DECISION MEMORANDUM

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WORKING FILE

FROM:BIRDELLE BROWN

DATE:JANUARY 10, 1997

RE:U S WEST ADVICE 96-10-N TO RESTRUCTURE LOCAL TRANSPORT CHARGES, EFFECTIVE JANUARY 20, 1997

U S WEST submitted this tariff advice to restructure its Idaho access service tariff.  The tariff provides flat rate charges for dedicated transport facilities and per-minute of use charges for transport that uses a tandem switch.  U S WEST also introduces a new Expanded Interconnection Channel Termination to provide connection between carrier-designated collocated equipment.

This tariff for the northern LATA corresponds to a similar price list submitted in the southern LATA in September.  The customers who are affected are long distance service providers.  These customers were notified when the southern Idaho tariff was implemented and to Staff’s knowledge, voiced no complaints.

DESCRIPTION

The filing effectively “unbundles” that portion of access service formerly known as “local transport,” creating rate elements called Entrance Facility (EF), Direct Trunked Transport (DTT), and Tandem Switched Transport (TST) to replace Local Transport (LT) in the tariff.  The attached drawing illustrates the changes.  Where the local transport portion of access is currently a per-minute charge, U S WEST proposes that it become composed of monthly rates, mileage banded monthly rates and a per minute rates.

Formerly, Switched Access Service was composed of three rate elements and was billed as follows:

Common Line - Originating$0.0100/min

Terminating$0.0157/min

Local Switching$0.0175/min

Local TransportMileage banded charges ranged from$.01 to $.0108/min

Access charges for a short-haul call within U S WEST’s serving area were $0.0525 per minute.

Under the revised price list:

Common Line  Originating$0.022720/min

Terminating$0.017020/min

Local Switching$0.0175/min

Local transport is composed of one or more of the following rate elements:

1)  Entrance Facility - transport facility between the customer’s premises and the company’s switching center, even if the customer’s premises and the switching facilities are in the same building.

Voice$        27.25/mo

DS1$      125.00/mo

DS3$   1,350.00/mo

2)  Direct Trunked Transport (two ends) -provides the transmission path without tandem switching functions on circuits dedicated to the use of a single customer.  This rate element is composed of a monthly fixed rate to provide circuit equipment at the ends of the transmission paths and a per-mile rate to provide the transmission facilities, including intermediate transmission circuit equipment, between the end points of the circuit.

Voice - Fixed Charge$                  26.00/mo

plus$          .17 to .22/mile

DS1 - Fixed Charge$      86.50 to $130.00

plus$  13.55 to 15.05/mileDS3 - Fixed Charge$    724.84 to $815.44

plus$  78.90 to 91.74/mile

3) Tandem Switched Transport - circuits dedicated to the use of a single customer from the switching wire center to the tandem and circuits used in common by multiple customers from the tandem to an end office.  The rate element is composed of 1) a fixed minute of use rate to provide the circuit equipment at the end of the interoffice

transmission paths, 2) a per-mile per minute of use rate for transmission facilities, including intermediate transmission circuit equipment, between end points of the interoffice circuit,  and 3) a tandem switching minute of use rate to provide for tandem switching facilities.  The TST element is the sum of these three components:

Tandem Transmission Fixed $.000431 to .000551/mo

plus$.000022 to .000024/mile

Tandem Switching$.001588/min

As the number of variables is increased, it becomes significantly more difficult to estimate access charges.   Per-minute rates for the same short-haul call within U S WEST’s serving area that cost $.0525 per minute under the current rates would cost $.058528 per minute under the proposed rate structure if it occurred in the switched access mode, but if the call were transported on dedicated facilities, the cost would likely be less.  There are additional monthly fixed and mileage-sensitive charges that were unbundled from the previous per-minute rates.  U S WEST submits that this is a revenue neutral filing.

In addition, in this filing U S WEST:

1)Revises the description of Common Channel Signaling

2) Establishes regulation for Jurisdictional (PIU) Reporting for the new rate elements.

3) Provides optional multiplexing functions.

4) Introduces Expanded Interconnection (EI) as a new service wherein the Company provides wire center interconnection of Switched Access DS1 or DS3 services to interconnector-provided transmission equipment.

DISCUSSION

This proposed tariff will expand the options for interexchange carriers and other telecommunication service providers to provide their competitive services.  U S WEST suggests that these types of changes are necessary to comply with the FCC’s rules for providing a competitive environment.

Staff must be more diligent when arriving at access rates for purposes of determining statewide averages or estimated costs to ensure that all of the above rates are and will continue to be considered access rates, whether they are billed on a per-minute or other basis.

However, any calculation of revenue increase or decrease depends solely on the projection of numbers of customers who will purchase dedicated facilities for transport.  U S WEST insists that this tariff is revenue neutral, though some companies will see increased rates, while others see decreases, depending on the extent of their investment in dedicated facilities rather than switched access.  Since neither AT&T or MCI opposed this tariff when it was presented in southern Idaho, Staff does not oppose this tariff in northern Idaho.

RECOMMENDATION

Staff recommends approval.  Does the Commission agree?

Birdelle Brown

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