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Georgia Public Service Commission

244 WASHINGTON STREET, S.W.
ATLANTA, GEORGIA 30334-5701

Docket No. 3995-U

IN RE: IntraLATA Toll Competition

HEARD: March 10, 1992

DECIDED: March 10, 1992

FOR THE COMMISSION STAFF:
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FOR INTERLINK TELECOMMUNICATIONS, INC.:
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BY THE COMMISSION:

On March 8, 1991, MCI Telecommunications Corporation (MCI) filed a petition with this Commission requesting that further hearings be scheduled in Docket No. 3446-U (MCI's Certificate Application) and that MCI be granted intrastate, intraLATA authority, or alternatively, that the Commission establish a generic investigation into:

- (A) Whether access charges constitute adequate compensation to the local exchange companies for intraLATA calls made by IXC customers; and
- (B) Whether it is in the public interest to permit intraLATA facilities based toll competition in Georgia.

On March 12, 1991, AT&T Communications of the Southern States, Inc. (AT&T) filed its petition to intervene and its support for MCI's request for a generic investigation.

In response to MCI's application, the Commission established a generic investigation into the issue of intraLATA toll competition. On October 1, 1991 the Commission issued its Notice of Inquiry, which requested comments and reply comments from the parties in six (6) major areas.

In the Commission's second Procedural Order dated February 5, 1992, the Commission noted that the comments and reply comments of the parties indicated agreement among the parties on certain issues and suggested that the parties indicate by stipulation at the hearing those areas where agreement had been reached.

On March 2, 1992, MCI filed a Motion to Adopt Stipulation and Conclude Docket. Attached to that Motion was an IntraLATA Toll Competition Stipulation. All parties to this Docket either were parties to the Stipulation or did not expressly object to the adoption of the Stipulation by this Commission.

FINDINGS OF FACT

1.

MCI filed a petition seeking intrastate, intraLATA authority in addition to its already existing interLATA authority.

2.

The Commission considered MCI's petition and established a generic investigation into the issue of intraLATA toll competition.

3.

The Commission received the comments and reply comments from the following parties: Southern Bell, GTE South Incorporated, Georgia Telephone Association, Consumers' Utility Counsel, AT&T, MCI, Sprint Communications Company Limited Partnership, ATC Long Distance, Business Telecom Incorporated, Metromedia Communications Corporation, LDDS of Alabama Incorporated and Phone America Incorporated.

4.

The Commission has reviewed the Stipulation and finds that permitting further intraLATA toll competition is in the public interest and that approval of the Stipulation will benefit all consumers of telecommunications services in Georgia.

5.

The Commission finds that approval of the Stipulation resolves the issues raised in Docket No. 3913-U concerning the use of the 700 service access code. Thus, Docket No. 3913-U is concluded with this Order.

CONCLUSIONS OF LAW

Based upon the foregoing Findings of Fact, the Commission makes the following Conclusions of Law:

1.

Pursuant to O.C.G.A. Section 46-5-41 the Commission has the authority to issue Certificates of Public Convenience and Necessity in part or in whole to all Resellers and Interexchange Carriers.

2.

Pursuant to O.C.G.A. Section 46-2-23 and 46-2-25 the Commission has jurisdiction to determine the reasonableness of the rates, charges, classifications and services of all Local Exchange Carriers, Resellers and Interexchange Carriers.

WHEREFORE, it is

ORDERED, that the terms and conditions of the intraLATA Toll Competition Stipulation as set forth in Attachment I (including attachment A thereto) is approved.

ORDERED FURTHER, that those local exchange telephone companies in the Chattanooga LATA (Chickamauga Telephone and Walker County Exchange of GTE) and Panama City LATA (St. Joseph Telephone & Telegraph Company) are excluded from the provisions of the Stipulation and this Order.

ORDERED FURTHER, that the investigation of the use of the 700 service access code initiated in Docket 3913-U is resolved and concluded.

ORDERED FURTHER, that the reporting, compensation and other requirements contained in the Commission's Orders in Docket 3921-U and 3913-U, to the extent in conflict with the IntraLATA Toll Competition Stipulation, are hereby superseded.

ORDERED FURTHER that jurisdiction over implementation of the IntraLATA Toll Competition Stipulation is expressly retained for the purpose of entering such further Order or Orders as this Commission may deem just and proper.

