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BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

DEC 18 1992

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

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In the Matter of		)
Expanded Interconnection with		)
Local Telephone Company		)
Facilities		)
Amendment of the Part 69		)
Allocation of General Support		)
Facility Costs		)
_____		)

CC Docket No. 91-141

CC Docket No. 92-222  
[FCC 92-440]

NATIONAL ASSOCIATION OF  
REGULATORY UTILITY COMMISSIONERS'  
MOTION/REQUEST FOR RECONSIDERATION, CHANGE IN COMMENT DATES,  
AND CLARIFICATION OF CERTAIN ISSUES

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BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

In the Matter of  
Expanded Interconnection with Local Telephone Company Facilities

CC Docket No. 91-141  
CC Docket No. 92-222

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Specifically, NARUC requests that the FCC

- (1) Reconsider its timed preemption of State regulatory policy concerning intrastate interconnection arrangements,
- (2) extend the comment cycles in this and the related CC Docket 91-213 and 91-141/80-286 Phase I/II proceedings to allow time for NARUC to file comments after its 1993 Winter meetings;
- (3) clarify, on reconsideration, that LECs must exclude an amount of expense equivalent to the amount of revenues received for any physical collocation before separations occurs;
- (4) modify the Order to establish a monitoring mechanism that assures the collection, and subsequent timely availability, of periodic reports detailing LEC collocation expenses, revenues, and deployment activity; and
- (5) address the following issues in the current proceedings, either on reconsideration, or in additional rulemakings:
  - o The proper designation of property, expenses and revenue used in the development of tariffed rates for central office space;
  - o The differentiation of jurisdictional costs and revenues in cases where the interconnection/collocation is provided under both federal and state jurisdiction;
  - o The establishment of support mechanisms for high cost areas before rates are set at different levels for different market areas;
  - o The proper assignment of the industry's interoffice official facilities in view of their use in advanced network configurations;

### I. NARUC'S INTEREST

NARUC is a quasi-governmental nonprofit organization founded in 1889. Members include the governmental bodies engaged in the regulation of carriers and utilities from all fifty States, the District of Columbia, Puerto Rico, and the Virgin Islands. NARUC's mission is to improve the quality and effectiveness of public utility regulation in America. Specifically, NARUC is composed of, inter alia, State and territorial officials charged with the duty of regulating the telecommunications common carriers within their respective borders. These officials have the obligation to assure that such telecommunications services and facilities as are required by the public convenience and necessity are established, and that service is furnished at rates that are just and reasonable.

The issues raised in this proceeding concerning, inter alia, preemption of state prerogatives concerning physical/virtual collocation of intrastate alternative service providers, rate averaging, universal access, and interconnection standards, will impact heavily upon these officials' obligations to serve the public interest.

### II. BACKGROUND

Metropolitan Fiber Systems (MFS) filed a Petition for Rulemaking on November 14, 1989. The petition asked the FCC to develop rules providing Competitive Access Providers ("CAPS") with access to the Bell Operating Company ("BOC") access networks on reasonable and nondiscriminatory terms through the unbundling of each component of the exchange access network on a cost-supported basis.

More than thirty parties, including NARUC and several State Commissions filed comments on the MFS petition in April and May of 1990.

Interexchange carriers ("IXCs") and large users generally support CAP requests for expanded interstate interconnection rights. The LECs generally have argued that expanded interconnection opportunities for third parties require that regulators permit substantially greater LEC pricing flexibility. Some states have established expanded interconnection policies for intrastate services, while regulators from other states have expressed concern about such initiatives. NARUC's original comments, inter alia, asked the FCC, before reaching the merits of the MFS petition, to open a notice of inquiry to consider the effects that granting the petition would have on telephone service, rates and State jurisdiction. Among the issues NARUC said the inquiry should explore were jurisdiction, rate averaging, universal service, interconnection standards, relation to open network architecture, jurisdictional cost shifts, and non-traffic sensitive costs. See, Initial Comments of the National Association of Regulatory Utility Commissioners, RM-7249 (filed April 4, 1990).

On June 6, 1991, the FCC released a Notice of Proposed Rulemaking (NPRM) and a Notice of Inquiry (NOI) in response MFS's petition. The NPRM proposed to allow independent parties including, but not limited to, CAPs, IXCs, and end-users to connect their special access facilities to Tier 1 LECs either through physical or virtual collocation arrangements.

