

PUBLIC UTILITIES COMMISSION

IN RE: INTRALATA PRESUBSCRIPTION PLAN

DOCKET NO. 2534

Report and Order

On February 13, 1997, a Stipulated IntraLATA Presubscription ("ILP") Plan for the State of Rhode Island ("Stipulation") [Footnote1](#) was filed with the Public Utilities Commission ("Commission"). [Footnote2](#) The Stipulation is essentially a verbatim borrowing from the New Hampshire Public Utilities Commission's order on ILP, initiating presubscription in that state on June 2, 1997. It proposes that ILP become available in Rhode Island on August 1, 1997. The parties also agreed that any solution of the Municipal Calling Service ("MCS") issue in New Hampshire [Footnote3](#) would become applicable in Rhode Island.

ILP, as proposed in the Stipulation, is an arrangement in which local exchange customer may designate one carrier for its intraLATA toll calls, and potentially a different carrier for its interLATA toll calls, and can reach those carriers without dialing an access code. This method, which was prescribed by the Federal Communications Commission, is known as the "2-PIC" method; PIC is an acronym for primary interexchange carrier. Presubscription for interLATA calls has existed for more than a decade; customers know that if they dial "1" plus an area code from their own telephones, they are connected via the long-distance carrier of their choice. ILP expands this option to in-state toll calls. Customers who refuse to select an intraLATA carrier will have to dial a carrier access code (10-XXX) to complete intraLATA toll calls.

The settlement also proposes a cost recovery mechanism based upon minutes of use. The costs would be recovered and amortized at a rate of 11% over a two year period.

On March 19, 1997, a hearing was conducted at the offices of the Commission, 100 Orange Street, Providence. The following appearances were entered at that time:

FOR NYNEX: Victor D. DelVecchio, Esq.

John B. Messenger, Esq.

FOR THE DIVISION: Alan Shoer, Esq.

Special Assistant Attorney General

FOR MCI: Robert Glass, Esq.

FOR AT&T: Melinda B. Thaler, Esq.

FOR NECTA: [Footnote4](#) Alan Mandl, Esq.

FOR THE COMMISSION: Adrienne G. Southgate, General Counsel

A panel of witnesses presented the Stipulation, including, NYNEX's Theresa L. O'Brien and Jennifer E. Ross, Brian Kent for the Division, and AT&T's Brian Perry and Marta Rutherford.

There was particular concern as to whether the ILP plan was intended to apply to NYNEX, or whether it was a generic

plan which would require analogous action by (and imposition of costs upon) any other competitive local exchange carrier. Ms. Ross reviewed the terms of the stipulation and identified several references to CLECs. [Footnote5](#)

The signatories had developed a scripted "800" announcement and a bill insert on ILP to be used in New Hampshire. Ms. Ross proposed that a similar process could be used in Rhode Island, as well. [Footnote6](#)

The operational trials on ILP were described in some detail. NYNEX is testing each switch technology (1A, 5A, and DMS-10) in New Hampshire to verify switch translations and information system modifications, and believes this testing is can be generalized to Rhode Island. (Because New Hampshire does not have a DMS-100 switch, the test on this switch will be performed in Massachusetts. Rhode Island has DMS-100 switches.) Ms. Ross also noted that ILP has been in place in New York since September, 1996, and is working successfully. Based on the New York experience, NYNEX does not intend to conduct additional operational trials in Rhode Island.

NYNEX identified several ILP-associated cost categories which would be subject to true-up. NECTA challenged these categories, which include foregone PIC charges during the 90-day waiver period, seeking clarification as to whether non-signatories would be permitted to object to recovery during subsequent proceedings. NYNEX proposed that the categories, as adopted by New Hampshire, be ratified by Rhode Island so that the only question following ILP implementation would be the actual costs versus the Company's estimates.

With regard to the MCS issues, Ms. Ross testified that NYNEX does not, as a technical matter, have a way to route municipal calling service calls as local calls. It is only through NYNEX's billing system that the calls are rated as local calls rather than intraLATA toll calls. AT&T has proposed the advanced intelligent network ("AIN") as a technical solution to this problem, but it is not available in the short term; AIN is not deployed everywhere in Rhode Island, and it is not clear that it would be viable in addressing the MCS problem.

MCS is available only to 1,191 customers in Charlestown and 1,485 customers in Lincoln. Faced with a much more extensive problem, [Footnote7](#) the New Hampshire Commission agreed that carriers need not provide MCS since a billing solution to the problem would be so cost-inefficient that carriers might well decide not to enter the market at all. However, they ordered the carriers to "clearly and unambiguously advise MCS-eligible customers of the effect of presubscribing that carrier, on the customers' receipt of MCS."

We agree with this resolution of the MCS issue. Carriers (other than NYNEX) will have to notify the roughly 2,700 customers in Charlestown and Lincoln that MCS is not available. [Footnote8](#) This will put the competing carriers at some disadvantage, but the carriers agreed that it was more important to implement ILP expeditiously than to wait for a routing solution to the MCS problem.

Accordingly, it is

(15276) ORDERED:

The Stipulation submitted by the several signatories, as amended by the decision of the New Hampshire Public Utilities Commission in Docket No. 96-090 with regard to the Municipal Calling Service issue, is hereby approved for application to NYNEX.

