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October 22, 1993

ORIGINAL
FILE COPY

Mr. Charles Murphy
Staff Counsel
Florida Public Service Commission
101 East Gaines Street
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Filed with RAR
by LEG/murphy 10/22/93
ly

RE: Petition by Expanded Interconnection for Alternate
Access Vendors Within Local Exchange Company Central
Offices by Intermedia Communications of Florida, Inc. ;
Docket No. 921074-TP

Dear Charles:

Please find enclosed an original and fifteen (15) copies of
Sprint Communications Company Limited Partnership's ("Sprint")
Brief in the above-referenced matter. Please date stamp the extra
copy and return it to me in the self-addressed stamped envelope.

If you have any questions, please do not hesitate to contact
me.

Sincerely,

Chanthina R. Bryant
Chanthina R. Bryant
Attorney, State Regulatory

- ACK
- AFA
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cc: All Parties of Record

Florida Public Service Commission
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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In Re: Petition of INTERMEDIA)
COMMUNICATIONS OF FLORIDA, INC. for)
Expanded Interconnection for AAVs)
with LEC Central Offices)

Docket No. 920174-TL

Filed: Oct. 22, 1993

BRIEF OF SPRINT COMMUNICATIONS COMPANY LIMITED PARTNERSHIP

COMES NOW, Sprint Communications Company Limited Partnership ("Sprint") and hereby submits its Brief in the above-captioned docket.

SUMMARY AND INTRODUCTION

On October 19, 1992, the Federal Communications Commission ("FCC") issued an Order mandating all Tier 1 Local Exchange Companies ("LECs") to provide central office collocation to competitive access providers¹ ("CAPs") and other parties, upon request. In its Order, the FCC directed Tier 1 LECs to file interstate tariffs providing for central office collocation thereby permitting Alternative Access Vendors ("AAVs") to place transmission equipment such as multiplexers, digital cross-connect systems, terminating and other necessary equipment within LEC central offices for purposes of interconnecting LEC and AAV interstate special services.

On October 16, 1992, Intermedia Communications of Florida, Inc. ("Intermedia") filed with the Florida Public Service Commission ("Commission") a "Petition for an Order Permitting AAV Provision of Authorized Services through Collocation Arrangements

¹ Competitive Access Provider is the FCC's classification of Alternative Access Vendors ("AAVs") as commonly referred to in Florida.

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FPC-RECORDS/REPORTING

in LEC Central Offices" pursuant to Rule 25-22.036(4), Florida Administrative Code. In its Petition, Intermedia requested that the Commission mandate that LECs establish tariffed rates, terms and conditions necessary to permit certificated AAVs to use collocated facilities to provide intrastate special access and private line services.

The Commission subsequently scheduled the matter for Hearing on September 13-16, 1993. Sprint intervened in the proceeding and sponsored as its witness the testimony of Fred I. Rock, Manager - Regulatory Access Planning. In his testimony, Mr. Rock encouraged competitive entry in the provisioning of access services which is, at present, almost exclusively being provided by LECs. (Transcript, 442.) He supported expanded interconnection and central office collocation to facilitate the competitive provisioning of local private line and special access transport.

Sprint recommends that the Commission structure its policy on expanded interconnection for special access based on the framework established by the FCC. Although the Commission is not obligated to embrace all aspects of the FCC's policy established on expanded interconnection, Sprint believes that it should at least serve as the basis for an interconnection policy adopted in Florida. Sprint encourages the Commission to enhance its interconnection policy in Florida by going beyond the FCC's Order. In so doing, Sprint urges the Commission to consider the following:

1. the need to allow dual use of the collocation facilities for the origination and termination of special as well as switched traffic;

2. the need to establish LEC pricing flexibility for special access and private line services beyond that ordered by the FCC; and
3. a policy requiring expanded interconnection offerings, central office space usage and special access services to be tariffed as required by the FCC.
1. The Commission should allow dual use of the collocation facilities for the origination and termination of special and switched traffic.

