

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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

DATE: September 9, 2004

TO: Director, Division of the Commission Clerk & Administrative Services (Bayó)

FROM: Office of the General Counsel (Scott, McKay)
Division of Competitive Markets & Enforcement (Bates)

RE: Docket No. 040343-TP – Petition by Volo Communications of Florida, Inc. d/b/a Volo Communications Group of Florida, Inc. for adoption of existing interconnection agreement between ALLTEL Florida, Inc. and Level 3 Communications, LLC.

AGENDA: 09/21/04 – Regular Agenda – Motion to Dismiss — Parties May Participate

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\GCL\WP\040343.RCM.DOC

Case Background

On April 19, 2004, Volo Communications of Florida, Inc. d/b/a Volo Communications Group of Florida, Inc. (Volo) filed a Petition to Adopt (Petition) the ALLTEL Florida, Inc. (ALLTEL) and Level 3 Communications, LLC (Level 3) Interconnection Agreement, which was effective through June 30, 2004. In its Petition, Volo requests that the Commission acknowledge Volo's immediate adoption of the ALLTEL and Level 3 Interconnection Agreement (Agreement), in its entirety, pursuant to §252(i) of the Telecommunications Act of 1996.

On May 7, 2004, ALLTEL filed its Motion to Dismiss (Motion) the Petition on the basis that it fails to state a cause of action and was not filed within a reasonable time as set forth in 47 C.F.R. §51.809(c).¹ Alternatively, ALLTEL requests that if the Commission decides not to grant the Motion, that the Commission set this matter for a hearing under §120.57(1), Florida Statutes.

¹ It is important to note that, up until now, this issue has not been contested before the Commission.

On May 19, 2004, Volo filed its Response to ALLTEL's Motion in which it contends that the reasonable time argument as set forth by ALLTEL is not a valid basis for the Motion or to prevent Volo's adoption of the Agreement. Volo asserts that under the language of §252(i), a Competitive Local Exchange Carrier's (CLEC) ability to adopt an existing agreement with the exact same terms and conditions is absolute and unambiguous. Furthermore, Volo contends that the reasonable time standard proposed by ALLTEL is futile absent any standards set forth by either the Federal Communications Commission (FCC) or this Commission. Additionally, Volo amends its earlier pleading to change it from a "Petition to Adopt" to a "Notice of Adoption" (Notice).

On June 30, 2004, ALLTEL filed a Notice of Supplemental Authority attached to which was an Order Denying Notice issued by the Georgia Public Service Commission (GPSC). The Order had not been issued as of the filing of ALLTEL's Motion or Volo's Response. Therein, the GPSC sets forth a standard whereby "a request to adopt an interconnection agreement with six months or more remaining in the term of the agreement constitutes a reasonable period of time under 47 C.F.R. 51.809(c)."

ALLTEL and Level 3 are presently negotiating a successor interconnection agreement. Volo has been involved in these negotiations as well.

DISCUSSION OF ISSUES

Issue 1: Should the Commission grant ALLTEL's Motion to Dismiss Volo's Notice of Adoption?

Recommendation: No. Staff recommends that ALLTEL's Motion to Dismiss be denied. Because the parties are, however, currently negotiating a new agreement, staff recommends that proceedings in this matter be held in abeyance for a period of sixty (60) days. Thereafter, if negotiations are not successful, this matter should be set for hearing. (SCOTT/MCKAY)

STAFF ANALYSIS:

I. Standard of Review

In reviewing a motion to dismiss, the Commission should take all allegations in the petition as though true, and consider the allegations in the light most favorable to the petitioner in order to determine whether the petition states a cause of action upon which relief may be granted. See, e.g., Ralph v. City of Daytona Beach, 471 So.2d 1, 2 (Fla. 1983); Orlando Sports

Stadium, Inc. v. State of Florida ex rel Powell, 262 So.2d 881, 883 (Fla. 1972); Kest v. Nathanson, 216 So.2d 233, 235 (Fla. 4th DCA, 1968); Ocala Loan Co. v. Smith, 155 So.2d 711, 715 (Fla. 1st DCA, 1963).

