

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Bell Telephone Company, :
Illinois Consolidated Telephone :
Company, Central Telephone :
Company of Illinois, GTE North, Inc. : **95-0503**
and Illinois Independent Telephone :
Association :
: :
Joint petition for approval of :
Stipulation and Agreement Relating :
to the Primary Toll Carrier Plan. :
:

ORDER

By the Commission:

On October 6, 1995, Petitioners filed a Joint Petition for approval of a Stipulation and Agreement relating to the Primary Toll Carrier Plan ("Stipulation"). The Stipulation was negotiated to respond to Commission directives included in its April 7, 1995 Order in Docket No. 94-0096 Consolidated. The directives were as follows:

The Commission concludes that issues associated with termination of PTC [Primary Toll Carrier] arrangements should be investigated on an expedited basis. . . . We will direct Staff to initiate an investigation associated with termination of the PTC arrangements. These issues include, but are not limited to, private line, carrier of last resort, and toll deaveraging.

* * *

[P]roceedings regarding termination of PTC arrangements, resale restrictions and the role of resellers in exchange competition, regulatory rules applicable to new [local exchange carriers], and preservation of universal service shall be instituted after submission by the Staff of proposed rules, regulations and policies for these areas. Such proposed rules, regulations and policies shall be filed within one year of the effective date of this Order. However, with respect to the termination of PTC arrangements, such proposed rules, regulations and policies shall be filed within six months of the effective date of this Order.

Pursuant to this directive, Staff led several workshops to discuss issues related to termination of PTC arrangements. As a result those workshops, Illinois Bell Telephone Company ("Ameritech Illinois"), Illinois Consolidated Telephone Company ("ICTC"), Central Telephone Company of Illinois ("Centel"), GTE North, Inc. ("GTE") and the Illinois Independent Telephone Association ("IITA") (jointly, "Petitioners") agreed to a dissolution of the PTC arrangements as reflected in the Stipulation. A Petition to Intervene was filed by, and subsequently granted to, AT&T Communications of Illinois, Inc. ("AT&T").

Pursuant to notices as required by law and the rules and regulations of the Commission, this matter came on for hearing before a duly authorized Hearing Examiner at the Commission's offices in Springfield, Illinois on October 31, 1995 and November 17, 1995. Appearances were entered at both hearings by Ameritech Illinois, GTE and the IITA, Staff and AT&T. At the hearing on November 17, 1995, each of Petitioners appeared by their counsel and jointly presented the testimony of J. Thomas O'Brien, Director-Regulatory Affairs of Ameritech Illinois. Intervenor AT&T appeared by its counsel and presented the testimony of Cathleen M. Conway, Regulatory Manager in the Central Regional Government Affairs Division. Staff appeared by counsel and presented the testimony of Jake E. Jennings, an Economic Analyst for the Telecommunications Program in the Office of Policy and Planning.

Mr. O'Brien provided the following background on the PTC. Prior to the AT&T divestiture in 1984, there were uniform statewide toll rates in Illinois. Ameritech Illinois (then Illinois Bell) determined the toll rate schedules and filed them for approval with the Commission. The Illinois Independent Telephone Companies ("ICOs") were compensated for their involvement in originating, terminating and otherwise carrying toll traffic through a series of contracts and settlements arrangements.

Shortly before divestiture, the Commission initiated Docket No.83-0142 to investigate the appropriate methodology for the calculation of intrastate access charges for all Illinois Telephone Carriers. At divestiture, AT&T replaced Illinois Bell as the statewide toll carrier for interMSA calls. Other IXC's have come into the interMSA market as competition has developed. Illinois Bell remained as the toll carrier for intraMSA toll traffic statewide and maintained uniform intraMSA toll rates within all MSAs. In the Fourth and Fifth Interim Orders in Docket No.83-0142, the Commission recognized the need for a transfer of toll responsibility from Illinois Bell to a designated ICO in those MSAs where Illinois Bell had little or no presence. The Commission also recognized the need to phase out uniform intraMSA toll rates. Illinois Bell was ordered to file a plan for deaveraging intraMSA toll rates and the transfer of intraMSA toll responsibility in certain MSAs by 1986.