Unlike the FCC in its Order released in CC Docket 91-141,² the Commission should require LECs to originate and terminate switched traffic at interconnector collocation sites established under the special access interconnection offerings. Not allowing this provision would appear to prohibit an IXC that takes advantage of expanded special access interconnection, either directly or by means of arrangements with a CAP, to use collocated facilities in the LEC central office as a point from which to order switched access. Moreover, such a prohibition would preclude IXCs from making efficient use of the local exchange network. In instances where an IXC takes advantage of collocation for special access as an interconnector or by purchasing from a CAP, it has, in effect, established a point of presence ("POP") in the LEC central office. Having done so, there is no reason why the IXCs should not be permitted to use these POPs as ordering points for switched access facilities. Otherwise, the IXCs would have to order, and the LECs

² In the Matter of Expanded Interconnection with Local Telephone Company Facilities; Federal Communications Commission CC Docket No. 91-141. There is no underlying rationale for the broad prohibition apparently imposed by the FCC's Order. The only discussion bearing on this provision of the Order appears in para. 109 wherein the FCC stated: "we do not believe at this time that interconnectors should be allowed to ratchet at a date significantly before the LECs have implemented a new transport structure." This intended prohibition differs significantly from the concept of dual use as proposed by Sprint.

would have to provide, overlapping facilities from the LEC central office to other IXC POPs. Although IXCs may wish to continue to order switched access facilities from their pre-existing POPs for reasons of routing diversity, there is no reason they should be required to do so.

Sprint is not suggesting here, in advance of a Commission Order requiring switched access interconnection or assessment of the Florida Statute authorizing alternative access, that the actual cross-connect circuits connecting special access circuits from the IXC or CAP "cage" within the LEC central office be used to handle both switched and special access.³ Rather, interconnectors should be permitted to order the presently tariffed switched access services, provided over conventional LEC facilities, to their sites on the LEC premises. Sprint believes that this type scenario constitutes dual use and not "ratcheting" as suggested during the Hearing. (Transcript, 464.)

Ratcheting occurs when a single facility, such as a DS3, is used to provide two (2) different services, i.e. special access and switched access transport. (Transcript, 619.) If the two services have different units of measurement, per facility vs. per MOU, where the facility cost recovery is built into the per MOU rate, the appropriate portion of the facility used to provide the per MOU service must be "ratcheted" from the full cost of the facility. As

³ There is some question as to whether interconnection for switched access is presently authorized by the Florida Statutes. Section 364.337 (3)(a), F.S., authorizes the provisioning of alternative access services and states, in pertinent part, that "... 'alternative access vendor services' means the provision of private line service between an entity and its facilities at another location or dedicated access service between an end-user and an interexchange carrier by other than a local exchange telecommunications company..."

an example, Sprint orders DS3 special access to haul both special access traffic (i.e. 2/3 capacity is used for special) and dedicated switched transport (the remaining 1/3 capacity). The special access billing would show one (1) DS3 at \$4,000 minus \$1,334 (1/3 times \$4,000 to ratchet off the portion relating to switched transport). The LEC is then compensated for switched transport via the MOU charge for switched access.

Dual use, on the other hand, will allow shared and efficient use of collocation facilities.⁴ By allowing dual use of special access collocation sites, an interconnector or its customer would still be required to purchase LEC provided local transport service which is recovered via a fixed non-distance sensitive per minute of use ("MOU") charge in Florida. Thus, from a LEC revenue management standpoint, permitting dual use of special collocation sites would have no impact on LEC revenues. Under this scenario, the interconnector would order one (1) interconnection site for the purpose of transporting any traffic directed to it, special or switched, interstate or intrastate. The LEC would proportionately bill interconnection charges based on the percentage of use by each jurisdiction times the special access interconnection rates tariffed for each jurisdiction of traffic. For example, if total interconnection facilities were used 80% for interstate interconnected traffic and 20% for intrastate traffic (assuming the same rates apply to intrastate interconnection as interstate) and