ORDERED FURTHER that a motion for reconsideration or other motion for the purpose of review shall not stay the effectiveness of this Order, unless otherwise ordered by the Commission.

The above by action of the Commission in Administrative Session on March 10, 1992.



William J. Buckner
Executive Secretary



Bob Durden
Chairman

3-20-92

DATE

3/20/92

DATE

WJB/BD/RCE/OJY

IntraLATA Toll Competition Stipulation

- I. Effective immediately upon the date of the Order which approves this Stipulation, all certificated Interexchange Carriers including resellers, (IXCs/resellers) shall be granted statewide operating authority to originate and terminate toll calls within the same LATA through access arrangements excluding presubscribed 1+, 0+ and 0- services via originated and outgoing feature group C or D.

The actual implementation by the Local Exchange Carriers ("LECs") will be within 3 months for Southern Bell ("SBT") and as soon as technically feasible for the other equal access LECs, but no later than six months following the date of the Order which approves this Stipulation.

- II. Establish industry task force to evaluate the issues surrounding the implementation of 1+, 0+, 0- intraLATA competition. These issues will include, but not be limited to, technical concerns and financial concerns. In any event, no authorization for this type of competition shall be implemented for 3 years from the date of the Order which approves this Stipulation.

- III. (a) The IXCs/resellers shall compensate the LECs for the use of LEC facilities to originate or terminate toll traffic through the payment of access charges. For all LECs, except the Primary Carrier, the access charge rate levels shall be the tariffed intraLATA access charges or the tariffed interLATA access charges as applicable. The IXCs/resellers shall compensate the Primary Carrier for the use of the Primary Carrier's facilities to originate or terminate toll traffic through the payment of access charges. The Primary Carrier will be compensated at its tariffed interLATA access charge rate levels for both intraLATA and interLATA toll traffic.

(b) "Compensation" above access charges as established in Docket 3921-U, and the reporting requirements associated therewith, shall be eliminated upon Commission approval of this Stipulation. SBT shall be allowed to recover the amount of intraLATA compensation billed during the latest twelve-month period prior to the effective date of the Stipulation. This amount shall be recovered through an increase to the SBT carrier common line (CCL) access rate element. SBT shall file a revised access tariff reflecting the modified CCL rate on or before Commission approval of the Stipulation.

(c) During the three year period which follows the 10XXX implementation date, each IXC/reseller will be billed an additional amount for each actual originating 10XXX intraLATA toll minute of use. This billing will be phased out over the three year period according to the following schedule:

Year 1:	\$.04
Year 2:	\$.02
Year 3:	\$.01

Existing reseller intraLATA traffic volumes will be grandfathered and exempted from this additional billing. The LECs will track the actual 10XXX intraLATA usage and the IXC/reseller will have audit rights.

- IV. Competing LECs shall have pricing flexibility (with respect to intraLATA toll rates) to the same extent offered to competing IXCs. SBT will comply with imputation requirements set forth in Attachment A.

Likewise, the competing IXCs/resellers must ensure that their toll rates cover the relevant costs, consistent with the Georgia Public Service Commission's rules and orders.

- V. All LECs (except the primary carrier) will file access tariff revisions, in compliance with the Depooling Agreement, in order to achieve interLATA and intraLATA access parity over the five year period of the depooling plan.

- VI. During the three year period which follows the 10XXX implementation date, SBT will reduce toll to competitive levels. SBT (and other LECs, at their option) will adjust switched access to interstate levels. For SBT, switched access will include all rate elements of Feature Group D and the traffic sensitive rate elements of Feature Groups A and B. The rate reductions associated with this plan will be offset through the sharing provisions of any LEC's incentive sharing plans or price cap plans in effect and/or through rate adjustments in other services as appropriate. Rate adjustments associated with this plan will begin simultaneously with 10XXX competition and will be completed within 3 years. Reductions for SBT will be accomplished as follows:

- Toll and switched access reductions will be made at a ratio of approximately 2:1 for toll and switched access until target levels are met.
- The existing originating CCL capping plan will be eliminated and replaced with the access reductions described above.
- Reductions for each year in order to achieve overall targeted toll and access reductions will be as follows:
 - Year 1 of the 3 year plan shall yield 44% of the overall reduction required to reach interstate parity for access and competitive levels for toll.