As a result of the plan filed by Illinois Bell, and after hearings with input from the ICos and the Staff, the PTC concept was approved by the Commission in the Sixteenth Interim Order in Docket No. 83-0142 and implemented in October, 1986 pursuant to the terms and conditions set forth in the Twenty Fifth Interim Order in that Docket. Illinois Bell retained PTC responsibility in seven MSAs (1, 2, 3, 4, 6, 7, 9 and 15), GTE became PTC in six

MSAs (5, 10, 11, 12, 14 and 17), and ICTC and Contel (now GTE) were named PTC in one MSA each (ICTC in MSA 8 and Contel, now GTE, in MSA 4).

Mr. O'Brien explained that each PTC was responsible for establishing and filing the intraMSA toll rates, developing and administering a compensation plan with the other LECs in the MSA, and coordinating the toll network in the MSA. For switched toll traffic, each of the other LECs in the MSA that concurred in the toll rates filed by the PTC were compensated through access charges relating to their involvement in carrying, handling and billing the calls. For Private Line, the PTC filed the end-to-end rates billed to end users. The other LECs were compensated for the pieces of the Private Line facilities they provided through tariffed special access charges paid by the PTC. Mandatory concurrence in the PTC's toll tariff was not required on each and every intraMSA toll route. The LEC, however, was required to concur if the PTC's facilities were being used in the provision of the intraMSA traffic. This meant that a LEC (including the PTC in its role as a LEC) was permitted to withdraw routes from the PTC arrangement as long as the LEC used its own facilities or arranged for other non-PTC facilities to carry its calls.

Subsequently, in the First Interim Order in Docket No. 94-0047, which was a successor to Docket No. 83-0142 focusing on "access charges," the Commission approved a stipulation among the Small LECs (fewer than 25,000 access lines), certain of the PTCs, Centel, AT&T and Sprint. This stipulation provided for reductions in and a three-year cap on the local switching access charges of the Small LECs and billing and collection charges of all Small LECs. In addition, Illinois Bell agreed that during the three-year period of the stipulation it would not propose deaveraged toll rates within the MSAs where it was the PTC.

Mr. O'Brien stated that since the implementation of PTC, intraMSA toll has become increasingly competitive. It is no longer feasible for a single PTC to have responsibility for all companies who choose to participate in PTC, while all other competitors have choices as to when and how to serve various areas or exchanges. Further, as the Commission noted in its Order (at 127) in Docket No. 94-0096, *et al.* ("Customers First"), virtually all parties agree that the PTC concept is inconsistent with presubscription. Therefore, the Commission ordered that the issues associated with termination of PTC arrangements be investigated. The Stipulation now proposed has been reached among the LECs and provides the framework and timing for this PTC elimination.

Paragraph 9, which, by Agreement of the Stipulators, was amended during the November 17, 1995 hearing, concerned Private Lines. Paragraph 9 specified that PTC obligations relative to Private Line would end on March 31, 1996. The time table applied to all LECs and PTCs. The time table was different for Private Line because those services were not tied to intraMSA presubscription in the same way that switched toll was. Also, as of the March 31 date, each LEC would have full responsibility for provisioning, billing and customer relationships for that portion of the Private Line it provided. Under the previous arrangement, the PTC set the rates and filed the Private Line tariff used to bill end users. Other LEC(s) having portions of the Private Line facilities were compensated by the

PTC based on their special access tariffs. Under the new arrangement, which is commonly called the "multi-tariff, multi-bill" arrangement, each LEC deals directly with the end user for the portion of the Private Line it provides and bills the end user directly for that part of the Private Line.

Paragraph 10 excluded Private Line circuits utilized for 911 services from PTC dissolution. The parties agreed to hold over current PTC arrangements as they pertain to 911 for up to one additional year. The parties agreed to submit a plan for a long term solution to 911 Private Line billing within one year of the April 1, 1996, effective date of the Stipulation.