⁴ See, Attachment A and B for illustration of intrastate expanded interconnection with and without dual use for switched access.

interconnection charges total \$30,000, \$6,000 would be billed as intrastate interconnection related charges. (This is similar to the LEC recovery for its switched access network. The LEC has one (1) switched network that handles both interstate and intrastate switched traffic. The portion used for intrastate is billed at one set of per MOU rates and the interstate portion is billed using another.) Again, the LEC would continue to bill the IXC for switched transport to the interconnection site under dual use. Thus, there is no ratcheting here or more importantly, no revenue loss to the LEC.

Moreover, the IXCs that are in the process of reconfiguring their local access arrangements should not be forced to make decisions predicated on a LEC rate structure that will only be in effect for a few months. The Commission has the opportunity to provide for an efficient transition to a competitive access market by allowing switched access to terminate at special access collocation sites prior to switched interconnection. Thus, the Commission can develop the framework for switched access interconnection by allowing dual use of the collocated facilities which will alleviate unnecessary steps being made in the future.

2. Local Exchange Companies should be granted pricing flexibility for special access and private line services.

LECs should have a certain degree of pricing flexibility in relation to expanded interconnection for special as well as switched access. The FCC has adopted density zone pricing for special access where competition exists as evidenced by an

operational special access interconnection. (Transcript, 449.) While this pricing methodology was intended to allow LECs pricing flexibility to be competitive in the pricing of their special access services, it does not accomplish its objectives.

With the following modifications, the Commission should adopt density zone pricing. In its Order, the FCC has been overly restrictive in allowing LECs to initiate a zone pricing system in study areas only after expanded interconnection offerings are operational in that study area. Density-based pricing should facilitate fair competition between LECs and interconnectors after competitive entry has occurred. By allowing LECs to price by density zones regardless of whether competitive entry has occurred in any study area, will send the correct economic signals more promptly and should facilitate sound entry decisions from the competitive access industry. (Transcript, 451.)

A second modification to the FCC's plan Sprint proposes is that LECs be permitted to offer different initial rates in each density zone. It is beyond dispute that the true economic cost of providing service in the interoffice portion of the local exchange carriers' networks varies much more substantially than adoption of the FCC's density plan which would require equal initial rates in each zone and rate variance of only +5/10% annually. (Transcript, 460.) The pricing rules are further constrained by other FCC price cap pricing rules. If LECs density-based rates are unduly constrained, their prices will convey improper economic signals to potential competitive entrants and will hinder the IXCs ability to

engage in sound, long-run access planning.

In the absence of the ability to price their services on the basis of underlying costs, particularly in areas where competition is most likely to occur, LECs will have an incentive to engage in other forms of pricing, such as uneconomic volume discounts or deep discounts for long-term commitments, that are, in effect, "second-best" substitutes for density deaveraged prices. Since transmission costs in the LECs' interoffice networks are driven by the total volume of traffic carried on these networks rather than the volume carried for any particular customer, volume and term discounts can produce perverse effects on both local competition and interexchange competition and will tend to favor the largest IXC at the expense of small and medium-sized IXCs as well as other special access customers. (Transcript, 461.)

3. The Commission should mandate the tariffing of expanded interconnection offerings and central office space usage.

The Commission should establish a policy requiring expanded interconnection offerings and central office space usage to be tariffed. Given the LECs level of control, it is appropriate to tariff interconnection and central office space offerings due to the potential for anticompetitive pricing and discrimination. (Transcript, 452.) Sprint believes the framework of terms, conditions and rates approved by the FCC should be adopted by this Commission. The Commission should, however, review rate elements and levels for reasonableness. It is in the best interest of competitive entry that terms, conditions and rates that are

reasonable and similar to those incurred by the LEC, be included in the pricing of its access services.