Subsequently, on October 19, 1992, shortly before NARUC's annual meeting, the FCC released its Report & Order and Further Notice of Proposed Rulemaking on expanded interconnection with local telephone company facilities. This order preempts State regulatory initiatives addressing virtual and/or physical interconnection of intrastate collocators that have not resulted in a final decision by February 1993.

Two days earlier, on October 16, 1992 the FCC released (1) its Second Notice of Proposed Rulemaking proposing switched transport and switching/signalling interconnection to be effective in November 1993 and (2) its Report & Order regarding switched transport rate restructuring for Tier 1 LECs and its Further Notice of Proposed Rulemaking seeking comment on the long term transport structure which will become effective in November 1995.

The FCC originally proposed an ambitious comment cycle for these three orders/NPRMs. However, recognizing the difficulty of dealing with the complex issues on such a short time frame, the FCC slipped the comment cycles by several weeks. NARUC had less than three weeks to examine all three orders and produce a resolution outlining the bare bones of the organization's position in these dockets and urging the FCC to extend the comment cycles sufficiently to allow NARUC to file comments after its next meeting February 28 - March 4, 1992.

This pleading is being filed in response to that resolution, a copy of which is attached as Appendix A.

III. COMMENTS

A. PREEMPTION OF STATE REGULATORY INITIATIVES.

1. PREEMPTION OF STATE-IMPOSED REQUIREMENTS CONCERNING PHYSICAL INTERCONNECTION IS INAPPROPRIATE FROM BOTH A LEGAL AND POLICY PERSPECTIVE.

a. Legal Barriers to Preemption.

- (1) Because Section 152(b) "fences off" from FCC regulation intrastate services, the FCC cannot preempt State regulation of interconnection arrangements established for such services unless the services are inseverable and State's actions negates the FCC's exercise of its authority over interstate service.

To preempt state authority over any aspect of intrastate telecommunications services, the FCC must first address Section 152(b). That section expressly bars federal regulation of intrastate communication services, and denies federal jurisdiction over the "practices", "facilities" and "regulations" which govern the conduct of carriers offering such services.

Thus, in the seminal Supreme Court Case interpreting this section, Louisiana Public Service Commission v. FCC, 476 US 355; 106 S Ct 189 (1986), the Supreme Court construed the scope of Section 152(b) to deny federal authority over intrastate matters.

In that case the FCC argued that Section 152(b) did not bar federal authority to preempt state depreciation practices which were inconsistent with or otherwise frustrated federal policies. The FCC instead claimed that Section 152(b) controls only where state regulation is "confined to intrastate matters which are 'separable from and do not substantially affect' interstate communication."

Louisiana, 106 S Ct at 1901. Because a telephone carrier's depreciable assets are used interchangeably for both interstate and intrastate service, the FCC concluded that preemption was valid under the Act in order to effectuate federal policies.

However, the Supreme Court flatly rejected the FCC's construction of the Act, and held that this "misrepresents the statutory scheme and the basis and test for preemption." Id. Emphasizing that Congress created a dual system of regulation of communication services, the court held that Section 152(b) expressly denies federal jurisdiction over intrastate service. Id. at 1899; Cf., California v FCC, 798 F 2d 1515 (D.C. Cir. 1986).

The court's construction of Section 152(b) is written in the broadest terms possible:

"By its terms, this provision fences off from FCC reach or regulation intrastate matters' - indeed, including matters in connection with' intrastate service." Louisiana, 106 S Ct at 1899; California v FCC, 798 F 2d at 1519.

Throughout its opinion the U. S. Supreme Court repeatedly emphasized the sweeping language of Section 152(b) that "nothing ... shall... give..." the FCC jurisdiction over intrastate communication service. Louisiana, 106 S Ct at 1899, 1902 n.5, 1903 (emphasis in original).

In California Public Service Commission v. FCC, an appeals court conducted a similar analysis of FCC's authority to preempt State regulation of enhanced services based on an FCC determination that enhanced services were non-common carrier services and therefore beyond the scope of State regulatory jurisdiction under Section 152(b). That Court also found that Section 152(b) fenced off from FCC regulation intrastate telecommunications services provided "in connection with" communications services. The Court stated that it did not matter if the services did not constitute common carrier services so long as the services were provided by a common carrier in connection with telephone services. California, at 1239-42.

