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BA-MD observes that it, and other Regional Bell Operating Companies ("RBOCs"), are prohibited by the provisions of the Modified Final Judgment ("MFJ")²⁷ from providing interLATA toll services. Noting that new entrants are not subject to the MFJ, Bell Atlantic contends that this Commission should restrict new entrants from bundling interLATA toll services with local exchange service, until such time as BA-MD is granted relief from the interLATA toll restriction contained in the MFJ.²⁸ Bell Atlantic thinks the interLATA/local packaging prohibition on the new entrants is necessary to prevent them from gaining an unfair advantage over BA-MD in the market.

MFSI-MD, MCI, and others contend that new entrants should not be restricted from packaging local exchange service with interLATA toll service. They note that Bell Atlantic has many competitive advantages over new entrants, including a ubiquitous network, a 100 percent local exchange market share, and tremendous name recognition among Maryland consumers. Also, they observe that Bell Atlantic's predecessor corporate identity signed the consent decree in settlement of the government's charges of anti-trust violations. They object to having to

²⁷ In settlement of anti-trust charges levied against it by the Department of Justice, in 1982 the constituent companies of the old American Telephone and Telegraph Company signed a proposed consent decree incorporating, among other items, a prohibition on the offering of interLATA toll services by RBOCs. The Court largely accepted the consent decree in its MFJ.

²⁸ Several parties mention the possibility that the interLATA toll restriction applicable to the RBOCs may be lifted soon by federal telecommunications legislation. Bills have passed both the Senate and the House of Representatives, and a conference committee currently is engaged in harmonizing the two. Both bills would allow RBOCs to enter the interLATA toll market provided they meet certain conditions.

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conform their business activities to a model imposed on RBOCs due to alleged improper activities.

While we recognize the emotional appeal of the new entrants' argument, we believe the argument fails to gauge the impact on the market of allowing new entrants to package interLATA toll and local exchange services while BA-MD cannot. We are of the opinion, after weighing all of the facts and circumstances, that this is an advantage the new entrants should not have. Accordingly, while new entrants may provide interLATA toll services, they cannot package them with local exchange services until federal legislation is enacted, or the current law otherwise is changed, that grants BA-MD the privilege to offer interLATA toll services, too.²⁹ New entrants can, however, package local exchange service with non-interLATA toll services they may offer.

In our April 11, 1995 letter, we also asked if competitive safeguards are necessary to prevent pricing abuses and discrimination when a new entrant packages services.³⁰ In general, the parties, including BA-MD, agree that the new entrants' lack of market power makes safeguards largely unnecessary. Staff, however, advances as a guiding principle the

²⁹ We retain the authority to revisit this issue should future events, such as the federal legislation not being enacted, so warrant. We also observe that this result is not too different from one of MFSI-MD's recommendations, which is that we should defer action on this issue pending completion of Congressional action on the federal legislation.

³⁰ On brief, AT&T uses this issue as an opportunity to address whether competitive safeguards should be applied to BA-MD, not to the issue of whether competitive safeguards should be applied to new entrants when they package services. We decline AT&T's invitation to address its issue at this time.

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notion that "tariffs offering package discounts are acceptable as long as market forces are effective in limiting the prices charged." Thus, the existence of sufficient market power, in Staff's opinion, may necessitate the imposition of competitive safeguards.

Staff did present a proposal designed to prevent market abuses. For example, Staff discussed the possibility that a new entrant that is a provider of cable television services in an area of the State may try to "tie" its cable television service with local exchange service; that is, that it may force a customer that want cable television service to also buy its local exchange service. Staff believes that the Commission should require new entrants to tariff and offer as an individual service any jurisdictional telecommunications service that it provides as part of a package.

We note the validity of Staff's position, and we adopt it for the present. However, at this time we are unsure if Staff's proposal is sufficient, by itself, to guard against the abuse of any market power that a new entrant may possess. Accordingly, as the competitive markets develop, we will remain open to additional discussion of this issue.