Given the fact that non-dominant carriers are currently required to file tariffs in Florida, special access and private line providers should also be required to file tariffs. Commission Rule 25.24-485. Non-dominant carriers that may also become interconnectors would be required to file tariffs. Thus, all interconnectors should be required to file tariffs to prevent discrimination.

CONCLUSION

Sprint is a major customer of LEC provided access which is currently priced far above cost. Sprint would like to see these charges reduced so that rates more accurately reflect the underlying costs. For these reasons, Sprint supports the concept of collocation to provide diversity in sources of access supply. Sprint believes that it will benefit from having choices as well as its customers both in terms of lower prices and in a wider range of service options. Moreover, LECs will respond to competition by deploying modern service platforms on which Sprint and its customer base rely.

WHEREFORE, Sprint Communications Company Limited Partnership urges the Commission to consider the positions advanced herein and to adopt such views as part of its findings in this docket.

This 21st day of October, 1993.

Respectfully submitted,

SPRINT COMMUNICATIONS COMPANY
LIMITED PARTNERSHIP

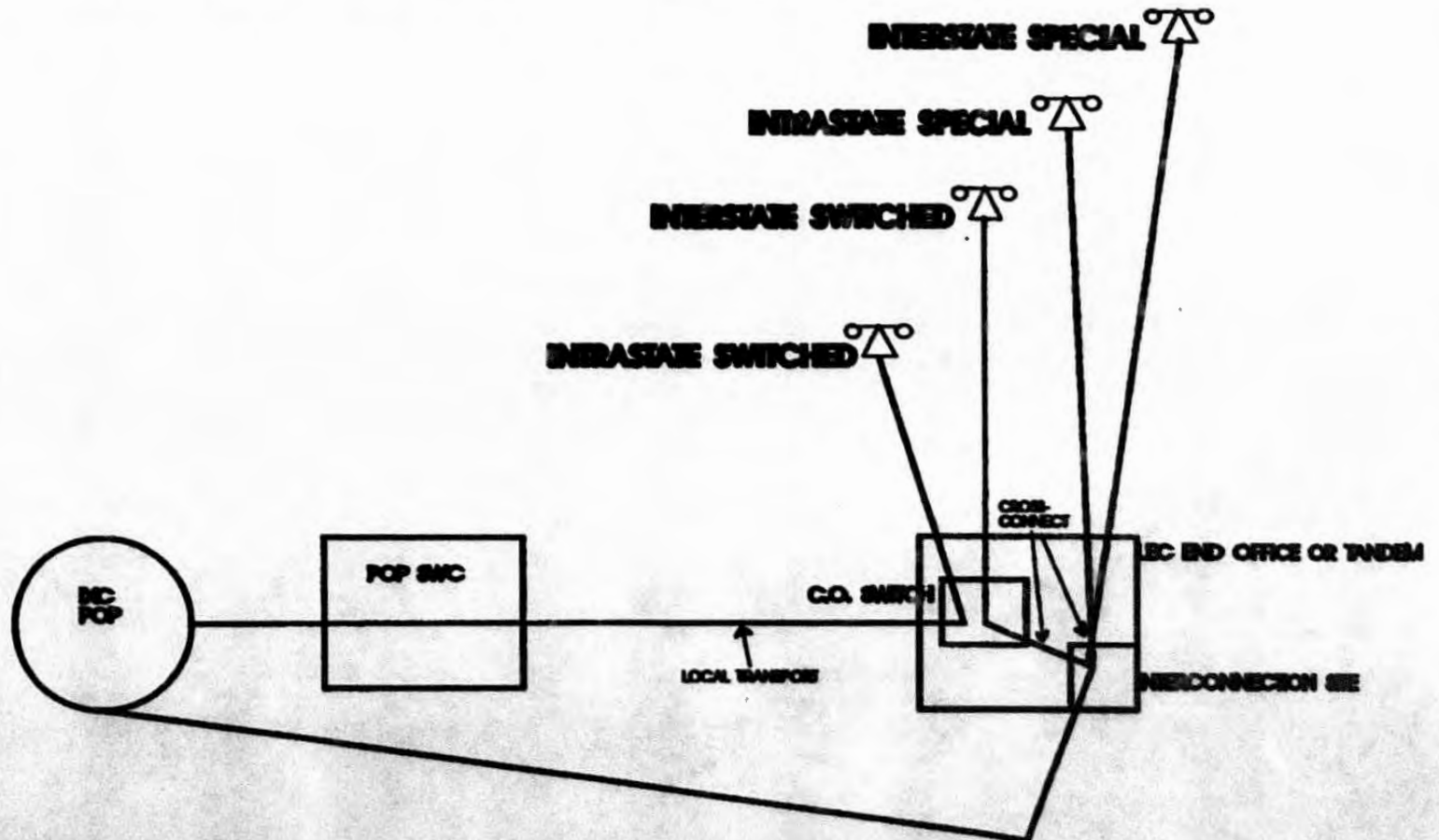
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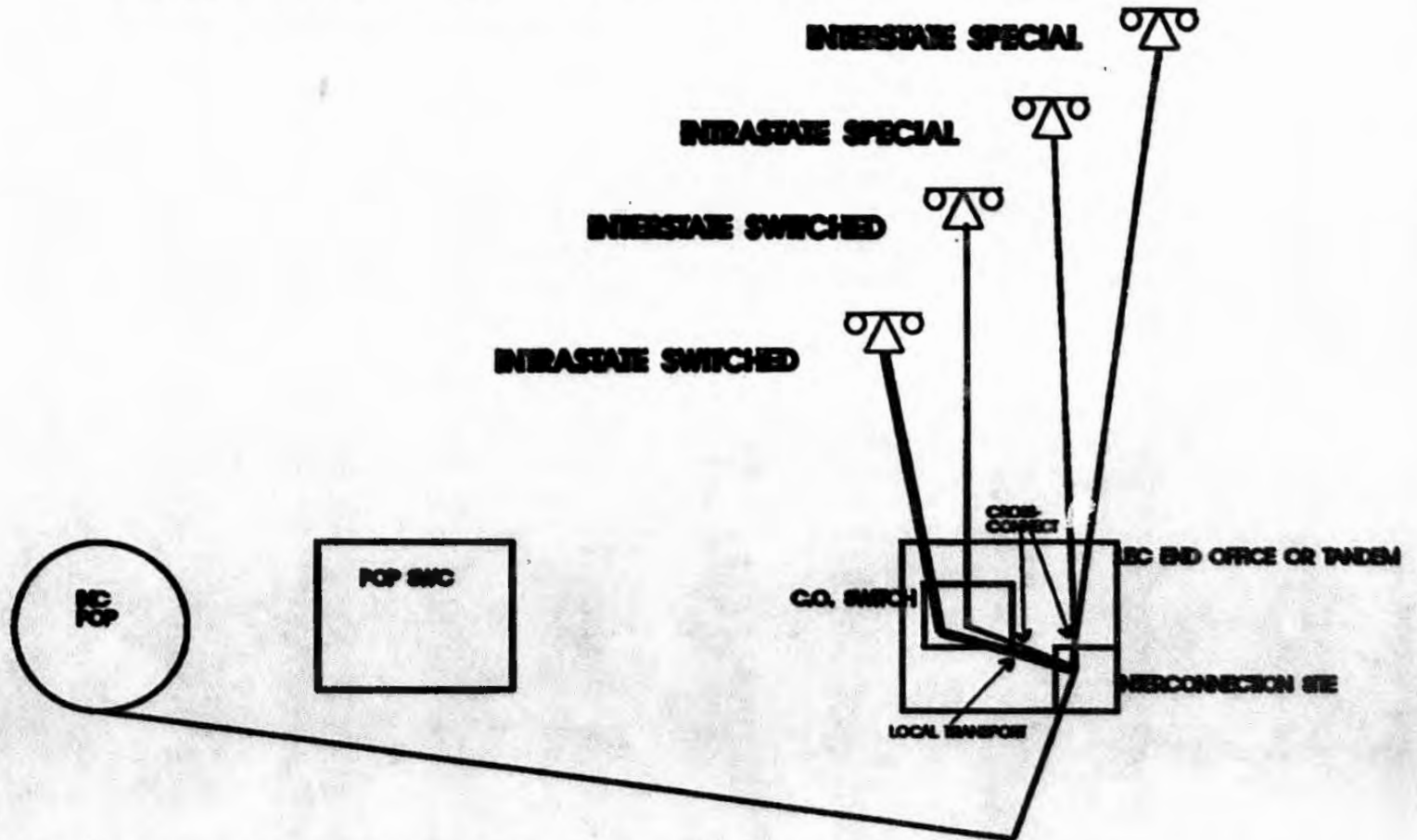
Its Attorneys