Also in California, the FCC attempted to justify its preemption of State ESP regulation by stating that State regulation, in the form of structural safeguards or inconsistent non-structural safeguards, could not coexist with the FCC's Computer III regulatory scheme. The FCC's argument was based upon the so-called "impossibility exception" to Section 2(b) which derived from the Supreme Court's decision in Louisiana PSC v. FCC, 476 U.S. 355, 375 n.4 (1986).

In rejecting the FCC's arguments the Court interpreted that exception as stating that, "the only limit . . . on a state's exercise of [its 2(b)] authority over intrastate telephone service occurs when the state's exercise of that authority negates the exercise by the FCC of its own lawful authority over interstate communication. NARUC III, 880 F.2d at 429." California, at 1243.

Moreover, as California makes clear, even where such conditions are proven by the FCC, a preemption order is upheld only where the FCC affirmatively demonstrates that every aspect of its preemption order is narrowly tailored to preempt only the aspects of the particular state enactments that necessarily thwarts or impedes the FCC's valid regulation of interstate telecommunications services.

In sum, the Louisiana decision, even when given the most expansive construction supporting FCC authority to preempt, only permits narrowly-tailored preemptive federal policy where (1) state regulation totally negates a valid federal policy and (2) it is not possible to separate the interstate and intrastate components of the federal regulation. Id. at 375.

Thus, Section 152 (b) reserves to the states the right to exercise jurisdiction over any intrastate service rendered by any carrier - a right which includes the ability to determine whether or not to allow expanded interconnection in the intrastate services market and also whether or not to require physical or virtual collocation.

**(2) The current record will not support FCC preemption.**

As the California decision makes clear, the burden rests with the Commission to justify any preemptive activity. In rejecting the FCC's arguments in that case, the Court stated:

"[T]he FCC bears the burden of justifying its entire preemption order by demonstrating that the order is narrowly tailored to preempt only such state regulations as would negate valid FCC regulatory goals." California, at 1243.

As discussed below, in this case, NARUC submits that the FCC has not articulated a sufficient rationale illustrating how the subject state regulation will negate valid federal regulatory goals and that the potential preemptive reach of the FCC's order is far from narrowly tailored.

- (a) **The Order fails to demonstrate [or even adequately discuss] how State regulatory initiatives allowing virtual collocation will frustrate federal goals.**

The Order allows an "exception" to the federal requirement for mandatory physical collocation in states, like New York, where "a state legislature or public utility regulatory agency, after proceedings allowing all interested parties a reasonable opportunity to be heard," issues "a formal decision...in favor of virtual collocation...for intrastate expanded interconnection, or in favor of allowing LECs to choose which form of interconnection to use for intrastate..." services. Order, paragraph 41, mimeo at 22.

However, for a LEC to qualify for this "exemption", it must file a request by the date it is required to file interstate collocation tariffs with the FCC, i.e., February 19, 1993. Id.

While the Order does devote eleven paragraphs to a "Public Policy Analysis", [Order, Paragraphs 8 - 18, mimeo at 7 -12.], all of the discussion is directed towards the benefits that the FCC expects to arise from achieving its "goal" of increased competition in the interstate special access market. Order, Paragraph 11, mimeo at 8.

Virtual collocation arrangements are implicitly consistent with this goal as the Order specifically allows FUTURE virtual collocation arrangements in cases where (1) space makes it "the only option available to interconnectors in certain offices," (2) "space is exhausted before all interested parties are accommodated," and, most significantly, where (3) prior to February 19, 1993, a State's legislature or public utility commission issues a final decision authorizing such arrangements. Order, paragraph 22, mimeo at 23.

Later in Section IV. of the Order, the FCC finally addresses "Interconnection Architecture". In paragraph 42 of that section, the Commission lists several reasons for requiring physical collocation. Nowhere in the decision, however, does the FCC provide justification for or a reasonable explanation of why state actions allowing or requiring future virtual collocation before February 19, 1993 DO NOT frustrate the previously stated "federal goal",<sup>1</sup> but identical state action after February 19, 1993 WILL frustrate federal goals.

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<sup>1</sup> Or render the reasons for requiring collocation listed in Paragraph 42 complete non sequiturs.

Indeed, by permitting waivers to LECs in States that have, by February 19, 1993, adopted virtual collocation for intrastate services, the FCC has already necessarily determined that state plans allowing for virtual collocation arrangements meet its objectives / do not frustrate the stated federal goal.