F. Segregation of Local and Toll Traffic on Separate Trunks

There was brief discussion in our Phase I Order concerning whether co-carriers should deliver local and toll traffic to BA-MD over separate trunks, or whether both forms of

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traffic could be delivered over a single trunk group. 85 Md. PSC at 44. There, we noted BA-MD's concern that it could not distinguish toll traffic from local traffic and MFSI-MD's stated willingness to establish separate trunk groups for the termination of the two types of traffic at BA-MD's switches. This requirement proved necessary following the issuance of Order No. 71155 because BA-MD's switches cannot distinguish between toll and local traffic and because charges for switched access are made on a minutes-of-use basis, while charges for local access, per Order No. 71155, were set on a per-call basis.

After the issuance of Order No. 71155, the parties agreed to change the local interconnection rate structure to a charge per minute of use. They agreed to supply each other with monthly Percent Local Usage ("PLU") reports, which are reports compiled by a carrier stating the relative amounts of toll and local calling originating on its network. With these reports, the terminating carrier applies its local access charges to the percentage of calls that were local, and its toll access charges to the percentage that were toll. We approved this change at the June 28, 1995 Administrative Meeting.

Conforming the toll and local access rate structures, and agreeing to use the PLU reports, obviated the need to require separate trunking for toll and local calls. Since we do not change the local access charge rate structure in this proceeding,



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there is no need to require separate trunks for toll and local calls.³¹

A final issue mentioned by several parties concerns two-way trunking. Two-way trunking allows calls to be originated at both ends of a trunk. Thus, two-way trunking over a trunk connecting MFSI-MD's switch to a BA-MD switch would result in calls flowing from MFSI-MD's network to Bell Atlantic's, and vice versa. It is not contested that two-way trunking offers efficiency benefits to carriers utilizing it.

Staff and Bell Atlantic observe that more than one carrier could utilize a two-way trunk. They note that if one of the participating carriers underpredicts the amount of capacity it will require, unacceptable levels of call blocking will occur on the trunk. Since the trunk is shared by two carriers, the unacceptable level of call blocking will affect the customers of both carriers, even though only one of them inaccurately predicted call volumes. Accordingly, Staff and BA-MD recommend that we not mandate two-way trunking, although Staff says it should be permitted when carriers agree to it. Staff's recommendation is reasonable, and we adopt it.

³¹ All carriers are reminded that they risk revocation of their operating authority, or other sanctions, should they falsify their PLU reports. Other carriers shall have the right to audit an originating co-carrier's billing information to ensure the accuracy of the PLU reports.

G. Interim Implementation of Number Portability

In Phase I, MFSI-MD and other parties contended that BA-MD's customers would resist switching service providers if they had to change their telephone numbers in the process. MFSI-MD said that customer resistance to changing their telephone numbers would retard the development of competition.

In our Phase I Order, we noted it was undisputed that unportable numbers constitute impediments to competition. We also noted that there was no permanent plan in place to allow customers to retain their telephone numbers when changing service providers. We directed the parties to keep us informed of developments in the efforts to devise long-term number portability solutions.

We also discussed MFSI-MD's proposal to utilize an interim number portability format known as flexible direct inward dialing, or "Flex-DID." BA-MD agreed that Flex-DID was technically feasible, and we accepted it as an interim number portability measure.

There have been some developments in number portability since the issuance of the Phase I Order. In our Order in Case No. 8587, we directed Staff to explore number portability with people interested in the subject. 85 Md. PSC at 214. On April 3, 1995, Staff filed a report containing recommendations about how to best implement long-term number portability in Maryland.

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After receiving comments from other parties, we issued Order No. 72060 on June 29, 1995. In Order No. 72060, we outlined the importance of long-term number portability. We also noted that a nationwide solution to long-term number portability would be advantageous, and that a national solution was likely to be fueled by state-led initiatives. Upon consideration of these factors, we instituted a proceeding, Case No. 8704, for the purpose of resolving long-term number portability issues in Maryland. We directed that Case No. 8704 proceed by way of a consortium, chaired by Staff.