Furthermore, a motion to dismiss questions whether the complaint alleges sufficient facts to state a cause of action as a matter of law. Varnes v. Dawkins, 624 So.2d 349, 350 (Fla. 1st DCA 1993). In disposing of a motion to dismiss, the Commission must assume all of the allegations of the complaint to be true. Id. In determining the sufficiency of a complaint, the Commission should limit its consideration to the complaint and the grounds asserted in the motion to dismiss. Flye v. Jeffords, 106 So.2d 229 (Fla. 1st DCA 1958).

II. Arguments

A. Volo's Notice of Adoption

In its Notice, Volo seeks to completely and fully adopt the rates, terms, and conditions of the Agreement, which was filed and approved in Docket No. 020517-TP. Volo acknowledges that the Agreement was set to terminate on June 30, 2004 pursuant to §4.1 of the Agreement. However, Volo asserts that §4.2 of the Agreement provides that the Agreement shall remain effective while ALLTEL and Level 3 are negotiating a successor interconnection agreement. Therefore, Volo contends that the underlying Agreement, and its adoption by Volo, would likely remain in effect beyond the June 30, 2004 termination date.

Volo further asserts that given its present business needs it is imperative that it proceed with an immediate adoption of an existing interconnection agreement. Pursuant to §252(i) of the Telecommunications Act of 1996, Volo requests an immediate acknowledgement of its adoption of the Agreement.

B. ALLTEL's Motion to Dismiss

ALLTEL's Motion asserts that Volo's Notice affects its substantial interests, because it seeks to require performance of an agreement set to expire within a short period of time, *i.e.* seventy-two days after the adoption date. ALLTEL contends that Volo's Notice fails to state a cause of action as a matter of law and has not been filed within a reasonable period of time as required. ALLTEL asserts that 47 C.F.R. §51.809(c) requires an interconnection agreement be made available for adoption if the request is made within a reasonable period of time. ALLTEL claims that there is no guarantee that the Agreement will continue to be in effect past the termination date.²

47 C.F.R. §51.809(a) and (c) provide in part the following:

- (a) An incumbent LEC shall make available without unreasonable delay to any requesting telecommunications carrier any agreement in its entirety to which the incumbent LEC is a party that is

² As noted in the Case Background, ALLTEL and Level 3 are currently negotiating a successor interconnection agreement. As such, the Agreement is presently in effect.

approved by a state commission pursuant to Section 252 of the Act, upon the same rates, terms, and conditions as those provided in the agreement.

(c) Individual agreements shall remain available for use by telecommunications carriers pursuant to this section for a reasonable period of time after the approved agreement is available for public inspection under Section 252(h) of the Act.

ALLTEL cites to two cases, *In re: Global NAPs South, Inc.*, 15 FCC R'cd 23318 (Aug. 5, 1999) and *In re: Notice of Global NAPs South, Inc.*, Case No. 8731 (Md. PSC July 15, 1999), both of which were attached to its Motion. Each case involves a CLEC's request to adopt an interconnection agreement within eleven months and six months, respectively, of each agreement's termination date. In each case the respective state commissions held that given the limited amount of time remaining in the interconnection agreements, allowing the CLECs to opt-in would be unreasonable.

ALLTEL asserts that the Agreement will terminate before the Commission could approve Volo's Notice. ALLTEL requests that Volo's Notice be dismissed on the basis that it was not filed within a reasonable amount of time as required by 47 C.F.R. §51.809(c) and that the Commission enter an order dismissing the Notice for failure to state a cause of action. In the alternative, ALLTEL requests that, in the event its Motion cannot be granted, this matter be set for a hearing under §120.57(1), Florida Statutes.

C. Volo's Response to the Motion to Dismiss

In Volo's Response, it asserts that ALLTEL's sole basis for objecting to the Notice is not valid to support a Motion to Dismiss or any objection pursuant to §252(i) of the Telecommunications Act of 1996. Volo contends that there is no statutory basis to prevent it from adopting the existing Agreement. Volo further contends that 47 C.F.R. §51.809(c), upon which ALLTEL bases its Motion to Dismiss, does not limit its ability to fully and completely adopt the Agreement, because what constitutes a reasonable period of time has not been definitively ruled on by either the FCC or this Commission.