EFFECTIVE AT PROVIDENCE, RHODE ISLAND ON MARCH 25, 1997, PURSUANT TO AN OPEN MEETING DECISION. WRITTEN ORDER ISSUED APRIL 18, 1997.

PUBLIC UTILITIES COMMISSION

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James J. Malachowski, Chairman\*

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\*Signed original Report and Order.

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Footnote1

The Stipulation is attached hereto and incorporated by reference at Appendix A.

Footnote2

The signatories included the local exchange carrier, NYNEX; the inter-exchange carriers, AT&T; and the Division of Public Utilities and Carriers ("Division"). The interexchange carriers MCI and Sprint and the competitive access provider, Teleport Communications Group ("TCG"), indicated that they did not oppose the filing. The New England Cable Television Association ("NECTA"), MCI and Sprint all filed comments in this docket.

Footnote3

The New Hampshire Commission's decision on MCS was issued on April 1, 1997. Its salient provisions are paraphrased in the text.

Footnote4

Mr. Mandl also filed public comment on behalf of Cox Rhode Island Telecom, Inc., which has applied for certification as a Competitive Local Exchange Carrier.

Footnote5

Asked to respond with his client's position on each CLEC reference, Mr. Mandl submitted a letter on March 25, 1997, conceding that it "could abide by the specific provisions [cited by the witness]" but urging the Commission not to impose any other facets of the ILP plan upon parties other than NYNEX.

Footnote6

Subsequent to the hearing, on April 3, the parties met and were able to reach agreement on the Rhode Island text for these items.

Footnote7

In New Hampshire, approximately 15% of the lines are MCS-eligible.

Footnote8

The notification requirement applies only to MCS-eligible customers. NYNEX shall not, in its advertising or otherwise, seek to create the impression that all customers are somehow prejudiced by the other carriers' inability to provide toll-free municipal calling.

**PUBLIC UTILITIES COMMISSION**

**IN RE: STIPULATED INTRALATA PRESUBSCRIPTION PLAN (ILPP) IMPLEMENTATION PLAN FOR THE STATE OF RHODE ISLAND DOCKET NO. 2534**

## SECTION 1

### INTRODUCTION

New England Telephone and Telegraph Company (NYNEX) and the Joint Parties have reached a Stipulation on an Implementation Plan for IntraLATA Presubscription (ILP) in the State of Rhode Island. [Footnote1](#) This Plan is based on the ILP Plan that was filed by NYNEX in New Hampshire and subsequently modified by the New Hampshire Public Utilities Commission in an Order issued on August 16, 1996 and clarification Orders issued on October 7, 1996 and January 29, 1997. The Joint Parties submit for Commission approval the proposed implementation plan for ILP in Rhode Island. [Footnote2](#)

There are many technical and operational changes that the Parties and NYNEX will have to implement to introduce intraLATA presubscription and provide further choice to Rhode Island telecommunications consumers. To fulfill the ILP schedule dates set forth in the Plan, the Parties respectfully request that the Commission consider the months of effort that will be required to successfully introduce ILP in Rhode Island, and review and approve the proposal as expeditiously as possible. The industry's ability to meet those dates will depend, in significant part, on such expeditious review and approval.

#### Summary of Proposed ILP Implementation Plan

The major components of the Joint Parties ILP Implementation Plan are summarized below.

**1. Implementation Date:** August 1, 1997.

**2. Method:** A 2-PIC method which enables customers to choose an intraLATA toll carrier that is the same as or different from their interLATA carrier.

**3. ILP Eligible Calls:** IntraLATA toll calls are eligible for ILP. NYNEX will continue to provide local service and handle the customer's local calls. ILP ineligible calls, such as Directory Assistance, are described in Section 2-G of the plan.

**4. Optional Calling Plans (OCP):** Customers who switch to another long distance carrier for their intraLATA toll calls will generally have their OCP removed. This process is described in Section 2-H.

**5. Customer Education:** On or before April 1, 1997, the Parties and the Division will submit for Commission review and approval a competitively neutral customer notice and the language of the 800 number telephone message discussed below. The written notice will be a stand-alone bill insert that explains the benefits of ILP and its relationship to competition, explains when a list of the participating carriers will be made available and how to obtain the list, identifies the date of implementation of ILP, and explains the availability of an ILP PIC freeze [Footnote3](#). Further, NYNEX will provide for a period of one year after ILP implementation an 800 number containing brief, competitively neutral information.

**6. IntraLATA toll carrier for existing customers:** All existing NYNEX customers will be informed that they will continue to have NYNEX as their intraLATA toll carrier until they affirmatively choose to change carriers. No balloting or allocation is planned.

**7. IntraLATA toll carrier for new customers:** New customers will be asked to select an ILP carrier at the time they establish local telephone service. If the customer refuses to select a carrier, the FCC *Second Report and Order*, issued August 8, 1996, requires a new customer to dial a carrier access code (10XXX) to complete intraLATA toll calls. NYNEX has submitted a Petition for Reconsideration ("PFR") to the FCC on this issue. The Company has requested the FCC to enable NYNEX to serve as the default carrier for new customers who fail to affirmatively select a carrier. If

NYNEX fails to ask for a new customer's intraLATA choice, and the customer affirmatively chooses NYNEX, then the customer's intraLATA toll calls shall default to the customer's interLATA carrier, where possible.