On December 7, 1995, Staff filed a Stipulation and Agreement and a proposed Order on number portability on behalf of all members of the consortium except for BA-MD. The Stipulation and Agreement proposes that the Commission affirm the selection of a particular architecture for number portability, in the hope that the Commission's support will spur switch manufacturers to incorporate the architecture in their switches. Bell Atlantic, expressing concern about who will pay for the new features, cautions us to not accept the Stipulation. As of this date, the matter is pending before us.

Of more immediate significance is MFSI-MD's request in Phase II that BA-MD provide it with an interim number portability solution other than Flex-DID. Since the issuance of Order No. 71155, MFSI-MD has become aware of the existence of remote call forwarding ("RCF") as a method of providing interim number portability. MFSI-MD prefers RCF to Flex-DID as an interim solution.

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BA-MD acknowledges that RCF can be used as an interim number portability solution. RCF works through reprogramming the end office switch that receives the calls made to a specific telephone number. The reprogramming tells the end office switch to forward calls made to that number to a new terminating telephone number served by the co-carrier's switch.

While the parties agree that RCF works as an interim number portability measure, they disagree on the rates that co-carriers should pay to BA-MD. Staff, supported by MFSI-MD and other parties, proposes that the service be priced at the incremental network costs of the service per number per month, plus a mark-up for common costs. BA-MD proposes charging end user tariffed rates per "talking path," rather than per number, because BA-MD's RCF service has the capability of passing multiple simultaneous calls per number on to the customer.

After considering the evidence and arguments on this issue, we are of the opinion that Staff's pricing methodology should be accepted for RCF used by co-carriers to provide interim number portability. We note that number portability is essential to the establishment of a competitive local exchange market, and that RCF technology appears to be the best way of providing number portability pending adoption of a long-term solution. Given the essential nature of number portability to a competitive market, the market will be served best by setting rates at the level of costs, namely direct, joint and common costs, instead of at the tariffed retail rate for remote call forwarding. We

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direct BA-MD to file tariffs for RCF service to be used by co-carriers for interim number portability as soon as possible, but in no event later than 30 days from the date of this Order.

H. Exchange Boundaries and Local Calling Areas

The issue of uniform exchange boundaries and local calling areas has been raised in this case. An "exchange boundary" determines the radius of use for a specific exchange access code (NXX code), and is used by all carriers for billing purposes because it specifically references a geographic area. "Local calling areas" are the total areas in which a local call may be placed, and include the total number of NXX code areas that any customer may call at local non-toll rates. There is general consensus among the parties in this case that local calling areas of the various companies need not be uniform and may differ, while there is disagreement as to whether the exchange boundaries should be uniform for all carriers.

With regard to uniformity of exchange boundaries, Bell Atlantic argues that such uniformity is necessary so that all carriers can correctly charge whatever local and toll rates are contained in their tariffs. This position is supported by other parties in this proceeding, such as MCI, who agrees that exchange boundaries should be the same for all carriers as these boundaries are used as the basis for the exchange of traffic between carriers. MFSI-MD and TCG also agree that uniformity would be appropriate as an interim measure. The Commission could properly require all carriers to assign their NXX codes to an

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existing BA-MD rate center, thereby lessening customer confusion and providing integrity in the billing process for all carriers. However, MFSI-MD also proposes a modification in that it believes new entrants should be permitted to assign new telephone numbers not only to customers located in that particular BA-MD exchange, but also to customers located in adjacent exchanges subject to certain limitations. Other parties, such as DOD and Cable TV, express support for allowing carriers to establish their own exchange boundaries but also acknowledge the advantages of all carriers reaching agreement on a defined set of rate centers.