Furthermore, Volo asserts that ALLTEL bases its Motion on the erroneous assumption that there is a substantive review and approval process inherent in a §252(i) adoption. Volo contends that an interconnection agreement arrived at through negotiation or arbitration has a specific statutory review process under §252(c). Volo further contends that the only review process under §252(i) is to "ensure that the requested interconnection agreement is lawfully approved and effective and that the CLEC is adopting the agreement" without modifications. Volo contends that, under 47 C.F.R. §51.809(b), an ILEC's only possible objection to a §252(i) adoption is that it would not be cost effective or technically feasible. Volo points out that ALLTEL has asserted neither objection.

Volo distinguishes the two cases which ALLTEL cites to in its Motion. Volo contends that these two cases are distinguishable from Volo's attempts to adopt, because Global NAPs petitioned each state commission for arbitration to adopt existing interconnection agreements

under changed terms and conditions. Unlike the situation in the Global NAPs cases, Volo asserts that it is complying with the same terms and conditions requirement of §252(i).

Volo further contends that if there is a reasonable time period standard in this jurisdiction, then ALLTEL has still acted in a discriminatory manner when it has permitted other CLECs to adopt the Agreement with less than six months remaining in the Agreement. Volo points to a specific instance where, on February 17, 2004, Sprint filed a notice of adoption for the same Agreement in dispute here, and ALLTEL signed a letter accepting such adoption. See FPSC Docket No. 040155-TP.

Finally, Volo requests that ALLTEL's alternative request for a §120.57(1) hearing be denied, because ALLTEL has not specified any disputed issues of material fact or complied with the pleading requirements under Rule 28-106.201, Florida Administrative Code, for such a hearing.

III. Staff's Analysis

Upon consideration, staff recommends that ALLTEL's Motion to Dismiss be denied, because Volo's Notice of Adoption does state a cause of action upon which relief may be granted. However, ALLTEL raises a valid argument as to what constitutes a reasonable period of time under 47 C.F.R. §51.809(b), which staff believes may involve legal and policy arguments that could implicate a dispute of material fact.

ALLTEL argues that Volo's Notice should be dismissed primarily because the time frame in which it filed the Notice is unreasonable in light of the June 30, 2004 termination date. Although the FCC has adopted a regulation implementing §252(i) of the Act that requires an ILEC to make an interconnection agreement available for a reasonable period of time, there seems to be no definitive standard set forth by the FCC as to what constitutes a reasonable time. Whether such a limitation would apply to Volo's adoption of the Agreement would depend on the Commission's further analysis and interpretation of 47 C.F.R. §51.809(c) in this proceeding. Thus, ALLTEL's Motion fails because Volo's Notice, on its face, states a cause of action upon which relief could be granted; however staff recommends that ALLTEL's request for a hearing be granted. Whether a §120.57(1) or (2) hearing is appropriate requires further consideration, and should be addressed through the issue identification process.

Conclusion

Based on the foregoing, staff recommends that ALLTEL's Motion to Dismiss be denied. Volo has stated a cause of action upon which relief may be granted under §252(i) of the Telecommunications Act of 1996. Because the parties are, however, currently negotiating a new agreement, staff recommends that proceedings in this matter be held in abeyance for a period of 60 days. Thereafter, if negotiations are not successful, this matter should be set for hearing. In the alternative, staff recommends that this matter be set for an expedited hearing based upon the apparently limited number and scope of issues presented.

Docket No. 040343-TP
Date: September 9, 2004

ISSUE 2: Should this Docket be closed?

RECOMMENDATION: No. If the Commission approves staff's recommendation in Issue 1, this Docket should be held open pending further proceedings. **(SCOTT)**

STAFF ANALYSIS: If the Commission approves staff's recommendation in Issue 1, this Docket should be held open pending further proceedings.

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