**8. Taking ILP PIC Change Orders:** Customers requesting an ILP PIC change will be encouraged to contact that carrier directly to process their ILP PIC request. However, if requested by the customer, NYNEX will process the customer's ILP PIC change.

**9. ILP PIC Change Charge:** A \$5.00 ILP PIC change charge will be assessed to either the end user or the carrier. For existing customers, a waiver period of 90 days will apply for an initial PIC change charge. Only one PIC change charge will apply when both the interLATA and intraLATA PICs are being changed at the same time.

**10. Payphone Lines:** The payphone service provider is the subscriber to the line that is used to provide payphone service and is responsible for notifying the Telephone Company of the ILP PIC. A location provider has control over the ultimate choice of intraLATA carriers through its choice of payphone service provider.

**11. Cost Recovery of ILP Costs:** The cost recovery mechanism shall be based on an equal charge per originating minute of use.

## SECTION 2

### POLICIES AND PRACTICES

This Section describes policies and practices agreed to by the Parties that NYNEX and the Parties will employ as operating procedures and support systems are modified to allow the implementation of intraLATA presubscription in Rhode Island. [Footnote4](#)

The Joint Parties' ILP implementation proposal is as follows:

**A. Definition of IntraLATA Presubscription:** IntraLATA presubscription is an arrangement whereby local exchange customers may select and designate their local exchange company, their interLATA carrier, or another carrier as their presubscribed carrier to provide their intraLATA toll calls, without having to first dial an access code to reach that carrier.

**B. The 2-PIC Method:** IntraLATA presubscription will be implemented using the "2-PIC method". The 2-PIC method allows a customer to have a presubscribed interLATA carrier and to choose either the same or another carrier to handle their intraLATA toll calling. This method was successfully deployed by NYNEX in New York and Connecticut and has been adopted by the New Hampshire Commission. The 2 -PIC method is presently being implemented by most LECs around the country. In addition, it is a method approved by the FCC's August 8, 1996, Order. [Footnote5](#)

**C. Obligations of Local Exchange Carriers:** All local exchange carriers, including the incumbent local exchange carrier (ILEC) and competitive local exchange carriers (CLECs), but currently excluding commercial mobile radio service providers, are required to offer intraLATA presubscription to their customers, in accordance with the FCC Order.

**D. Obligations of Toll Carriers:** The Commission must consider what the obligations of the presubscribed carriers should be. The Parties recognize that to be eligible to participate as a designated ILP PIC carrier, the carrier must have approved tariffs on file with the PUC. Carriers shall be obligated to inform customers of the difference between intraLATA calls and interLATA calls, and that a customer may choose a different carrier for each. As discussed in more detail in Section 2-H, the Parties propose that competitors, including NYNEX, be required to disclose fully to customers that existing residential and business optional calling plans may be removed from the customer's line upon changing to another ILP PIC. A carrier shall also be required to ask a customer if there are existing contractual

agreements between the customer and the existing intraLATA toll carrier, and, if so, the customer shall be advised to contact that carrier to discuss contractual obligations and termination liabilities, if any, before placing an ILP PIC order. Further, the Parties agree to provide forecasts to the local exchange companies for trunking facilities similar to that information provided in the interLATA arena to ensure there is a sufficient quantity of inter-office trunking to the end office or access tandems to minimize the possibility of service-related blockages. Since some carriers may prefer not to report intraLATA and interLATA separately, carriers may include the intraLATA information with the interLATA information.

**E. Customers eligible for ILP:** Residence and business lines, including CENTREX, will be eligible for intraLATA presubscription. Coin service is addressed later in this implementation plan in Section 2-O.

**F. Calls eligible for ILP:** Calls that originate and terminate within Rhode Island, which are designated as intraLATA toll calls [Footnote6](#), will be eligible for intraLATA presubscription. Calls described in the following section will not be eligible for ILP.

**G. IntraLATA Calls ineligible for ILP:**

**1. Local Calls:** If a NYNEX customer chooses to select another carrier as his or her presubscribed intraLATA toll carrier, NYNEX will continue providing local service and handle the customer's local calls, i.e., those calls defined as local calls in the tariff. [Footnote7](#)

**2. Other ineligible calls:** IntraLATA presubscription cannot be provided on all types of calls due to technical limitations. In some situations, while an individual subscriber line can be presubscribed to an ILP carrier of choice, the type of call being made must be provided over the underlying switch-based exchange carrier network.

