

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In Re: Expanded Interconnection ) Docket No: 921074-TP  
Phase II and Local Transport )  
Restructure ) Filed: July 27, 1994

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PREHEARING STATEMENT OF  
SPRINT COMMUNICATIONS COMPANY LIMITED PARTNERSHIP

In accordance with Rule 25-22.038(3), Florida Administrative Code, and the Florida Public Service Commission's ("Commission") Order Establishing Procedure in the above-captioned docket, Sprint Communications Company Limited Partnership ("Sprint") respectfully submits the following Prehearing Statement.

**A. Witnesses**

Sprint will sponsor Fred I. Rock, Manager - Regulatory Access Planning, as its witness in this proceeding. Mr. Rock will present direct testimony and will address all issues identified in the Commission's Prehearing Order issued in this docket.

**B. Exhibits**

Sprint does not have any exhibits at this time.

**C. Basic Position**

Sprint supports the Commission's initiative in examining expanded interconnection for switched access and local transport restructuring. Sprint believes that the Commission should develop a more competitive local access market by adopting a policy requiring expanded interconnection for switched local transport services. Thus, with the adoption of switched interconnection, Sprint supports the LEC's restructuring of local transport services as long as an appropriate cost-based pricing methodology is used in developing rates for direct trunked transport.

**D. Fact Issues**

See Sprint's Position on Issues below.

**E. Legal Issues**

See Sprint's Position on Issues below.

**F. Policy Issues**

See Sprint's Position on Issues below.

**G. Position on Issues**

**ISSUE 1: How is switched access provisioned and priced today?**

**SPRINT POSITION:** Sprint has no position on this issue at the present time.

**ISSUE 2: How is local transport structured and priced today?**

**SPRINT POSITION:** The current pricing structure for local transport in Florida is known as an "Equal Charge per Unit of Traffic" structure. More specifically, LECs in Florida charge access customers the same per minute of use rate transport traffic between the LEC end office and the access customer's premises.

**ISSUE 3: Under what circumstances should the Commission impose different forms and conditions of expanded interconnection than the F.C.C.?**

**SPRINT POSITION:** The Commission should embrace the same switched interconnection policies and prices that were adopted by the FCC. Given that the same facilities would be used to interconnect both interstate and intrastate traffic, it is appropriate that interconnection prices and policy are consistent.

**ISSUE 4: Is expanded interconnection for switched access in the public interest?**

**SPRINT POSITION:** Yes. Switched interconnection is designed to encourage competitive entry in the provision of switched access services, which today in Florida is exclusively provided by local exchange companies ("LECs"). Switched interconnection will provide several benefits including accelerated deployment of new and advanced technologies and services, alternatives to LEC switched local transport services allowing route diversity, increased access provider's responsiveness to customers in the provisioning of existing services, and movement of prices of the affected services closer to the cost of providing these services.

**ISSUE 5: Is the offering of dedicated and switched services between non-affiliated entities by non-LECs in the public interest?**

**SPRINT POSITION:** Sprint takes no position on this issue at the present time.

**ISSUE 6: Does Chapter 364, Florida Statutes, allow the Commission to require expanded interconnection for switched access?**

**SPRINT POSITION:** Sprint takes no position on this issue at the present time.

**ISSUE 7:** Does a physical collocation mandate raise federal or state constitutional questions about the taking or confiscation of LEC property expanded interconnection?

**SPRINT POSITION:** Sprint takes no position on this issue at the present time.

**ISSUE 8:** Should the Commission require physical and/or virtual collocation for switched access expanded interconnection?

**SPRINT POSITION:** In light of the recent United States Court of Appeals for the District of Columbia Circuit decision regarding physical collocation, this Commission should focus on the merits of mandatory virtual collocation requirements.

**ISSUE 9:** Which LECs should provide switched access expanded interconnection?

**SPRINT POSITION:** The Commission should adopt the same requirements established by the FCC. In its Order, the FCC required all Tier 1 LECs to file expanded interconnection tariffs for the provisioning of special access services.

**ISSUE 10:** From what LEC facilities should expanded interconnection for switched access be offered? Should expanded interconnection for switched access be required from all such facilities?

**SPRINT POSITION:** This Commission should adopt the same requirements as adopted by the FCC.

**ISSUE 11:** Which entities should be allowed expanded interconnection for switched access?

**SPRINT POSITION:** Any entity should be allowed to interconnect its own basic transmission facilities associated with terminating equipment and multiplexers except entities restricted pursuant to Commission rules and regulations.

**ISSUE 12:** Should collocators be required to allow LECs and other parties to interconnect with their networks?

**SPRINT POSITION:** No. LECs should not be required to offer interconnection. LECs and interconnectors should be allowed to negotiate individual arrangements. However, these arrangements should be public and made available to all interconnectors at the same location.



**ISSUE 13:** Should the Commission allow switched access expanded interconnection for non-fiber optic technology?

**SPRINT POSITION:** Expanded interconnection for non-fiber technologies should not be required. Any facilities other than fiber optics should be left up to the LEC.

**ISSUE 14:** Should all switched access transport providers be required to file tariffs?

**SPRINT POSITION:** Yes. Sprint believes non-dominant carriers could potentially effect the market with discriminatory pricing. In addition, given that non-dominant carriers may be an interconnector and required to file tariffs, all interconnectors should be required to file tariffs to prevent discrimination.

