AND IMPACT ON REVENUES FOR THE AGENCY AND OTHER STATE AND LOCAL GOVERNMENT ENTITIES

The Public Service Commission and other local government entities are not expected to experience implementation costs other than the normal costs associated with processing and publishing a proposed rule. The Commission should experience little direct cost for publicizing the proposed rule, because it is expected that customers will learn about the "Fresh Look" opportunity through the marketing efforts of ALECs.

Enforcement costs for the Commission could vary, depending upon whether a complaint is handled formally or informally (undocketed). Undocketed complaints generally consume fewer Commission resources than formal docketed complaints. The Division of Communications has resolved similar complaints informally in the past. However, it is not currently known how many, if any, Fresh Look complaints the Commission may receive, nor how many would require resolution through formal proceedings.

The proposed rule may benefit the Commission and other state and local government entities if it results in their being able to renegotiate existing telecommunications contracts at lower rates. Local governments holding ALEC certificates are expected to face compliance costs that are similar to those reported by other ALECs (negligible). They could also be expected to gain the same type of benefits (competitive opportunities) as other ALECs.

ESTIMATED TRANSACTIONAL COSTS
TO INDIVIDUALS AND ENTITIES

Contract Termination

Staff asked the three large ILECs to estimate the amount of contract termination charges that would not be recoverable under the proposed rule if all eligible contracts were terminated on December 31, 1998. The purpose of this question was to determine transactional costs under a "worst-case" scenario. Certainly, there is no expectation that all eligible contracts would be terminated, much less, that they would all be terminated on a given day.

BellSouth currently serves approximately 1,640 eligible contracts (primarily ESSX) whose average contract termination charges are $10,000 per system. This would result in a maximum of $16,400,000 being potentially unrecoverable, according to BellSouth, assuming that no unrecovered, nonrecurring costs exist. It is staff's understanding that BellSouth is unsure at this time what part of the $16.4 million (if any) it could recover under the proposed rule.

GTEFL serves approximately 2,759 eligible contracts (primarily Centranet). Using staff's worst-case scenario, GTEFL estimates that approximately $3,674,000 in termination charges would potentially not be recoverable under the proposed rule. The $3,674,000 figure provided by GTEFL assumes that GTEFL would not be able to recover any of the termination charges on any of the accounts.

Sprint-Florida serves approximately 2,800 eligible contracts (primarily Centrex). About 40% of those contracts are government accounts. Sprint-Florida estimates that in excess of $4,000,000 would not be recoverable if all contract holders terminated their contracts on a given day.

If a customer chooses to terminate a contract under the proposed rule, an ILEC would certainly lose the revenues it would have earned from that customer had he not terminated his contract; however, the ILEC's unrecovered, nonrecurring costs would be covered. It may be assumed that the ILEC has designed its contracts to recover any nonrecurring costs it incurred to serve the customer. The nonrecurring costs may be recovered through installation charges required to be paid in advance, a portion of monthly charges, termination charges, or a combination of the three methods. The proposed rule requires the customer to pay the ILEC an amount equal to any unrecovered, contract-specific, nonrecurring costs that do not exceed the termination liability specified in the contract being terminated. Therefore, if the proposed rule becomes effective and a customer chooses to terminate an eligible contract, the ILEC will be able to recover any outstanding nonrecurring costs of providing service.

Implementation

ILECs would incur administrative costs to provide the Statement of Termination Liability to customers. Sprint-Florida does not believe such costs would be significant. GTEFL also stated compliance costs would be relatively minor. However, GTEFL pointed out that additional labor costs could be incurred to determine the unrecovered, nonrecurring costs. BellSouth estimates labor and equipment cost totaling $239,247 to implement the proposed rule.

Transactional costs for ALECs should be limited to the administrative cost of setting up new customer accounts, which should be offset by earned revenues. End-user customers should benefit from the proposed rules by having the opportunity to obtain services at lower rates with limited liability for contract termination charges.

IMPACT ON SMALL BUSINESSES, SMALL CITIES, OR SMALL COUNTIES

ALECS that are small businesses could benefit from the proposed rules by having the opportunity to increase their customer base. Small businesses, small cities, and small counties could benefit from the proposed rules by having the opportunity to obtain service which is more attractive in terms of functionality, features, or price than would otherwise be available under their current ILEC contract or tariffed term plan.

REASONABLE ALTERNATIVE METHODS

No Rule

The alternative of no rule is advocated by BellSouth and GTEFL. Both companies believe no rule is necessary, as the marketplace is effectively competitive. However, no evidence was provided to substantiate this. Collectively, ALECs serve only 1.8% of the total access lines in Florida, according to the most recent survey conducted by the Division of Communications staff in its 1998 report on competition.

When to Open and Close Window

According to the proposed rule, the Fresh Look Window (window) would begin 60 days after the effective date of the rule and remain open for two years. Several respondents stated opinions about how long the window should remain open. BellSouth believes the window should only remain open for three to six months. However, three to six months may not provide a sufficient opportunity for competitors to educate customers. Customers need a sufficient amount of time to evaluate their options, make choices, and have the changes implemented. In addition, three to six months may not be long enough for the market to experience lasting competitive benefits.