The following categories of calls made from a customer's line that are presubscribed to another ILP carrier will be carried over the NYNEX network, notwithstanding the ILP selection made for that line:

- a. All intraLATA Directory Assistance calls dialed without a carrier access code;
- b. Calls made using NYNEX Operator Call Completion Service and Customized Intercept Service - Call Completion Service;
- c. Calls to N11 Codes (e.g., 411, 911), and 555 prefixed repair numbers;
- d. Calls to information delivery services (IDS), i.e. 976, 940
- e. Calls completed by a NYNEX operator (O-) will be carried over the NYNEX network until software permitting otherwise is available. Currently, the scheduled availability date is first half of 1998, but may be earlier.
- f. Cellular and paging calls using Feature Group 2A and 3A services. [Footnote8](#)

NYNEX will continue to provide, upon request and where the service is available, its

PHONESMART(TM) features to a customer regardless of the presubscribed carrier. For example, a customer can continue to retain the Repeat Dialing feature from NYNEX, while not having intraLATA toll calls presubscribed to NYNEX. [Footnote9](#)

**H. Optional Calling Plans:** For customers who currently have an optional calling plan (OCP) and presubscribe to another intraLATA carrier, the Company proposes the following procedures:

1. For single line residence billing accounts with an OCP changing to another ILP PIC on their line, NYNEX proposes

to remove the OCP, in accordance with the terms of contractual arrangements if any.

2. For single and multi-line business billing accounts changing to another ILP PIC on all their lines, NYNEX proposes to remove the OCP, in accordance with the terms of contractual arrangements if any.
3. For multi-line business billing accounts changing to another ILP PIC on a portion of their lines, NYNEX proposes to leave the OCP in place.

The Parties agree that competitors, including NYNEX, are required to disclose fully to customers that existing residential and business optional calling plans may be removed from the customer's line upon changing to another ILP PIC, since that plan would probably no longer benefit the customer. For mechanized ILP PIC changes received from carriers, the OCPs satisfying the defined criteria will be automatically removed. Customers will have the option of re-subscribing to these NYNEX OCPs, if they so desire. The Parties agree that a carrier, including NYNEX, shall also be required to ask if there are existing contractual agreements between the customer and the existing intraLATA toll carrier and, if so, the customer shall be advised to contact that carrier to discuss contractual obligations and termination liabilities, if any, before placing an ILP PIC order. The Parties recognize that there may be future OCPs that could benefit customers regardless of whether they change to another ILP PIC and different treatment may be required for these new OCPs.

**I. Municipal Calling Service (MCS):** Currently, certain municipalities are served by multiple exchanges. Calls between these exchanges within a municipality may be toll calls and, if so, are treated as local calls through NYNEX's Message Processing System (MPS). NYNEX's end office switches will recognize these calls as toll calls and will route them to the customer's new carrier. It will be the intraLATA carrier's responsibility to recognize these calls as MCS eligible calls, unless the Commission no longer wants to maintain MCS as a viable service. While NYNEX will continue to provide MCS to its intraLATA toll customers, NYNEX will no longer be able to provide MCS to customers who have presubscribed to another carrier. This arrangement is similar to the situation today when customers utilize 10XXX dialing with another carrier. Since this was initially identified in NYNEX's ILP plan filed in New Hampshire, an industry effort is underway to determine a potential resolution to this issue [Footnote10](#). While MCS is limited to only two municipalities in Rhode Island, this MCS plan should be applicable to Rhode Island and the other New England states. [Footnote11](#)

**J. Customer Notification:** On or before April 1, 1997, the Parties and the Division will submit for Commission review and approval a competitively neutral customer notice and the language of the 800 number telephone message discussed below. The written notice will be a stand-alone bill insert that explains the benefits of ILP and its relationship to competition, explains when a list of the participating carriers will be made available and how to obtain the list, identifies the date of implementation of ILP, and explains the availability of an ILP freeze. NYNEX will send the bill insert to all of its Rhode Island customers at least 30 days prior to implementation. Further, NYNEX will provide for a period of one year after ILP implementation an 800 number containing brief, competitively neutral information. NYNEX also plans to keep carriers informed of ILP through industry letters and workshops. [Footnote12](#)

**K. Balloting [Footnote13](#) and Allocation [Footnote14](#):**

The Parties believe that it is not in the public interest to require balloting and allocation and, thus, propose that the Commission require no balloting and allocation [Footnote15](#). Existing customers should be able to continue to complete intraLATA toll calls using their current toll carrier until they affirmatively choose otherwise. In New York, Connecticut and New Hampshire, e.g., balloting was not ordered by the Commissions. Balloting has not been required in light of the willingness of competitors to seek customers by different means and to avoid the cost and confusion balloting would entail.

As noted, balloting, particularly where coincident with the anticipated advertising and telemarketing that carriers will pursue, fosters customer confusion. Further, if the Commission requires a balloting process, it will significantly expand

the administrative and operational issues associated with ILP implementation. An allocation scheme would present even more problems for customers. Under allocation, a customer may be presubscribed to a carrier with different toll rates than NYNEX, without the customer's request or consent to change to another carrier. For the above reasons, the Parties strongly urge the Commission to adopt their proposal and reject any form of balloting or allocation process.