**ISSUE 15:** Should the proposed LEC flexible pricing plans for private line and special access services be approved?

**SPRINT POSITION:** Sprint takes no position on this issue at the present time.

**ISSUE 16:** Should the LECs proposed intrastate private line and special access expanded interconnection tariffs be approved?

**SPRINT POSITION:** Sprint takes no position on this issue at the present time.

**ISSUE 17:** Should the LECs proposed intrastate switched access interconnection tariffs be approved?

**SPRINT POSITION:** Sprint takes no position on this issue at the present time.

**ISSUE 18:** Should the LECs be granted additional pricing flexibility? If so, what should it be?

**SPRINT POSITION:** Yes. LECs should have the ability to set prices for services based on the underlying costs. Sprint urges the Commission to allow density zone pricing for switched access services, including switched transport. The cost of providing access is largely determined by end office demand and associated cost differences should be reflected in access prices. Density zone pricing gives the LECs an opportunity to tailor rates more closely to underlying costs regardless of whether a competitive access provider or another entity has interconnected with the LEC. Although density based pricing should facilitate fair competition between LECs and CAPs, once entry has occurred, it is even more important that LECs access prices reflect underlying costs so that

interconnectors can determine whether or not entry would even be economic. By allowing LECs to price access by density zones will send the right economic signals and should facilitate sound entry decisions.

**ISSUE 19:** Should the Commission modify its pricing and rate structure regarding switched transport service?

- a) With the implementation of switched expanded interconnection.
- b) Without the implementation of switched expanded interconnection.

**SPRINT POSITION:** The Commission should only modify its pricing and rate structure with the implementation of switched expanded interconnection. Without expanded interconnection, competition will not exist for intrastate switched transport. Therefore, the current "equal charge" local transport structure would remain appropriate.

**ISSUE 20:** If the Commission changes its policy on the pricing and rate structure of switched transport service, which of the following should the new policy be based on:

- a) The intrastate pricing and rate structure of local transport should mirror each LEC's interstate filing, respectively.
- b) The intrastate pricing and rate structure of local transport should be determined by competitive conditions in the transport market.
- c) The intrastate pricing and rate structure of local transport should reflect the underlying cost based structure.
- d) The intrastate pricing and rate structure of local transport should reflect other methods.

**SPRINT POSITION:** The Commission should adopt the federal structure for switched transport. This structure allows LECs to price dedicated transport facilities on a flat-rate basis which is appropriate with switched interconnection. However, the rate levels for transport facilities should closely reflect the underlying cost of the service, i.e. cost-based rates. Specifically, the rates for direct trunked transport services should be cost-based resulting in a price relationship for DS1 and DS3 direct trunked transport which is the same as the cost relationship between the two services.

**ISSUE 21:** Should the LECs proposed transport restructure tariffs be approved? If not, what changes should be made to the tariffs?

**SPRINT POSITION:** No. Sprint recommends that direct trunked transport rates reflect a DS3:DS1 price relationship of 22:1. Sprint believes that a DS3:DS1 direct trunked transport price relationship of 22:1 more closely reflects the current fiber optic technology and the shared use nature of the interoffice transmission network. A DS1 is simply one (1) of 28 timeslots on a DS3 interoffice transmission system utilizing common optronics and fiber cable. Therefore, it seems reasonable that the cost of providing DS1 direct trunked transport would be 1/28th of the DS3 direct trunked transport cost, if the DS3 system is utilized at full capacity. Sprint realizes that LECs do not generally operate DS3 transmission at 100% capacity, but rather on an average of 79%. Thus, using a 79% average DS3 capacity utilization rate yields a DS1 cost that would be 1/22nd of the DS3 cost (79% times 28). By requiring LECs to reduce intrastate DS1 rates, the Commission will come nearer to establishing rates which are more cost-based and which promote competition by avoiding discriminatory volume based pricing. These changes will also impact the tandem switch transport rates and interconnection charge.

**ISSUE 22:** Should the Modified Access Based Competition (MABC) agreement be modified to incorporate a revised transport structure (if local transport restructure is adopted) for intraLATA toll traffic between LECs?

**SPRINT POSITION:** Sprint takes no position on this issue at the present time.

**ISSUE 23:** How should the Commission's imputation guidelines be modified to reflect a revised transport structure (if local transport restructure is adopted)?

**SPRINT POSITION:** Sprint takes no position on this issue at the present time.

**ISSUE 23(a):** Should the Commission modify the Phase I Order in light of the decision by the United States Court of Appeals for the District of Columbia Circuit?

**SPRINT POSITION:** Yes. The Commission's Order in Phase I should be modified to reflect the change in FCC requirements with regard to mandatory virtual collocation.

**ISSUE 24:** Should these dockets be closed?

**SPRINT POSITION:** Yes.



**H. Stipulated Issues**

Sprint is not aware of any issues that have been stipulated.

**I. Pending Motions**

Sprint is not aware of any pending motions.

**J. Other Requirements**

Sprint is not aware of any requirement with which it cannot comply.

Respectfully submitted,

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**DATED: July 27, 1994**

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this date served a copy of the within and foregoing Prehearing Statement in Docket No. 921074-TP; "EXPANDED INTERCONNECTION PHASE II AND LOCAL TRANSPORT RESTRUCTURING" via first class mail, by depositing same with sufficient postage and properly affixed and properly addressed to:

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This 26<sup>th</sup> day of July, 1994.

**SPRINT COMMUNICATIONS COMPANY LIMITED  
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