The only sentence in the entire decision which arguably addresses this obvious inconsistency - which arises out of the Order's conflicting language - merely states:

"After the filing of the interstate tariffs, however, the balance of relevant interests shifts in favor according greater protection to interconnector' expectations regarding the type of interconnection that will be available." Order, Paragraph 41, mimeo at 22.

To highlight the illogic of this purported rationale, one only need hypothecate the situation where all states issue a final decision allowing virtual collocation by the February 1993 deadline. This circumstance is explicitly allowed/provided for under the Order and could arise before the February deadline [although, as discussed below, practically, due to the time restrictions imposed by the Commission, such a scenario is extremely unlikely].

Should all states manage to issue a final decision by February, no interconnector in the country would be accorded ANY, much less, "...greater protection..." to its "...expectations regarding the type of interconnection that will be available." It is easy to see that the flaw in the FCC's rationale also arises in less extreme scenarios.

For example, such "expectations" also will not receive ANY protection in states, like New York and Pennsylvania, that actually meet the February deadline. Nor will these expectations be protected in cases where the Central Office facilities are initially too small, or the Central Office space has been exhausted, or where "interested parties" - presumably including a state commission or LEC - petition for waivers of the physical collocation requirement "based on unique circumstances." Order, Fn. 98, mimeo at 22.

NARUC respectfully suggests that the rationale presented in this Order for preemption of state regulatory initiatives is, at a minimum, internally inconsistent, and demonstrates a lack of reasoned decision-making.<sup>2</sup>

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<sup>2</sup> Note the relevance of this argument to the "arbitrary and capricious" discussion below. The tortured logic in this part of the opinion is also recognized by Chairman Sikes on page 1 of his partial dissent to this order. His arguments suggest that the record does not support a mandatory physical collocation approach and thereby illustrates further why state initiatives allowing virtual arrangements are not inconsistent with federal goals. Cf. Order, Paragraphs 30, 31, & 34, mimeo at 17 -19. Specifically, he notes:

The Order states that "We...require the LECs subject to this Order to make physical collocation available to all interconnectors that request it." Yet, "the parties remain free under this approach, to negotiate satisfactory virtual collocation arrangements if such arrangements are preferable to physical collocation..." This is doublespeak and does not give the clear guidance that the Commission owes U.S. industry and the American public.

It is unclear what problems the Commission is attempting to resolve by requiring local exchange carriers to offer physical collocation, particularly since the Order acknowledges that virtual collocation arrangements might be preferable to some parties seeking interconnection. The highly regulatory and inflexible approach the Commission has adopted seems likely to create more concrete problems than the illusory ones it seeks to resolve....I also have concerns about the local exchange carriers' ability to control

The FCC must provide some sort of justification/reasonable explanation before imposing an arbitrary cutoff date after which subsequent identical state regulatory initiatives allegedly will frustrate federal goals.

**(b) Virtual and Physical collocation arrangements are severable.**

Although it does not appear that the FCC is attempting to preempt any state requirements applicable to collocators that provide only intrastate services, the Order is not sufficiently narrow. Although it is extremely unlikely, nothing in the Communications Act bars a state commission from finding that the public interest requires a entity to install a virtual connection to provide intrastate services that is separate from the same entity's "physical" collocated facilities providing interstate special access service. As the costs would also be assigned to the intrastate jurisdiction, it is unclear how any potential federal authority or goal could be implicated. For example, should a collocator already providing interstate special access via physical collocation at a particular wire center, seek to provide special access services solely between two cities located in the same state, NARUC suggests that the FCC is totally without authority to preempt any state action requiring separate "virtual" collocation connections.

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access to their network facilities, and thus the impact of such a mandate on network reliability."

- (3) The determination to give states four months to issue a "final decision" concerning intrastate physical/virtual collocation policy is arbitrary and capricious.

As noted earlier, under the Order, a State's legislature or its public utility commission must, by February 19, 1993, issue a "final decision" favoring either virtual collocation arrangements or LEC discretion to choose between virtual and physical collocation. Subsequent state initiatives will, as a practical matter, be preempted.

Chairman Sikes, in his partial dissent to this Order at page 2, somewhat charitably characterized this requirement as only "nominally deferring to current state policies" and "...improperly plac[ing] time and process constraints on state proceedings...essentially and effectively undercutting any future state interconnection policies."

As the Order implicitly recognizes, it is almost certain that several State Commissions will be unable to issue a "final decision" without legislative amendments to their state enabling statutes.