**L. ILP PIC Related Issues:** In order for the end office switch to recognize and correctly route calls to the presubscribed toll carrier, a customer is assigned an ILP PIC. The Parties propose the following policies regarding ILP PICs:

**1. ILP PIC Charges:** The Parties propose to charge \$5.00 per line for an ILP PIC change, which is the same charge applicable to interLATA PIC changes. The \$5.00 PIC change charge has been applicable in the interLATA arena for over a decade and is a recognized and accepted charge. This charge has been approved in New York, Connecticut and New Hampshire. For existing customers, the \$5.00 PIC change charge will be waived for an initial PIC change made during the first 90 days following the availability of ILP. Carriers shall not levy any PIC charge for ILP selection during a new installation of phone service. When a customer makes a PIC change to NYNEX from a competing carrier, NYNEX shall impute a \$5.00 charge to itself in the event that the customer is not charged the \$5.00 fee. In the event a customer is changing both an interLATA PIC and an intraLATA ILP PIC at the same time, the Parties propose to charge only one \$5 charge, the interLATA PIC charge.

**2. Reverse Billing Option:** Coincident with the implementation of ILP, NYNEX will introduce the billing option of applying the ILP PIC change charge to either the IEC or the end user based on the IEC's request. This billing option is available in the federal tariffs of NYNEX and the other Regional Bell Operating Companies, as well as Southern New England Telephone in Connecticut, and is widely accepted as an industry standard.

**3. ILP PIC Verification Service:** NYNEX plans to file a tariff offering under RI PUC 20, called Primary Interexchange Carrier Verification Service, that will allow carriers to verify their subscriber's ILP PIC selection in a NYNEX switch. The verification will indicate whether an end user's ILP PIC selection is or is not the requesting carrier's PIC.

Carriers will submit ILP PIC orders to NYNEX using the Customer Account Record Exchange (CARE) process. A CARE message indicating confirmation or rejection of the ILP PIC change is sent to the carrier in response. By matching the originating CARE record with the NYNEX CARE response, a carrier can determine the status of its subscriber's ILP PIC. The proposed ILP PIC Verification Service will supplement this process by allowing carriers to request verification of their subscriber's ILP PIC selection in a NYNEX switch. This information shall be used only for establishing and maintaining carrier service for end users who have requested the carrier's service and shall not be used for marketing purposes.

**4. ILP PIC Freezes:** Currently, Rhode Island customers have the option of having their interLATA PIC "frozen" on their account which prevents any carrier from requesting a local exchange company to change the customer's PIC without the customer's approval. The freeze option has been made available as a means of customer protection in response to the increase in the number of "slamming" incidents. Slamming refers to an unacceptable business practice in which a carrier changes a customer's PIC without the customer's prior knowledge. Slamming typically occurs when a carrier submits a mechanized request to change a customer's PIC or ILP PIC directly to the customer's local exchange service provider and does not follow the appropriate FCC guidelines to obtain the customer's permission. The Parties agree that all LECs shall provide customers with the option of freezing their ILP PIC similar to the option available today for the interLATA PIC. The Parties also agree that all LECs shall follow the FCC guidelines for obtaining the appropriate authorization for ILP PIC changes in Rhode Island until the Commission issues its own rules and regulations on changing ILP PICs.

**5. ILP PIC Disputes:** It is reasonable to expect, based on the increase in the number of slamming incidents reported on a national basis, that ILP PIC disputes will arise between competing carriers regarding specific customer accounts. The

Parties agree that NYNEX should not be required to act as an intermediary to investigate ILP PIC disputes between two carriers if NYNEX is not one of the two carriers directly involved. If NYNEX is one of the two carriers involved in the dispute, NYNEX will attempt to investigate and resolve the dispute to the customer's satisfaction.

### **M. Service Negotiations:**

The Parties agree to the following service negotiation procedures:

**1. Service Negotiations For Existing Customers** - NYNEX local exchange customers who request an ILP PIC change to a carrier other than NYNEX will be encouraged to contact that carrier directly to process their ILP PIC request since that carrier can answer any questions that the customer may have regarding the carrier's service and rates. However, if the customer requests that NYNEX take their ILP PIC request, NYNEX will process the order. No ILP marketing activities will occur during customer initiated calls made to carriers for the purpose of effecting an ILP PIC change.

The Parties agree that NYNEX and other LECS should not be required to maintain lists of participating carriers who are providing toll service in Rhode Island (currently over 120) and read them to the customers. It is the responsibility of each carrier to inform customers of its services.

**2. Service Negotiations for New Service Customers** - The Parties agree that NYNEX and the other LECs will inform new local service customers about the availability of ILP during service negotiations and ask the customer to affirmatively select a carrier to provide their intraLATA toll calls. The Parties agree that NYNEX and other LECs should not be required to have service representatives read a list of participating ILP carriers or provide contact numbers for the IECs. Based on the FCC's August 8, 1996, Order, the Parties understand that new service customers who fail to select an intraLATA carrier, must first dial 10XXX to complete their intraLATA toll calls [Footnote 16](#). The Parties agree that all LECs shall inform the new service customer that failure to select an intraLATA carrier will result in the customer's having to dial 10XXX for intraLATA toll calls. Once these customers decide upon their toll carrier of choice, they can call their carrier of choice to change their ILP PIC selection. If NYNEX fails to advise a new customer of his or her right to select an intraLATA toll carrier, and as a result the customer chooses NYNEX, then the customer's intraLATA calls shall default to the customer's interLATA choice of carrier, where possible. No ILP marketing activities shall occur during customer initiated calls made to carriers for the purpose of establishing local service.