MCI, Intermedia, Florida Competitive Carriers Association (FCCA), and Time Warner, all believe the window should be open longer. Several respondents suggested the fresh look window should not open until there is some proof that customers will actually have choices. Sprint Communications Company Limited Partnership (Sprint) suggested the window be opened on the date the Federal Communications Commission (FCC) or the courts authorize BellSouth to provide interLATA services, and that the window remain open for six months. MCI suggested opening the window concurrent with the date long-term local number portability is implemented, and leaving the window open for three years. There are some benefits to opening the window later or tying the opening of the window to a date that marks a change in the competitive environment. More providers would be available to compete for customers in a wider area. On the other hand, opening the window later would mean customers committed to long term contracts would be delayed in receiving benefits they could otherwise gain by terminating their contracts earlier.

Setting a fixed, two-year period as the length of time the window should remain open may mean lower administrative and implementation costs to both the Commission and ILECs, as these costs would be confined to a finite time period. If the window were permitted to open at different times for different customers, depending upon factors in a particular service area, the period of time during which the Commission must monitor these events and resolve any disputes is lengthened and costs for both the Commission and ILECs may increase as a result. Those who believe the opening of the window should be tied to demonstrated competition in a specific area would argue that there is no point in having a Fresh Look window if no competitive alternatives exist. On the other hand, the opening of the Fresh Look window itself may bring competition to the area.

Eligible Contracts

The proposed rule would limit eligible contracts to those which were entered into prior to January 1, 1997, and are scheduled to remain in effect through the rule's effective date. Staff's proposal to limit eligible contracts to those that were entered into prior to January 1, 1997, is based on the belief that the numerous interconnection agreements entered into during 1996 marked a competitive milestone in Florida's telecommunications environment.

Alternatives to the January 1, 1997, date were suggested by several parties. Sprint suggested that contracts entered into from August 8, 1996, through the date of effective competition (date BellSouth is authorized to provide interLATA services) be termed eligible. FCCA, Intermedia, and MCI believe contracts entered into prior to January 1, 1999, should be eligible. Similarly, Time Warner believes contracts entered into up to the effective date of the proposed rule should be eligible. The difficulty is establishing when, and to what degree, competition exists.

Tariffed services are often substantially discounted when individually priced under a CSA. Due, in part, to concerns about anti-competitive behavior, ILECs are required to file quarterly reports with the Commission reflecting the number of new contract service arrangements provided.[1] A brief review of these reports shows the number of new CSAs provided annually more than quadrupled for BellSouth from 1994 to 1997. For Sprint, the number of new CSAs provided annually also increased, doubling from 1994 to 1997 (combined quarterly reports of Centel and United). For GTE, the number of new CSAs provided annually increased from 1994 to 1995, but by 1997 showed a 77% decrease from 1994 levels. The following table lists the number of new CSAs provided by each of the large LECs each year from 1984 through the second quarter of 1998.

[1]Not all the CSAs contained in these reports would be eligible contracts under the proposed rule.

New Contract Service Arrangements Provided															
	84	*85*	*86*	*87*	*88*	*89*	*90*	*91*	*92*	*93*	*94*	*95*	*96*	*97*	*2/98*
GTE	0	0	0	1	3	2	1	4	3	8	13	16	14	3	*
SBT	0	7	6	18	43	15	27	15	17	47	41	12	79	238	135
SPRINT	0	0	0	0	0	0	0	0	40	17	5	1	1	10	*

**unavailable*
Source: Numbers for 1984-1994 from Order No. PSC-95-0926-FOF-TL, remaining numbers from CSA Quarterly Reports. Numbers for United Telephone Company and Centel Telephone Company have been combined under Sprint.

One reason for the increase in the number of new CSAs could be that more customers are receiving offers from competitors. Therefore, rather than lose these customers, the ILEC responds by offering to meet the customer's needs through a contract service arrangement. Another reason more new CSAs are offered each year may be that the number of tariffed services for which the Commission has granted CSA authority has increased over the past fourteen years.

Termination Liability

The proposed rule limits the customer's termination liability to unrecovered, nonrecurring costs which do not exceed the termination liability specified in the terms of the contract. The FCCA suggests ILECs should only be allowed to recover the costs of any special construction arrangements that were additional or unplanned construction specifically to serve a user. However, limiting cost recovery to additional or unplanned construction would not permit ILECs to recover the legitimate, nonrecurring costs reflected in the work papers supporting the contract.

Time Warner expressed concern that some customers would be discouraged from taking advantage of the Fresh Look Window if they were required to make a large lump-sum payment in order to terminate a contract. Time Warner suggested permitting customers to pay the unrecovered, nonrecurring costs over time, as ILECs presently recover such costs over the term of the contract. After consideration of this alternative, staff revised proposed Rule 25-4.302(5) to allow the customer the option of paying unrecovered, nonrecurring costs to the ILEC in monthly payments over the remainder of the original contract period.

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cc: Sally Simmons, CMU