Staff suggests that the Commission may wish to leave the issue of exchange boundaries to the parties for further negotiation. Staff contends that any viable plan that will save numbers and provide flexibility to consumers without unduly affecting BA-MD should be considered upon application to the Commission. Staff also questions whether the establishment of exchange boundaries concurrent with BA-MD's boundaries will constitute a barrier to entry. In this regard, Staff witness Starkey testified that establishment of identical exchange boundaries may be counterproductive to development of a competitive telecommunications marketplace. Therefore, he recommends that new carriers negotiate the establishment of such exchanges with BA-MD in order to reach a mutually agreed-upon solution.

Based on the arguments and evidence on the record, we believe that at the present time all local exchange carriers must use existing exchange boundaries, although we do not preclude

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adjustment of boundaries that are acceptable to the parties. We note that representatives of co-carriers admit that without a consistent set of boundaries, carriers will be unable to accurately rate their own calls because they will be unable to determine if a call to a co-carrier's customer is local or toll. We therefore see benefits in the use of uniform exchange boundaries, and at this time it is most practical to utilize the BA-MD exchange boundaries for uniformity by all competing telecommunications companies. Use of any alternative exchange boundaries would require a massive restructuring of Maryland's exchanges that is not necessary or beneficial to undertake at this juncture.

As noted above, however, the use of existing exchange boundaries is separate from the establishment of local calling areas. The clear consensus of the parties in this case is that local calling areas may differ according to the needs and desires of each particular co-carrier. MCI, for example, believes local calling areas should be considered a service feature of a particular company, and therefore the local calling boundaries may differ among the carriers as part of their service. As there is consensus on this issue, we will allow the parties to establish different local calling areas if they desire. However, while carriers may determine their own local calling areas, such decisions are not binding on calls interconnecting to another carrier. Calls placed on one carrier's system that utilize another carrier's network may be rated as a toll call by the second carrier, if the second carrier's local calling area is

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different than the local calling area established by the first carrier. Under these circumstances, the first carrier will be assessed intrastate toll access charges, not the local call termination rates adopted above.

I. Interstate Local Calling

The subject of an interstate local calling area is an important and disputed issue in this case, primarily with regard to local calling in the Washington Metropolitan Area. Currently, callers utilizing the Bell Atlantic system are able to make local calls to nearby District of Columbia and Virginia areas, as the local calling area includes exchanges in all three jurisdictions (Maryland, the District, and Virginia).

Bell Atlantic states that these interstate local calls are terminated under agreements that have been explicitly approved by the Virginia State Corporation Commission, and also are subject to audit and review by the Maryland and District of Columbia public service commissions. Bell Atlantic argues that any co-carrier desiring to provide service in multiple jurisdictions must make its own arrangements, consistent with local regulation, to provide such service. Accordingly, Bell Atlantic argues that co-carriers must make appropriate arrangements with Bell Atlantic-Virginia ("BA-VA") and Bell Atlantic-District of Columbia ("BA-DC"), as well as obtain any necessary authority from the respective Commissions to achieve interstate local calling authority. Bell Atlantic further states that its sister Bell companies have offered proposals governing

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termination of co-carrier calls in their jurisdictions, with the proposals by BA-DC and BA-VA requiring co-carriers to pay access charges (as well as all costs of the approval process).

The position of Bell Atlantic that co-carriers must make their own arrangements with the out-of-state Bell companies to provide local calling services across state boundaries is vigorously contested in this proceeding. All other parties commenting on this issue view the Bell position as being counter to the Commission's policy to foster competition among prospective local telephone service providers. The record is clear that BA-MD provides local calling across interstate boundaries without any per-call or per-minute compensation. The other carriers argue they would require similar arrangements in order to compete effectively for local telephone subscribers in the lucrative Washington Metropolitan Area.