- Year 2 of the 3 year plan shall yield 50% of the remaining amount required to reach interstate parity for access and competitive levels for toll.
- Year 3 of the 3 year plan shall yield 100% of the remaining reductions necessary to achieve the overall levels required to reach interstate parity for access and competitive levels for toll.

VII. The parties to this Stipulation agree that Docket No. 3995-U was established to deal with the issue of IntraLATA toll competition. Therefore, this Stipulation does not address other issues raised by certain parties such as the authority to provide intraLATA by-pass of LEC access service and/or competition within the local exchange market. The parties agree that those issues are not appropriate for resolution in this docket and shall be addressed, if at all, in a separate proceeding. Further, the parties to this Stipulation agree that Docket No. 3995-U should be concluded effective with the date of the Order which approves this Stipulation. This Stipulation represents a compromise which all parties to this Stipulation recommend to the Georgia Public Service Commission, but with the understanding that if the settlement is not approved, in its entirety, each party is free to withdraw from the settlement and litigate all issues in this proceeding.

GEORGIA IMPUTATION OF ACCESS / CROSSOVER CALCULATION
Based on Assumptions used in Florida

- Originating and terminating feature group D switched access with an average transport of 1-8 miles will be imputed for toll and high volume toll offerings. For high volume toll offerings (initially 218 hours and greater for the inward plan and initially 254 hours and greater for the outward plan) Southern Bell will include one end of switched and one end of special access with an average transport for special access of 4 miles.
- Southern Bell will include the incremental cost of billing and collecting for high volume toll customers.
- The initial crossover point of 218 hours will be used for one end of switched and one end of special access imputation for the inward plan. The initial crossover point of 254 hours will be used for one end of switched and one end of special access imputation for outward plan.
- The crossover points change as access rates change.

A. SWITCHED ACCESS INTRASTATE

	1 ORIGINATING	2 TERMINATING	3 TOTAL
CCL			
LINE TERMINATION	\$0.00550	\$0.01285	\$0.01835
LOCAL SWITCHING	0.00560	0.00560	0.01120
LOCAL TRANSPORT (1-8 mi.)	0.00861	0.00861	0.01722
INTERCEPT	0.00643	0.00643	0.01286
	0.00009	0.00009	0.00017
	-----	-----	-----
SUB TOTAL	\$0.02623	\$0.03358	\$0.05980
CONVERSATION MINUTES	1.1		
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TOTAL	\$0.02885	\$0.03358	\$0.06242

B. SPECIAL ACCESS

1. Assumed usage per vg equivalent = 5000 Minutes
2. Local Channels (\$117 * 2) = \$234.00
3. Special Transport - Fixed (1-8 mi) = \$65.00
4. Transport - 4 miles @ \$35/mile = \$140.00
5. Total DS1 (100% IntraLATA Usage) = \$439.00 Per (Full) DS1
6. 24 Chan x 83% Filled = 20 Channels, (\$439.00 Divided by 20)
7. MOU Rate (Line 6 Div by Line 1) = \$21.95 Per Chan
\$0.0044 Per Chan per mi

C. SWITCHED ACCESS CHARGES ABOVE CROSSOVER

1. Inward Plan (A1+B7) ==>
2. Outward Plan (A2+B7) ==> \$0.0332 Per MOU
\$0.0380 Per MOU

D. CROSSOVER CALCULATION

1. INWARD PLAN

B5 Divided by A2 = MOU Div by 60 = Crossover Hours
 $\$439.00 / \$0.0336 = 13075 / 60 \text{ Mins.} = \underline{218 \text{ Hours}}$

The inward plan crossover point requiring SBT to include one end of switched access and one end of special access in Georgia is 218 hours.

2. OUTWARD PLAN

B5 Divided by A1 = MOU Div by 60 = Crossover Hours
 $\$439.00 / \$0.0288 = 15218 / 60 \text{ Mins.} = \underline{254 \text{ Hours}}$

The outward plan cross over point requiring SBT to include one end of switched access and one end of special access in Georgia is 254 hours.

3. Southern Bell shall limit high volume toll services for which the formula test is applied to access lines which can be used only for those services. No other service, such as local service, shall be permitted on these lines.