

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



July 18, 2003

Agenda ID #2487
Ratesetting

TO: PARTIES OF RECORD IN RULEMAKING 93-04-003 AND
INVESTIGATION 93-04-002

This is the draft decision of Administrative Law Judge (ALJ) Duda. It will not appear on the Commission's agenda for at least 30 days after the date it is mailed. The Commission may act then, or it may postpone action until later.

When the Commission acts on the draft decision, it may adopt all or part of it as written, amend or modify it, or set it aside and prepare its own decision. Only when the Commission acts does the decision become binding on the parties.

Parties to the proceeding may file comments on the draft decision as provided in Article 19 of the Commission's "Rules of Practice and Procedure." These rules are accessible on the Commission's website at <http://www.cpuc.ca.gov>. Pursuant to Rule 77.3 opening comments shall not exceed 15 pages. Finally, comments must be served separately on the ALJ and the assigned Commissioner, and for that purpose I suggest hand delivery, overnight mail, or other expeditious method of service.

/s/ ANGELA K. MINKIN
Angela K. Minkin, Chief
Administrative Law Judge

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Attachment

Decision **DRAFT DECISION OF ALJ DUDA** (Mailed 7/18/2003)**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Rulemaking on the Commission's Own Motion to Govern Open Access to Bottleneck Services and Establish A Framework for Network Architecture Development of Dominant Carrier Networks.

Rulemaking 93-04-003
(Filed April 7, 1993)

Investigation on the Commission's Own Motion into Open Access and Network Architecture Development of Dominant Carrier Networks.

Investigation 93-04-002
(Filed April 7, 1993)

(Verizon UNE Phase)

**OPINION GRANTING VERIZON CALIFORNIA'S PETITION
FOR MODIFICATION OF DECISION 03-03-033
REGARDING BILLED SWITCHING FEATURES**

**I. Verizon's Petition Regarding Billed
Switching Features**

In Decision (D.) 03-03-033, the Commission set interim rates for a subset of unbundled network elements (UNEs) that Verizon California (Verizon) sells to competitive local exchange carriers. The order set interim rates based on UNE rates recently adopted for Verizon New Jersey, with adjustments based on the Federal Communications Commission's Synthesis Model. The decision left the proceeding open to set final UNE rates for Verizon and noted that the interim rates are subject to adjustment, either up or down, from the effective date of D.03-03-033 until final rates are adopted.

Verizon requests modification of D.03-03-033 regarding the establishment of interim per minute rates for certain switch features.¹ In its petition for modification, Verizon explains that D.03-03-033 ordered Verizon to begin charging usage based rates for “billed features” associated with Verizon New Jersey Centrex switch features. (*See* D.03-03-033, Appendix A.) According to Verizon, it offers a similar but structurally distinct CentraNet service in California with features that differ from the Verizon New Jersey Centrex features, and that are billed on a flat-rate basis rather than by minute-of-use. Thus, when the Commission set rates in D.03-03-033 based on New Jersey Centrex feature rates, these features do not equate to Verizon’s CentraNet offerings in California.² Verizon maintains that its CentraNet rates cannot be converted to a minute-of-use basis without extensive and time-consuming system changes.

Verizon requests that it be allowed to offer its CentraNet features in California at a rate of zero for the interim, subject to true-up once final prices are set at the conclusion of this proceeding.³ In addition, Verizon requests that

¹ Verizon also filed petitions for modification of D.03-03-033 on two other issues – namely, the schedule for implementing nonrecurring price changes and a customer notification requirement. These two additional petitions will be addressed through a separate order.

² The CentraNet features currently offered by Verizon in California are outlined in Appendix A of this order.

³ Along with its petition for modification, Verizon requested a stay of the billed feature rates adopted in D.03-03-033 until its petition on this issue was resolved. On May 29, 2003, the Commission’s Executive Director considered the stay request as an extension request per Rule 48(b) and granted the extension until August 27, 2003.

D.03-03-033 be clarified to state that Verizon is not required to expand its CentraNet offerings in any way to match those offered by Verizon New Jersey, but only to modify the rates for whatever CentraNet features are currently offered in California.

Comments on this petition were filed jointly by Tri-M Communications Inc. d/b/a TMC Communications, Sage Telecom, Inc., and Anew Telecommunications Corp. d/b/a Call America (collectively, the “TMC Parties”). The TMC Parties do not oppose Verizon’s request to charge a zero interim rate, subject to true-up, for CentraNet switching features, but they do object to the clarification sought by Verizon. The TMC Parties believe that Verizon is required to provide competitive local carriers, upon request, whatever switching features Verizon is capable of providing. (See TMC Parties’ Opposition, 6/11/03, p. 10.) The TMC Parties seek clarification from the Commission that D.03-03-033 requires Verizon to offer Centrex features, as well as any other feature a particular switch is capable of providing.

Verizon opposes this further clarification, arguing that the Commission did not intend to expand or contract Verizon’s list of features when it adopted interim rates. Instead, Verizon suggests that Ordering Paragraph 3 of D.03-03-033 be modified to read:

The interim UNE prices set forth in Appendix A of this order shall be effective on the date this order is effective. Verizon shall make all billing adjustments necessary to ensure that this effective date is accurately reflected in bills applicable to these UNEs, except that the rate for any CentraNet switch feature for which a non-zero rate is contained in Appendix A (listed as “billed features”) shall be set at zero, subject to true-up. The listing of individual features in Appendix A is not intended to either restrict or expand the availability of CentraNet switch

features offered in California. (Verizon's proposed new language is underlined.)