As noted by Staff, if co-carriers cannot provide similar local service across state boundaries, statewide competition in Maryland would be a "distant dream and the Commission's efforts to introduce competition to the State will be largely meaningless."³² Staff proposes that the Commission order BA-MD to accept the local traffic of Maryland certified co-carriers at a Maryland interconnection point and then route those calls as if they were BA-MD calls. Accordingly, under this policy, once a call is dialed and passed to another carrier's network for termination it becomes the responsibility of that

³² Staff brief at p. 5 (September 19, 1995).

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second carrier to terminate the call under the same conditions as its own traffic. Therefore, BA-MD would deliver the traffic of co-carriers along with its own telephone calls and terminate such calls via its current agreement with BA-DC and BA-VA as if they were BA-MD's own calls. Similarly, the co-carriers recommend that the Commission direct BA-MD to offer local interconnection service with the same geographic scope as its retail calling services. They say that Bell Atlantic's interconnection tariff, which is clearly under the Maryland Commission's authority, should provide for termination throughout the same geographic area in which BA-MD terminates calls at local rates. Staff further states that if its proposal does not solve the problem, the Maryland Commission could consider various alternatives to ensure fair competition in Maryland.

The record in this case is clear that BA-MD, BA-DC and BA-VA do not charge each other for the vast majority of local calls between their systems, and switched access charges are not imposed upon such local calls.³³ Bell Atlantic acknowledges that there is no accounting and no payments are made between the affiliated companies for these local calls, as there is generally equal cost and equal volumes for the traffic between jurisdictions. Co-carriers argue that similarly equal traffic would also occur in the exchange of their local traffic between

³³ The only charge that does occur for such calls concerns calls routed through the Washington tandem, and then only for the cost associated with the tandem switch and trunks terminating at that tandem. However, Bell Atlantic's own witness states that 97 percent of local calls are not routed through a tandem at all, and therefore the Bell companies engage in mutual traffic exchange for nearly all of their local calls.

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jurisdictions. The co-carriers further argue that new entrants will need to offer their customers comparable calling across interstate boundaries in order to compete effectively against BA-MD.

In considering this issue, we are not convinced by Bell Atlantic's jurisdictional arguments that co-carriers must make their own direct arrangements with the affiliated Bell companies in order to provide the local calling service similar to BA-MD's local calling area that extends beyond State boundaries. Rather, we believe the preferred course suggested by Staff in this proceeding, which recognizes that the points of interconnection between carriers will be located within Maryland, constitutes a reasonable basis for this Commission exerting jurisdiction in this area. As we have jurisdiction over the interconnection in Maryland, we will require carriers interconnected in Maryland to treat calls placed from or on competitors' systems equally to calls placed from or on their own systems.

We further note that Bell Atlantic has not provided any legal analysis or citations to support its view that would require co-carriers to directly contract for such interstate calls directly with the affiliated Bell companies located beyond Maryland's borders. As a matter of policy, we believe that it is the responsibility of a carrier (such as Bell Atlantic) to be responsible for traffic it receives in Maryland and to provide non-discriminatory termination. The record in this case is very clear that co-carriers would be at a severe disadvantage if their customers could not complete local calls beyond State borders in

a fashion similar to Bell Atlantic. The imposition of access charges other than the local exchange interconnection rate established herein, upon the co-carrier traffic would allow the three Bell companies to discriminate against the co-carriers and frustrate the competitive policies of this Commission. Accordingly, we direct that local calls that are interconnected within Maryland to another carrier are to be treated in an equal and non-discriminatory manner as the interconnecting carrier's own traffic for purposes of termination.

J. Compensation for Services Other Than Call Termination

Compensation for services provided by Bell Atlantic other than call termination has been raised in the proceeding. These services provided by Bell Atlantic to other local exchange carriers include services such as directory services and 911 trunk connections.³⁴

1. Directory Services

The most disputed issue with regard to such other services provided by Bell Atlantic concerns the fact that Bell Atlantic publishes the most comprehensive directory of telephone numbers throughout the different areas of the State. Bell Atlantic argues that such services should be purchased by co-

³⁴ Compensation for 800 services appears to have been resolved during the course of this proceeding, and we decline Staff's invitation that any further ruling is necessary at this time.