**3. Interim Service Procedures for New and Existing Customers** - A waiver period of 90 days will apply, after the introduction of ILP, in which existing customers will not be charged a \$5 ILP PIC change charge for an initial PIC change. In order to reduce customer confusion during the introduction of ILP, NYNEX proposes to provide an 800 number for customers as discussed in the Customer Education section (Section 2-J) earlier in the plan.

Again, the Parties support having the customer contact the carrier directly and then having the carrier forward a mechanized ILP PIC change request to NYNEX. The carrier is positioned to answer any of the customer's questions regarding calling plans and rates. NYNEX will take the ILP PIC change request from the customer, if the customer prefers that NYNEX process the order. Mechanized ILP PIC changes from carriers are received and processed on a daily basis, except Sunday. During the New York implementation, NYNEX processed more than 90% of the orders in this manner. This percentage is consistent with NYNEX's understanding of what other LECs that have implemented ILP have experienced.

**N. Initial ILP PIC order processing:** NYNEX will flash cut all central offices in Rhode Island on August 1, 1997, to allow all switches to process orders for intraLATA presubscription. NYNEX will not accept orders from carriers until this date. At approximately 12:01 AM on the day of the flash cut, NYNEX will begin accepting and processing the orders on a mechanized or manual basis. This process will likely be driven by the carriers rather than NYNEX since the placement of orders will be a function of their promotional advertising and telemarketing programs.

**O. Payphones:** In the FCC's Report and Order released September 20, 1996 [Footnote 17](#), regarding the implementation of the payphone provisions of the Act, the FCC adopted rules to promote competition and regulatory parity among payphone service providers. In accordance with that order, location providers have control over the choice of intraLATA carriers for payphones located on their premises through their selection of a payphone service provider. The payphone service provider is the subscriber to the line and is responsible for notifying the Company of the ILP PIC.

**P. Exchange of Information:** NYNEX currently makes available a wide range of information to all competing carriers in connection with interLATA presubscription. NYNEX provides daily data to each carrier, that includes a list of all customers who signed up with that carrier and a list of all customers who elected to change from that carrier. Accordingly, NYNEX will provide similar information as it relates to intraLATA presubscription. NYNEX marketing and sales representatives will not receive ILP PIC information prior to the time that such information is available to other providers of intraLATA services.

**Q. Discontinuance of Service:** The Commission should adopt policies to protect customers and underlying carriers in the event a toll carrier files for bankruptcy or abruptly discontinues service to customers in Rhode Island. The Parties propose that if a carrier discontinues its provision of presubscribed intraLATA service, the carrier must send written notification of such discontinuance to its customers and their local exchange companies. The carrier will be responsible for paying the ILP PIC change charges to change the customers to another carrier(s) and for notifying the customers that they must select a new carrier. Additionally, the Commission should determine the appropriate safeguards for consumers relative to the disconnection of service. In the event the carrier is unwilling or unable to pay the ILP PIC change charge, the Commission should determine who shall incur the relevant charge.

### SECTION 3

#### TECHNICAL AND OPERATIONAL REQUIREMENTS

In addition to the issues already identified, the technical and operational processes required to make ILP available to customers in Rhode Island involve the activities of hundreds of people in almost every department within NYNEX. The New York ILP implementation provided valuable experience in this regard, and work is underway in New Hampshire, where NYNEX is planning to introduce ILP on June 2, 1997. When the Information Systems (IS) work is completed for New Hampshire, most of the IS work effort will have been completed for the other New England states, including Rhode Island.

**Technical requirements:** From a network perspective, ILP can be made available to customers served by the 5ESS and DMS 100 digital switches following the completion of switch translations. A list of the switches in Rhode Island is included as Attachment A.

Outlined below are the processes and activities that must be completed to provide ILP:

1. Activate switch generic software for a second PIC option (known as the ILP PIC);
2. Design and load switch translations (software provision);
3. Complete all Commission discussions about processes and procedures;
4. Design and/or modify the operational policies and procedures (how do we interact with customers);
5. Complete the design, coding and testing of the information systems (IS) upgrades required in every operational support system (approximately 25 different systems) that integrate customer contact, billing, provisioning, maintenance and technical support processes;

6. Design and/or modify the operational methods based on testing, etc.
7. Inform all carriers about ILP in Rhode Island;
8. Train every customer contact employee in ILP policies and procedures;
9. Notify and educate end user customers.

**Software Provisioning:** The software provisioning process involves work activities that require trunk translations in every switch for every NPA and NXX. This activity will correctly route a customer's intraLATA call to the ILP PIC of their choice. The degree of complexity in each switch depends on the number of NPAs, NXXs, remote switch modules, EAS arrangements, and rate zones. Some switches may require over 30,000 individual translations/instructions to be designed and entered into the switch.

**Information Systems:** The IS work is the most complex and expensive process of implementing ILP. As noted, a number of operational support systems must be upgraded to provide for the ILP functionality required to process and bill ILP changes.

If Rhode Island were the first state in New England to implement ILP, IS work necessary to implement ILP would have been expected to take eight to ten months, followed by the operational testing. Since New Hampshire is the first state, most of the overall IS implementation efforts are very similar for Rhode Island, except for state specific differences such as optional calling plans.

