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that these costs are apparently part of the overall network costs that are recovered from the general body of ratepayers and not billed as separate charges to public service answering points. He therefore recommends that co-carriers be required to use the 911 database developed by Bell Atlantic. He further avers that co-carriers be billed rates for trunks based on the incremental costs plus some level of contribution to common and shared costs. Furthermore, he supports the suggestion of TCG witness Kouroupas that co-carriers should also have the option of deploying their own 911 trunking facilities rather than acquiring them from Bell Atlantic.

Based on the record before us, it is undisputed that connection to the 911 emergency service is a necessary feature for all customers in Maryland and must be provided as part of the service obligations by every carrier. It is also clear that the 911 Trust Fund is a mechanism designed for recovery of much of the cost of the system. The dispute in this case concerns the additional trunks that would be necessary to connect new entrants' switches to the Bell Atlantic emergency service tandems. On the record before us, we will accept the suggestion of TCG witness Kouroupas and Staff witness Molnar that co-carriers have the option of providing their own trunks connecting their end offices to the Bell Atlantic emergency 911 tandems or purchasing trunks from Bell Atlantic at the tariffed rates. Staff indicates it has not found any grounds for the allegation of double recovery of such costs alleged by MFSI-MD and MCI, but the option provided these co-carriers to provide their own trunks

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eliminates this fear. Furthermore, we see no reason why co-carriers could not seek their own reimbursement from the 911 Trust Fund for the costs they incur relating to the 911 emergency system, which would also eliminate the fear of double-payment by co-carrier's customers for 911 services. In addition, the interests of Bell Atlantic are fully protected as it will not bear responsibility for the cost of any such trunks which have not been purchased from Bell Atlantic but rather are provided by co-carriers to their own offices. Accordingly, Bell Atlantic should revise its tariffs to provide this option.

**K. Establishment of Wholesale Prices for Bell Atlantic's Local Exchange Services**

Staff, AT&P, DOD, MCI, MFSI-MD and LDDS all support, in varying degrees, establishing wholesale prices for Bell Atlantic's local exchange services. They say that if firms could buy BA-MD's local exchange services at wholesale prices, they could then resell those services to end users at retail prices. They claim this would enable competitors to extend their markets, encourage lower prices to consumers, and promote economic efficiency.

Staff, supported by OPC and several other parties, contends that another proceeding is necessary to gather sufficient information to determine appropriate wholesale prices. While supporting this proposal, AT&T also asserts that existing cost and rate information can be used to set interim wholesale prices. For interim wholesale rates, AT&T says that the

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Commission should take BA-MD's retail rates for local exchange services, then subtract from them the costs that Bell Atlantic will avoid by providing the services on a wholesale, rather than retail, basis. The costs not incurred when offering local exchange services on a wholesale rather than retail basis include uncollectibles, billing and collection, and customer service and marketing, according to AT&T.

In supporting wholesale offerings of BA-MD's retail local exchange services, MCI witness Cornell states that the rates should be set at levels that would pass imputation tests. Thus, according to MCI, any retail rate charged by BA-MD to an end user would include the wholesale rate, plus other costs required to provide the service to an end user.

BA-MD argues that the evidentiary record provides an insufficient basis to require it to sell its services at wholesale prices. It contends that there is no economic reason to force it to sell any services to co-carriers, unless a service happens to be an "essential input." Bell Atlantic believes the process of setting wholesale prices will be complex. It also avers that in some areas of the State retail rates do not cover costs, so implementing wholesale prices in those areas will result in providing service to competitors at below-cost rates, or increasing rates to retail customers there before implementing compensatory wholesale rates.

We agree with the parties that the issue of wholesale rates for local exchange services merits further study. While we are not opposed to the idea of setting wholesale rates for local

exchange services, the record is not sufficiently developed for us to determine which services should be covered by a wholesale tariff, nor what the rates should be. Furthermore, we observe that AT&T's proposal to set interim wholesale rates would be a complicated process in its own right. Finally, we note that in setting interim rates for unbundled links and ports, and in establishing a process for determining permanent rates, we have addressed already the resale of two of the most important services offered by BA-MD. Accordingly, we decline AT&T's invitation to set interim wholesale rates for local exchange services and defer this matter to an appropriate future proceeding.

**L. Unresolved Technical, Operational, or Other Non-Price Terms and Conditions of Interconnection**

The parties identify several unresolved, non-price related issues. The first one that we will discuss relates to points of interconnection ("POI"). Staff and BA-MD propose that, at a minimum, new entrants interconnect their networks with Bell Atlantic's at the access tandem serving the area where the call will terminate. This requirement mirrors one applicable to interexchange carriers for delivery of toll calls to BA-MD's network.