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carriers at tariffed and market rates.³⁵ Bell Atlantic further contends that MFSI-MD committed to purchase such services from BA-MD in exchange for the waiver of its COMAR directory obligations³⁶ but is now seeking to renege on this commitment in this case. Bell Atlantic further contends that alternative prices suggested by other parties in this case will not cover BA-MD's costs for providing such services. Accordingly, it argues the Commission must reject any alternative approach that fails to fairly compensate Bell Atlantic for the costs of providing these directory services to the competitors. The services at issue concern listing in the White Pages, listing in the Yellow Pages (for a business customer), inclusion in the 411 information database, and distribution of the directory.

In contrast to the Bell Atlantic position that co-carriers must pay the tariffed and market rates for inclusion in the Bell directories, the co-carriers who have commented on this issue urge the Commission to require Bell Atlantic to provide primary directory listing services to new entrants either at no charge or at a minimal charge. MFSI-MD contends that directory listings are an essential bottleneck service. Also MFSI-MD argues that Bell Atlantic's proposed primary directory listing rates are excessive and unreasonably discriminatory against new entrants since Bell Atlantic's customers are not separately

³⁵ The tariff for a White Page listing and listing in the 411 database is \$1.05/month, while BA-MD considers the Yellow Pages services competitive and subject to market rates

³⁶ COMAR 20.45.04.11 contains the requirement to publish and distribute directories to customers of telephone companies.



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charged for their listing in the local white page directory, inclusion in the 411 database which contains information numbers for customers, yellow page listing and delivery of directories. Furthermore, MFSI-MD contends that the costs incurred by Bell Atlantic for maintaining a comprehensive directory are offset by economic benefits that it will derive from including the customers of other carriers in the comprehensive directory. According to MFSI-MD, this theory was recognized by the New York Public Service Commission as valid. For example, there is clearly a marketable value for a comprehensive and up-to-date list of all telephone subscribers. MFSI-MD therefore proposes a one-time fee of \$5.00 per customer as a reasonable charge for inclusion in the Bell Atlantic directory services, which is in sharp contrast to Bell Atlantic's proposed rates which provide for a monthly charge for a listing in the primary white pages and yellow pages, in addition to initiating charges.

TCG goes even farther than MFSI-MD's suggestion that a nominal charge may be appropriate, as TCG proposes that Bell Atlantic be required to include competitors' basic listings at no charge, under the theory that Bell Atlantic is compensated for such listings by the free use of the competitors' customer list and telephone numbers. TCG further requests that Bell Atlantic be required to distribute directories to all Maryland consumers at no charge regardless of their service provider and to provide reasonable bulk shipments of directories to competitors for their own distribution at no charge. In exchange for these services, the co-carriers would be required to provide customer lists to

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Bell Atlantic and forego any claim to advertising revenues derived from the customers, as well as forego any claim to revenues Bell Atlantic derives from directory assistance services. MCI, AT&T, and Cable TV all generally support the proposition that directory services provide benefits to Bell Atlantic which must be considered in mitigation of the costs that may be incurred, and therefore support the proposal that new entrants' subscribers have free listings.

DOD contends that Bell Atlantic's proposal constitutes a conflict that must be resolved in the long-term by having "neutral" firms provide the directory service. Until such times as independent providers are able to offer these services, however, the Commission should not allow BA-MD to exploit its superior position. Accordingly, DOD recommends that if BA-MD provides support functions such as directory listings, the functions should be operated at an "arms-length basis" from the carrier, thereby charging all carriers, including Bell Atlantic as well as co-carriers, on the same basis.