## SECTION 4

### COSTS

Direct costs relating to the introduction of ILP in Rhode Island can be grouped into

five categories. These are: switch costs; field methods and support costs; customer education costs; customer contact training and support costs; and information systems (IS) costs. Some costs identified with the implementation of ILP in Rhode Island, such as IS upgrade costs, are common to two or more NYNEX New England jurisdictions. These "common costs" will be allocated to each jurisdiction on a weighted per access line basis.

Switch costs consist of the right-to-use fees and hardware upgrade costs in NYNEX's Rhode Island end office and TOPS (Traffic Operator Position System) switches necessary for implementing ILP technology. It also includes the work effort to build the translations and recorded announcements required by these modifications.

Field methods and support costs consist of the costs associated with developing methods and procedures for the field operations; system changes for treatment and collections; IS requirements documents; and providing technical and network support during ILP cutover.

Customer education costs consist of the costs for bill inserts for ILP customer notification, and a toll free 800 informational number. This category also includes carrier notification costs which include carrier ILP workshops and industry letters and forgone initial PIC change charges during the 90 day waiver period following the introduction of ILP.

Customer contact training and support costs consist of the costs associated with training, support, and the development of methods and procedures for customer service negotiators.

Information systems costs include the software and hardware modifications to NYNEX's mechanized systems necessary to implement ILP.

The following provides a breakdown of the estimated ILP implementation costs for

Rhode Island :

TYPE OF COSTS	CAPITAL	EXPENSE	TOTAL
<b>SWITCH</b>	<b>\$44,573</b>	<b>\$567,041</b>	<b>\$611,614</b>
FIELD METHODS & SUPPORT	\$0	\$65,738	<b>\$65,738</b>
<b>CUSTOMER EDUCATION</b>	\$0	\$7,345	<b>\$7,345</b>
CUSTOMER CONTACT & SUPPORT	\$0	\$98,378	<b>\$98,378</b>
INFORMATION SYSTEMS	\$387,232	\$352,902	<b>\$740,134</b>
FORGONE PIC CHARGES	\$0	\$165,952	<b>\$165,952</b>
<b>TOTAL</b>	<b>\$431,805</b>	<b>\$1,257,356</b>	<b>\$1,689,161</b>

The costs detailed above represent NYNEX's best assessment at this time of anticipated ILP expenses, given current information [Footnote18](#). For instance, NYNEX does not have sufficient forecast data from IECs to project the costs it might incur in connection with adding and/or rearranging its trunk facilities to reflect usage shifts in traffic among toll carriers after ILP is implemented. Therefore, NYNEX's cost projections are subject to revision based on actual experience.

## SECTION 5

### COST RECOVERY PROPOSAL

Although not specifically addressed by the Act, the FCC concluded that there is a need for national rules regarding the recovery of costs for implementing ILP. The FCC identified three specific methods for cost recovery in its Number Portability Order, referenced in the FCC's Second Report and Order in CC Docket 96-98, released August 8, 1996, at ¶¶ 92-95: gross telecommunications revenues, number of lines, or number of active telephone numbers. Cost recovery shall be shared by all intrastate toll carriers, including NYNEX. [Footnote19](#) As ordered in New Hampshire, the cost recovery mechanism shall be based on an equal charge per originating minute of use. [Footnote20](#)

The Parties agree that NYNEX will recover the ILP implementation costs for Rhode Island over a two year period, and that NYNEX will establish a new rate element called the Equal Access Cost Recovery Charge ("EACRC"). The EACRC NYNEX proposes is \$0.002743 per minute of use. This charge is based on estimated implementation costs of \$1,871,556. [Footnote21](#) NYNEX also proposes a true-up to identify any over- or under-recovery of costs. This true-up will begin on the first anniversary of ILP implementation. A technical session with the Division and the Parties will be scheduled, after issuance of the Commission's order approving the ILP plan, to determine the charges based on estimated cost figures submitted by NYNEX. The proposed charges shall be submitted to the Commission for approval no later than 90 days after issuance of the Commission's order approving the plan.

Respectfully submitted,

New England Telephone

and Telegraph Company

By its Attorneys

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Victor D. Del Vecchio, Esquire \*

John B. Messenger, Esquire

185 Franklin Street, Room 1403

Boston, Massachusetts 02110-1585

(617) 743-2323

AT&T Communications of

New England, Inc.

By its Attorneys,

---

Robert J. Aurigema, Esquire \*

32 Avenue of the Americas, Room 2700

New York, New York 10013

(212) 387-5627

New England Cable Television

Association, Inc.

By its Attorneys,

---

Alan D. Mandl, Esquire

Rubin and Rudman, LLP

50 Rowes Wharf

Boston, Massachusetts 02110

(617) 330-7000

Teleport Communications Group

---

Paul Kouroupas, Esq.