INTRASTATE EXPANDED INTERCONNECTION WITHOUT DUAL USE FOR SWITCHED ACCESS



- ALLOWS EXPANDED INTERCONNECTION FOR INTRASTATE SWITCHED AND SPECIAL ACCESS AND INTRASTATE SPECIAL.
- INTRASTATE AND INTRASTATE SPECIAL ACCESS IS DELIVERED TO THE INTERCONNECTION SITE AND TRANSPORTED TO THE MC POP BY THE INTERCONNECTOR.
- INTRASTATE SWITCHED ACCESS IS DELIVERED TO INTERCONNECTION SITE THROUGH CROSS-CONNECTION.
- INTRASTATE SWITCHED ACCESS IS TRANSPORTED TO MC POP AS IT IS TODAY.
- RESULTS IN UNDERUTILIZATION OF INTERCONNECTION FACILITIES.

INTRASTATE EXPANDED INTERCONNECTION WITH DUAL USE FOR SWITCHED ACCESS



- ASSUMES EXPANDED INTERCONNECTION FOR INTERSTATE SWITCHED AND SPECIAL ACCESS AND INTRASTATE SPECIAL.
- INTERSTATE AND INTRASTATE SPECIAL ACCESS IS DELIVERED TO THE INTERCONNECTION SITE AND TRANSPORTED TO THE MC POP BY THE INTERCONNECTOR.
- INTERSTATE SWITCHED ACCESS IS DELIVERED TO INTERCONNECTION SITE THROUGH CROSS-CONNECTION.
- INTRASTATE SWITCHED ACCESS IS TRANSPORTED TO INTERCONNECTION SITE - LEC LOCAL TRANSPORT CHARGES APPLY.
- RESULTS IN FULL UTILIZATION OF INTERCONNECTION FACILITIES.
- NO BACHEING OF CHARGES - LEC RETAINS ALL CURRENT LOCAL TRANSPORT REVENUE.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the within and foregoing Brief in Docket No. 921074-TP; "PETITION BY INTERMEDIA OF FLORIDA, INC. FOR EXPANDED INTERCONNECTION FOR AAVs WITHIN LEC CENTRAL OFFICES" via first class mail, by depositing same with sufficient postage and properly affixed and properly addressed to:

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This 21st day of October, 1993.

**SPRINT COMMUNICATIONS COMPANY LIMITED
PARTNERSHIP**

BY: Chanthina R. Bryant
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition by Intermedia of)
Florida, Inc. for Expanded)
Interconnection for AAVs within LEC)
Central Offices)

Docket No. 921074-TP
Filed: October 22, 1993

**SPRINT COMMUNICATIONS COMPANY LIMITED PARTNERSHIP'S
NOTICE OF SERVICE**

Sprint Communications Company Limited Partnership ("Sprint") hereby gives Notice of Service of its Brief filed in the above-referenced docket.

CERTIFICATE OF SERVICE

I hereby certify that a copy of this notice and Sprint's Brief were sent overnight to Charles Murphy, Staff Counsel, and that a copy has been served on the parties of record as noted on the attached service list.

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