Staff, through witness Molnar, opposes the position of those co-carriers who recommend that directory services should be provided by Bell Atlantic at no charge. In making this recommendation, Mr. Molnar disputes that co-carriers should share in the allegedly "additional" revenue that will accrue to Bell Atlantic. Mr. Molnar notes that including other companies' customers in the Bell Atlantic directory, in fact, does not result in any additional revenues to Bell Atlantic, as Bell Atlantic would have retained the revenues associated with these

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customers absent the existence of a competing directory. He also notes that in Phase of this proceeding MFSI-MD agreed that Bell Atlantic should be entitled to reasonable compensation for the actual costs of publication of telephone directories and distribution to its customers. However, Staff does not consider the initial willingness of MFSI-MD to pay the tariffed rates as a permanent commitment to pay at that amount. Furthermore, MFSI-MD testified in Phase I that the cost of publication and delivery of directories should be allocated among competing local carriers. Therefore, Staff supported MFSI-MD's request that it be exempted from COMAR requirements to publish and distribute directories to its customers as this function would essentially be performed by Bell Atlantic.

In its final recommendations in this case, Staff acknowledges that for the foreseeable future, it is logical for Bell Atlantic to continue to provide a complete directory as Staff believes it is in the public interest for customers to have access to complete listings that contain the names of all telephone subscribers in the local calling area. Staff further recommends that new entrants pay for this service at Bell Atlantic's long run incremental costs plus some mark-up for common costs, rather than the current tariffed rates of Bell Atlantic.³⁷ Staff claims that such principles should be applied to rates of both Bell Atlantic and co-carriers, and tariffs should be submitted to prevent discrimination for this service.

³⁷ The actual proposed rate of Staff is included in confidential material.

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In reaching its recommendations, Staff also specifically rejects the contentions of certain co-carriers that no costs are involved with respect to maintaining a comprehensive directory, and that Bell Atlantic provides these services for "free." Staff notes that a carrier offering directory services incurs a level of costs when new customers are added or deleted from the system. Furthermore, the fact that a service may be provided by a utility to its customers without charge does not mean that it is "free." Rather, the cost for providing such a service may very well be borne by the general body of ratepayers, with subscribers actually paying for the service in their rates.

People's Counsel has expressed general support for the Staff position. Accordingly, OPC recommends that directory services should be tariffed to prevent discrimination and priced at long run incremental costs plus some contribution. People's Counsel considers this proposal to be reasonable as it will protect the general body of ratepayers from having to pay costs incurred by new entrants. However, OPC recommends that if Staff's recommendation is rejected, then Bell Atlantic should be directed to demonstrate in the future that it is not recovering its costs when providing directory services to new entrants. In this regard, OPC supports allowing Bell Atlantic to recover its costs so as not to unfairly burden ratepayers.

The record before us shows that there is a clear consensus in this case that customers should have access to complete directories that contain the names of all telephone subscribers in their local calling area. While there is

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competition in the publication of various directories, it is clearly in the public interest for customers to have a directory source that contains comprehensive listings in the calling area. The record before us shows that it is logical for Bell Atlantic to continue to provide this service, at least for the foreseeable future. The dispute on this issue concerns the appropriate charges, if any, that Bell Atlantic may be authorized to impose for this service.

After consideration of all the evidence and arguments with regard to this issue, we reject both the position of those co-carriers who believe that no charge should be imposed for this service, and the assertion by Bell Atlantic that MFSI-MD has made a steadfast commitment to pay for directory services at the tariffed rates of PA-MD. The record shows that Bell Atlantic does in fact incur costs in the continuing effort to update and maintain the directory listings, as well as in the publication and distribution of the directories. We believe that Bell Atlantic must be assured just compensation for these costs that it incurs. With regard to the alleged "commitment" of MFSI-MD to pay the tariffed rates for these services, we note that proceedings investigating policies and charges of utilities, such as the instant proceeding and any future proceedings, represent opportunities in which users of utility services may question and inquire into the reasonableness of specific policies and charges for utility services. While such proceedings are not an opportunity for companies to attempt to avoid contractual commitments, any alleged commitment by MFSI-MD does not appear to

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have been of a contractual nature which would preclude its inquiry into the basis of such charges. In any event, any commitment by MFSI-MD would obviously not bind other potential co-carriers, and whatever policies are established for the provision of directory services should clearly be applicable to all co-carriers on an equal basis in the future.