Two Teleport Drive, Suite 300

Staten Island, New York 10311-1004

(718) 355-2634

Division of Public Utilities

By its Attorneys,

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Alan Shoer, Esquire \*

State of Rhode Island and

Providence Plantations

Department of the Attorney General

150 South Main Street

Providence, Rhode Island 02903

(401) 274-4400

Brooks Fiber Communications

By its Attorneys,

---

Daniel Prentiss, Esquire

R. Daniel Prentiss & Associates

170 Westminster Street, Suite 1000

Providence, Rhode Island 02903

(401) 421-4220

Dated: February 13, 1997

\*Signatories to the Stipulation

10253/1-25

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Footnote 1

These parties are: NYNEX, the Division and AT&T Communications of New England, Inc. MCI and Sprint have represented that they do not oppose the filings and will submit letters to the Commission confirming their positions. TCG also has represented that it does not oppose the filings. NECTA has represented that it will file separate comments

on certain ILP implementation issues. Other parties, who have chosen not to be active in the negotiations, were also provided with all drafts of the joint motion and the stipulation.

Footnote2

The stipulated ILP plan is the result of a negotiated settlement among the parties. The stipulation shall not be construed as an agreement to any matter of fact or law and shall not serve as precedent to any matter of fact or law. The parties' willingness to resolve this issue by stipulation is without waiver of rights with respect to this issue in other states. The parties reserve any and all rights should the Commission alter the plan, rendering the agreement void.

Footnote3

The NHPUC has agreed to maintain the list of ILP carriers as well as make it available on their Web site, and has also agreed to publish the list in a statewide newspaper within 7 days prior to the introduction of ILP. A similar request is made of the Rhode Island Commission, to the extent possible.

Footnote4

The stipulated ILP plan is the result of a negotiated settlement among the parties. The stipulation shall not be construed as an agreement to any matter of fact or law and shall not serve as precedent to any matter of fact or law. The parties' willingness to resolve this issue by stipulation is without waiver of rights with respect to this issue in other states. The parties reserve any and all rights should the Commission alter the plan, rendering the agreement void.

Footnote5

Docket CC No. 96-98, Second Report and Order (the FCC Order), at ¶¶ 8, 49.

Footnote6

See RIPUC Tariff No.15, Part A (attached)

Footnote7

See RIPUC Tariff No. 15, Part A, Sections 5 and 6 , and Exhibit 6.1.1-1 (attached).

Footnote8

This applies where a NYNEX land line customer places a toll call to a customer using a cellular or paging carrier that in turn uses Feature Group 2A or 3A services.

Footnote9

Whether or not PHONESMART features will operate when a customer is served by another toll carrier will depend, of course, on whether that carrier utilizes SS7 technology and passes the relevant information to NYNEX.

Footnote10

The NHPUC's order on ILP issued August 16, 1996 required parties to submit a plan within 90 days to allow customers to select an ILP carrier while still retaining toll free municipal calling. After receiving a 30 day extension, NYNEX filed the plan to address MCS. Discussions with NH staff and the parties are continuing.

Footnote11

AT&T has taken issue with the Plan as proposed in New Hampshire and will question the use of the Plan in Rhode Island. AT&T seeks to have the MCS question resolved through a routing solution, when technically available, as

opposed to the bill solution currently used by NYNEX. It is AT&T's position that the costs associated with making its billing system compatible with the information feeds outlined in the NYNEX Plan are cost prohibitive and will serve as a deterrent to entry to the intrastate toll marketplace. It is AT&T's position that the advent of numerous competitive intrastate toll providers and competitive local exchange competitors call into question the utility of the current billing plan as an industry solution. The parties and Staff in the New Hampshire proceeding are continuing to negotiate to permit the IXC's an alternative method of addressing the MCS issue, which should also be applicable to Rhode Island.

[Footnote12](#)

Also, as noted earlier, the New Hampshire Commission has agreed to maintain the list of ILP carriers as well as make it available on their Web site, and has also agreed to publish the list in a statewide newspaper within 7 days prior to the introduction of ILP. A similar request is made of the Rhode Island Commission, to the extent possible.

[Footnote13](#)

Balloting is the process in which subscribers would be asked to select from a menu of intraLATA toll carriers the carrier they prefer to carry their intraLATA toll calls. The customers are mailed ballots and requested to return the ballots by a specified date.

[Footnote14](#)

Allocation is the process of assigning a carrier to customers who do not return a ballot. The carriers used for allocation would be selected based on the ballot menu and given a proportion of customers based on the percentage of the PIC changes they received from the balloting process.

[Footnote15](#)

Neither the Telecommunications Act of 1996 nor the FCC Order requires balloting or allocation.

[Footnote16](#)

CC Docket 96-128, page 131, par. 263.

[Footnote17](#)

CC Docket 96-128, page 131, par. 263.

[Footnote18](#)

For example, NYNEX and the Parties anticipate that the costs associated with providing customer notice of ILP in Rhode Island's major newspaper would also be incurred.

[Footnote19](#)

In the event that a land line customer is presubscribed to a CMRS provider for intraLATA toll, the CMRS provider is subject to the same monthly charge as part of the cost recovery process.

[Footnote20](#)

Use of this cost recovery mechanism is without waiver of rights with respect to this issue in other states and shall not be construed as an admission by any party as to whether it is more or less appropriate than other methods.

[Footnote21](#)

The cost of \$1,871,556 is based on the initial cost of \$1,689,161 amortized over the two year recovery period at a continuous compounding rate of 11% per year.