When the Order issued on October 19, 1992, only eight state legislatures were still in session. Three of those legislatures's sessions ended in October or November. The other 42 states will not even have an opportunity to address this issue until mid-January or early February of 1993. Moreover, at least three state legislatures, Louisiana, North Carolina, and Wyoming, were not in session when the Order issued and will not reconvene until after the deadline for LEC-filed exemption requests has passed. See Appendix B.

Thus, it appears that, no state that requires legislative action to issue the required "final decision" will have a realistic opportunity to meet the FCC's deadline.

Even if the required statutory changes could be made in those states, in almost all cases, conforming changes, after a notice and comment rulemaking, to applicable regulations would also be required. Moreover, even those States, like Illinois, not requiring new statutory authorizations, are, nevertheless, required by the FCC's Order and state administrative procedure acts, to engage in a notice and comment rulemaking before issuing any such "final decision". Order, Paragraph 7, mimeo at 5-6. The majority of States are simply incapable of completing a notice and comment rulemaking proceedings under State procedures before the February 19, 1993 deadline.

Commissioner Sherrie P. Marshall, in her concurrence to this Order, notes that this order covers "...some of the most important, complex and controversial issues this Commissioner has ever tackled. The questions presented are intricate, difficult to grasp and not susceptible to "quick fixes"." Indeed, it has taken the FCC almost three years, in a proceeding characterized by numerous and diverse comments, multiple comment cycles, and hotly contested issues, to issue the instant Order and determine, inter alia, that it "prefers" physical over virtual collocation. Yet the Commission expects state commissions to complete the same process in less than four months.

Even state commissions already familiar with the issues are unlikely to be able to complete the necessary procedures by the February deadline. For example, the Illinois Commerce Commission, one of the commissions that has already allowed collocation arrangements, is required by the Illinois Administrative Procedure Act to engage a formal rulemaking procedure before issuing a state-wide policy pronouncement. In addition, before such pronouncements can be issued, they must be reviewed and approved by a State legislative branch entity - the Joint Committee on Administrative Rules. The State IAPA requirements alone will cause this commission to miss the FCC's deadline.

While it is true that the "arbitrary and capricious" standard is deferential to agency decision-making, General Motor Corp v. NHTSA, 898 F.2d 165 (D.C.Cir. 1990), an agency's decision that is unreasoned or unreasonable may be set aside. Acadian Gas Pipeline System v. FERC, 878 F.2d 865 (5th Cir. 1989).

NARUC respectfully submits that regardless of the deference owed the Commission, its decision to effectively require States to complete in less than four months - a process that the Commission itself has taken almost three years to muddle through - is patently arbitrary, particularly in light of the somewhat convoluted reasoning discussed earlier.

b. Negative Policy Impact of Preemption.

(1) Mandatory physical collocation for interstate special access will likely adversely impact intrastate ratepayers or collocating competitors.

a - Mandatory physical collocation for all Tier I LECs could jeopardize the affected LECs capability to meet state long-term telecommunications needs.

By establishing federal regulatory control over the allocation of LEC central office space, priority would be given to a particular class of interstate interconnectors over the LECs' current and planned uses of the same space for improvement and expansion of intrastate services.

b - Mandatory physical collocation could affect the intrastate rate base.

If central office space is preemptively allocated to interstate interconnectors, the LECs may have to build or acquire additional space for the equipment need to meet State intrastate service needs. This could increase the cost of intrastate service.

(2) Preemption at any level is premature. Problems remain to be resolved in all aspects of interconnection. By taking this action the FCC is depriving itself of information that could be derived from further state experimentation.

As the FCC acknowledges in the Order, the states have gained valuable experience with a variety of access pricing techniques that have been implemented since the FCC first adopted its access charge framework.

Several State commissions have already dealt, or soon will be confronted, with similar requests dealing with similar issues. The FCC could learn a great deal from the experiences of these States in resolving the issues raised in this proceeding. Accordingly, NARUC urges the FCC, particularly during the time before the Joint Board issues final recommendation on separations issues,<sup>3</sup> to work with and support individual state experimentation regarding collocation and interconnection.

- (3) Preemption is disruptive to ongoing state/federal cooperative efforts and undercuts future state interconnection policies.

As Commissioner Sikes noted in his partial dissent to this Order, at page 2, "...the Commission's requirement [for physical collocation], ....effectively undercut[s] any future state interconnection policies. Moreover, the preemptive measures suggested in the Order undermine the 410(c) collegial process as well as ongoing negotiations/regulatory initiatives at the state level.