Based on the record, we believe that the analysis provided by Staff in this proceeding, which is supported by People's Counsel, is a fair and reasonable resolution which will be accepted at this time. Accordingly, new entrants will be charged for directory services with development of a tariff that will be applicable to all co-carriers. Furthermore, the tariff should be based upon Bell Atlantic's long run incremental costs plus some mark-up for common costs, rather than Bell Atlantic's current tariffed rates to business customers. Also, the tariff should include Bell Atlantic's cost for publishing and delivering directories as well as a reasonable number of bulk shipments of directories. At this time, we will accept the rates proposed by Staff in its confidential brief, including the monthly fee of \$0.29/month,³⁸ although these rates may be subject to future revision if appropriate. With regard to other fees for services relating to directory listings, we decline on this record to accept any other charges at this time. In the event these fees prove to be inadequate, Bell Atlantic may seek appropriate revisions with demonstrated cost support.

³⁸ While Staff has filed its fees in the confidential material, the Company has disclosed the monthly fee in its non-confidential brief. We also fail to see why these rates should remain proprietary.

2. 911 Service

As the parties in this case acknowledge the public interest is served by maintaining a comprehensive directory service, it is also clear that the public interest requires connection of all phone customers to emergency 911 service. Bell Atlantic maintains a 911 database and provides dedicated trunking between its end offices and tandems to Public Safety Answering Points ("PSAP") throughout the State. A 911 surcharge is collected from all subscribers which is then remitted to the State, after Bell Atlantic takes an administrative fee in the amount of 1.5 percent. Public service agencies that utilize the system then pay Bell Atlantic for its part of the costs of maintaining the 911 network. The provisions governing the 911 emergency telephone system are contained in Article 41, Title 18 of the Maryland Annotated Code, with Section 18-105 governing the 911 Trust Fund.

All parties who addressed this issue agree that it is necessary for all telephone customers in the State to be properly connected to the 911 system to ensure that emergency calls are properly routed and that the database is current and accurate. Furthermore, it is clear that the 911 Trust Fund is funded by all telephone subscribers in the State, including those who would obtain service from co-carriers. At issue, however, is the cost and compensation for trunks connecting new entrants' switches to the Bell Atlantic emergency-911 tandems.

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Bell Atlantic argues that co-carrier trunks are an addition to the Bell Atlantic trunks already in place, and are needed solely to provide 911 service to the customers of the new entrants, such as MFSI-MD. It argues that MFSI-MD is seeking to avoid paying for such connections, although it claims MFSI-MD had previously agreed to provide these trunks in Phase I. Bell Atlantic requests the Commission order MFSI-MD and other co-carriers to pay for the additional trunks that will be necessary to ensure that the co-carriers' customers have access to 911 services. The amount in dispute is a charge of \$94.00 per month for such trunking.

MFSI-MD, through witness Ball, and MCI, through witness Cornell, raise the question of whether Bell Atlantic would receive double recovery for its 911 costs if new entrants are required to pay 911 trunk charges in light of the fact that Bell Atlantic receives compensation from the Trust Fund.

Staff witness Molnar, who also testified with respect to the 911 issues, notes that the provision of 911 services is truly a public service as it provides delivery of emergency services to Maryland residents. He further states the public interest requires such services be provided as part of the obligations of a carrier in exchange for the grant of authority to conduct business. With respect to the allegation that Bell Atlantic recovers trunking costs between end offices through the charges it bills the Trust Fund, Mr. Molnar states he cannot find any rates in the Company's tariffs that provide for the recovery of intra-office 911 trunking facilities. Rather, he believes