II. Discussion

There is no opposition to Verizon's proposal to charge an interim rate of zero for its CentraNet switching features, subject to true-up in the same manner as the other interim rates adopted in D.03-03-033. Verizon currently charges for its CentraNet features on a flat-rate basis and it would be resource intensive to change to a minute-of-use rate simply for an interim rate. Verizon's petition for modification should be granted to allow it to charge an interim rate of zero for these CentraNet features.

We do not agree with the clarification sought by the TMC Parties that would potentially enlarge the list of features Verizon must offer. The Commission did not intend to require Verizon to modify its current CentraNet service offerings to match those offered in another state when it adopted interim rates based on Verizon New Jersey. It is understandable that Verizon's New Jersey and California service offerings may differ. Therefore, we find the clarification proposed by Verizon to Ordering Paragraph 3 acceptable and we will adopt it.

III. Comments on Draft Decision

The Commission mailed the draft decision of the ALJ in this matter to the parties in accordance with Section 311(g)(1) and Rule 77.7 of the Rules of Practice and Procedure. Comments were filed by ____ and reply comments were filed by ____.

IV. Assignment of Proceeding

Commissioner Michael R. Peevey is the Assigned Commissioner and Dorothy J. Duda is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. D.03-03-033 ordered Verizon to charge usage based rates for “billed” switch features based on Verizon New Jersey’s Centrex services.
2. Verizon offers a similar but structurally distinct CentraNet service in California, with features that differ from the New Jersey Centrex features.
3. CentraNet features are billed on a flat-rate basis rather than by minute-of-use.
4. Verizon’s proposal to charge an interim rate of zero for its billed switch features, subject to true-up, was unopposed.

Conclusions of Law

1. D.03-03-033 should be modified to allow Verizon to charge an interim rate of zero for the CentraNet switch features listed in Appendix A of this order.
2. The Commission did not intend to require Verizon to modify its current CentraNet service offerings to match those offered by Verizon New Jersey.
3. Ordering Paragraph 3 of D.03-03-033 should be modified as proposed by Verizon.

O R D E R

IT IS ORDERED that Ordering Paragraph 3 of Decision 03-03-033 is modified to read as follows:

The interim UNE prices set forth in Appendix A of this order shall be effective on the date this order is effective. Verizon shall make all billing adjustments necessary to ensure that this effective date is accurately reflected in bills applicable to these UNEs, except that the rate for any CentraNet switch feature for which a non-zero rate is contained in Appendix A (listed as “billed features”) shall be set at zero, subject to true-up. The listing of individual features in Appendix A is not intended to either restrict or expand the availability of CentraNet switch features offered in California.

This order is effective today.

Dated _____, at San Francisco, California.

APPENDIX A
Verizon California CentraNet Features

<u>Description</u>
CNET - Automatic Identification of Outward Dial
CNET - Call Alternation
CNET - Call Forwarding
CNET - Call Hold
CNET - Call Pick-Up Direct
CNET - Call Pick-Up Extended
CNET - Call Pick-Up Group
CNET - Call Transfer
CNET - Call Waiting/Cancel
CNET - Call Waiting Originating
CNET - Call Waiting Terminating
CNET - Consultation Hold
CNET - Dial Call Waiting
CNET - Direct Inward Dialing
CNET - Direct Outward Dialing
CNET - Distinctive Ringing
CNET - Hunting (Directory Number)
CNET - Hunting (Pilot Number)
CNET - Last Number Redial
CNET - Multi-Location CentraNet *
CNET - Speed Dialing 6 (Individual)
CNET - Speed Dialing 8 (Individual)
CNET - Station Restrictions
CNET - Three-Way Calling
CNET - Toll Restriction
CNET - Station-to-Station Calling
CNET - Touch Call
CNET - Automatic Callback
CNET - Call Park – Multiple
CNET - Circular Hunting
CNET - Data Line Security
CNET - Multiple Classes of Service
CNET - Saved Number Redial
CNET - Speed Dialing 30 (System)
CNET - Uniform Call Distribution (UCD) Hunting
CNET - Call Forwarding/Incoming
CNET - Call Forwarding/Within Group
CNET - Executive Busy Override
CNET - Off-Hook Queuing
CNET - Remote Access to Features
CNET - Ringback Queuing
CNET - Speed Dialing 30 (Individual)

APPENDIX A
Verizon California CentraNet Features

<u>Description</u>
Additional Numbers
Attendant Data Link Console Interface
Attendant Flexible Night Answer
Attendant Mixed Night Answer
Authorizaiton Codes
Automatic Route Selection (ARS)
Caller ID
CentraNet AIS
CentraNet ACD/MIS
Conference Arrangements
Call Tracing Service
Call Number Identification Delivery (CNID)
Conference Calling
Code Call Access
Customer Moves and Changes (CMAC)
Customer Recorded Announcement
Data Direct Connect
Dictation Access and Control
Digital Facilities Termination (T-1 Access Termination)
Dedicated ICA
Dial-Up ICA
FX Access
Instant Call Accounting
Limited Automatic Call Distribution
Multi-Location CentraNet *
Paging/Public Address Access
Priority Queuing
Proprietary Set Interface
Recorded Announcement
Speed Dialing 30 (System)
Terminal Make Busy
Tie Facility Access
T-1 Access
Voice Messaging
800-Service Access

* All non-AIN based CentraNet features are offered to CLECs.
Multi-location CentraNet is an AIN feature.
Feature availability is switch dependent.

(END OF APPENDIX A)