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<sup>3</sup> In previous comments in this proceeding, NARUC urged the FCC to refer the above issues to the Federal-State Joint Board for resolution before taking any final action in this docket. While it is true that Section 154(j) allows the Commission to "conduct its proceedings in such manner as will best conduce to the proper dispatch of business and to the ends of justice - the jurisprudence and legislative history suggest that the authority granted in that section is insufficient to override the explicit requirements in Section 410(c) to first refer "any proceeding regarding the jurisdictional separation [s issues to a Joint Board]..." for preparation of a "recommended decision for prompt review." A fair reading of that section suggests that further FCC action in this proceeding, which the Order admits has potential separations impacts, must be deferred pending presentation of a Joint Board recommended decision.

NARUC is on record as applauding departing FCC Chairman Alfred C. Sikes' efforts to develop a cooperative spirit among State and federal regulators. See, **Resolution on the Need for Federal/State Collaboration in the Development and Implementation of Policies on Enhanced Services** ("July Resolution") adopted by NARUC's Executive Committee (July 26, 1990). Appropriate and innovative regulatory policy in the collocation area will be enhanced by cooperation between Federal and State regulatory bodies. Accordingly, NARUC urges the FCC to continue to collaborate through the Federal/State Joint Board and in other proceedings to develop and implement compatible policies on the regulatory treatment of collocation.

**B. EFFECTIVE OPPORTUNITY TO COMMENT ON THE ISSUES RAISED.**

On October 19, 1992 the FCC released its Report & Order and Further Notice of Proposed Rulemaking in this proceeding. On October 16, 1992 the FCC released its Second Notice of Proposed Rulemaking proposing switched transport and switching/ signalling interconnection whereby switched transport collocation would be offered under similar terms and conditions as special access collocation, to be effective in November 1993, and also its Report & Order regarding switched transport rate restructuring for Tier 1 LECs and its Further Notice of Proposed Rulemaking seeking comment on the long term transport structure which will become effective in November 1995.

Originally, the FCC proposed an ambitious comment cycle for all three of these proceedings. Subsequently, however, in response to a request by the United States Telephone Association, several of the comment cycles were extended.

The timing of the release of these orders and the original dates set were such that NARUC would not have had an effective opportunity to comment in the instant proceedings. All three orders were released shortly before NARUC's annual meeting in November. NARUC did not have enough time to formulate a response to the myriad of issues raised by all the orders. The organization was only able to generate a bare bones resolution outlining some of NARUC's positions in these dockets and urging the FCC to extend the comment cycle sufficiently to allow NARUC to file comments after its next meeting February 28 - March 4, 1992.

The subsequent FCC response to the United States Telephone Association's request to extend the time for filing partially ameliorated NARUC's concerns. It now appears that the organization will have an adequate opportunity to comment in the Docket 91-213 proceeding (Replies due March 9), and in Phase II of the Docket 91-141 proceeding (Comments due March 3 & April 2). However, NARUC will still be asking, in a separate pleading, for the FCC to extend the time for reply comments in the Phase I, 91-141 proceeding until March 9, 1992 and the time for reply comments on the Joint Board Submissions to the same date. Also, obviously, in the instant docket, the FCC did not extend the comment cycle at all.

NARUC respectfully suggests that the issues raised by the October 19, 1992 Order in this proceeding are of critical importance to the State commissions.

It is significant that the only December 4, 1992 initial comments filed by a "state" commission, i.e., the D.C. Public Service Commission, were also the sole comments opposing the FCC's proposal to assign GSF cost to common line elements. The D.C. Commission believes the proposal will increase the Subscriber Line Charge for D.C. ratepayers and have a potential detrimental impact on universal service. Without adequate state commission input, the Commission will not have an adequate record upon which to make a decision. Accordingly, NARUC respectfully requests that it be allowed to submit reply comments and information for the record on the GSF issue shortly after its March 1992 meetings.

**C. LEC PRE-SEPARATIONS OFFSET OF EXPENSES EQUAL TO REVENUES RECEIVED FOR  
PHYSICAL COLLOCATION.**

To the extent interstate revenues are received by LECs for collocation, the current balance between interstate revenues and expenses will be upset. Although Interstate revenues will be received, the current separations process will not allocate any additional cost to the interstate jurisdiction.