In addition to the POI guideline mentioned above, Staff witness Myers proposes six other rules governing interconnection points. All seven rules are listed below:

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1. Co-carriers must establish a minimum of one POI per BA-Md. access tandem serving area when the co-carrier terminates local calls to customers within that serving area. That is, co-carriers must deliver the call to the access tandem serving the area where the calls will terminate.
2. BA-Md. must establish a minimum of one POI per co-carrier designated traffic aggregation point serving area. These traffic aggregation point serving areas will correspond to BA-Md.'s tandem serving areas described above.
3. Carriers must offer tandem (or similar aggregation points) and end office interconnection.
4. Each carrier is responsible for providing its own facilities to POIs. The terminating carrier is responsible for routing terminating calls from the POI to the appropriate customers.
5. Local calls delivered to established POIs should be billed at Commission approved local call termination rates. No additional rate elements should apply.
6. All POIs must be located within the state of Maryland for the purpose of exchanging traffic originated and/or terminated within the state of Maryland.
7. Carriers may mutually negotiate additional POIs, however, the same interconnection arrangements must be available to all co-carriers under like terms.

Bell Atlantic supports each of these rules.

MFSI-MD and MCI contend that no carrier should be required to establish more than one POI with Bell Atlantic within each LATA. They argue that BA-MD's network configuration of tandem and end offices has some inefficiencies, and that forcing

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new entrants to establish a POI at each Bell Atlantic tandem pushes those inefficiencies onto the new entrants.

After considering this issue, we believe that network interconnection should be structured pursuant to Staff's proposed guidelines.<sup>39</sup> We recognize that this will require co-carriers to make some investments that they otherwise would not have made. However, MFSI-MD's proposal would result in routing protocols for local calls different from those contained in the Local Exchange Routing Guide ("LERG") that governs delivery of interexchange toll calls. We find that there is insufficient information in the record to justify deviation from the LERG for local calls. Accordingly, we adopt Staff's proposal for the present.

AT&T identified several technical and operational matters that it contends need resolution. Generally, AT&T wants new entrants to have electronic access to BA-MD's ordering, trouble-shooting, and certain data bases that are necessary, in AT&T's opinion, for new entrants to provide quality service to their customers.

AT&T acknowledges that these issues were not extensively addressed in this proceeding. It asks us to direct BA-MD to work with new entrants to resolve these and other provisioning, billing, and servicing interface issues. It asks

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<sup>39</sup> Our interpretation of the third guideline follows the explication contained in Mr. Myers' rebuttal testimony. That is, new entrants, such as MFSI-MD, that do not have separate tandem and end offices need not construct separate tandem and end offices in order to comply with this guideline. Rather, co-carriers that do not employ tandems in their networks must provide at least one aggregation POI in the serving area of each BA-MD access tandem, and a point of interconnection directly at their switching office(s).

us to address these matters in another proceeding if the parties cannot come to an agreement.

Staff proposes a general dispute resolution process to handle issues like those raised by AT&T. Mr. Myers recommends that if parties cannot agree they present the matter to Staff for investigation and non-binding arbitration. If the parties still disagree at that point, Staff would prepare a report for the Commission's consideration.

As we noted in Phase I (85 Md. PSC at 55-56), we expect the parties to achieve negotiated solutions to technical and operational issues. To date, MFSI-MD and BA-MD have been successful in negotiations on many of these matters. We strongly encourage continued effective negotiations and adopt Staff's dispute resolution procedures for those instances when agreement cannot be reached.

**M. Should New Entrants and Bell Atlantic be Prohibited from Engaging in Discriminatory Behavior in the Rates, Terms and Conditions of Providing Interconnection and Access Services?**

The parties and the Commission agree that discriminatory behavior is inappropriate and should not be allowed. We accept Staff's proposal to examine claims of discriminatory provision of interconnection and access services on a case-by-case basis. Carriers shall file tariffs, applicable to all other carriers, containing rates for interconnection and access services.

**III. ORDERED PARAGRAPHS**

IT IS, THEREFORE, this 28th day of December, in the year Nineteen Hundred and Ninety-five, by the Public Service Commission of Maryland,

ORDERED: (1) That Bell Atlantic-Maryland, Inc., shall file new tariffs for local exchange service interconnection, co-carrier remote call forwarding, directory services, and 911 trunking connections, and interim tariffs for unbundled links and ports, in conformance with the terms of this Order as soon as possible, but in no event later than 30 days from the date of this Order.

(2) That MFS Intelenet of Maryland, Inc. and MCImetro Access Transmission Services, Inc. shall file new tariffs in conformance with the terms of this Order as soon as possible, but in no event later than 30 days from the date of this Order.

(3) That the Commission hereby establishes a proceeding to consider universal telephone service issues.

(4) That the Motions to Correct Transcript, filed by Bell Atlantic-Maryland, Inc. and Staff, are hereby granted.

(5) That Bell Atlantic-Maryland, Inc.'s request to substitute a complete copy of its Exhibit No. 36 for the partial copy introduced into the record at the hearing is hereby granted.

6) That all motions not granted by action  
taken herein are denied.

Susanne Brogan

Claude M. Ligon

E. Mason Hendrickson

Commissioners

Gerald L. Thorpe, Commissioner, Concur  
in part and Dissents in part