On December 20, 1995, the Commission entered an Order approving the Stipulation and Agreement relating to the dissolution of the Primary Toll Carrier Plan and directing the parties to submit a proposed solution to 9-1-1 Private Line Billing issues by April 1, 1997.

On April 1, 1997, the ITA filed a Supplemental Petition proposing a long term solution for provisioning intralata private line circuits for 9-1-1 service. The proposed plan called for the submission of data identifying affected circuits and quantifying the estimated impacts on customers, based upon the assumption that as of August 1, 1998, customers with circuits passing through more than one LEC service territory would be billed by each LEC at LEC specific rates. The proposal went on to suggest that, effective August 1, 1998, affected 9-1-1 circuits be billed by each LEC providing a part of the circuit, in concert with the "multi-tariff, multi-bill" arrangement previously agreed to in the prior stipulation.

ITA and Staff filed testimony and a Hearing was held on July 30, 1998, at which time all testimony was admitted into evidence and the witnesses cross examined. During cross examination it became apparent that adoption of the proposed solution might impact the rates paid by various 9-1-1 providers but that the various providers had not been served notice of the pendency of the proceedings. To correct this potential problem, the cause was placed on general continuance and notice was served upon parties that may be affected by adoption of the proposed 9-1-1 solution. In addition, Commission Staff personally contacted the various 9-1-1 boards to inform them of the proposal. As a result, Petitions to Intervene were received from: St. Clair County Emergency Telephone System; Logan County E-9-1-1; Quincy/Adams County 9-1-1; and Mason County Emergency Telephone System. All petition were granted at a Hearing held in this matter on February 23, 1999. At the Hearing, at which no intervenors appeared, a Staff witness made revisions to previously filed testimony and recommended that the long term solution proposed by ITA be adopted. A Hearing Examiner's Proposed Order was served. No Briefs on Exceptions or Replies were filed.

The Commission has reviewed the proposed solution and concurs that it presents a reasonable approach to billing for Private Line circuits used in provisioning 9-1-1 Service. Unfortunately, the twisting path that this docket has followed has served to render moot

many of the target dates contained in the Supplemental Petition, many of which address dates upon which parties must receive notice of impending billing changes and other matters of some importance. To address these disparities the Commission modifies the proposal as follows. Each customer should be notified of upcoming changes to its bill beginning as soon as practicable, but no later than June 1, 1999. The notice shall include an admonition that no new contracts or letters of intent may be entered into for a single bill arrangement subsequent to January 15, 2000, and that any contract or letter of intent entered into subsequent to June 15, 1999, is done with the customer's understanding that the single bill option will expire January 15, 2000. Effective January 15, 2000, or as soon thereafter as practicable, the 9-1-1 circuits will begin being billed by each LEC with a piece of the circuit, at that LEC's applicable rates. Customers with current contracts or letters of intent with LEC's entered into prior to October 1, 1998, which have no reference to provision of a single bill, will begin receiving a bill from each LEC that provisions a portion of the 9-1-1 network, effective January 15, 2000. Customers with current contracts or letters of intent with LEC's entered into prior to October 1, 1998, which provide for a single bill, will be contacted by the LEC to work with the customer to either:

1. Re-negotiate the contract to eliminate the single bill provision

OR

2. Continue with the single bill scenario until the termination of the contract is reached.

All LECS that provision and bill for the interexchange portion of 9-1-1 services must have approved tariffs on file at the Illinois Commerce Commission for said service.

The Commission, having considered the record herein, and being fully advised in the premises thereof, is of the opinion and finds that:

- (1) Illinois telecommunication carriers engaged in the provision of telecommunications services for the general public within the State of Illinois are subject to the provisions of the Public Utilities Act;
- (2) the Commission has jurisdiction over the parties hereto and the subject matter hereof;
- (3) the recital of facts and conclusions reached in the prefatory portion of this Order are supported by the evidence of record, and are hereby adopted as the findings of fact and conclusions of law for the purpose of this Order;
- (4) on October 6, 1995, the Petitioners filed a Joint Petition with the Commission for approval of a Stipulation and Agreement relating to the Primary Toll Carrier Plan, which Stipulation was amended by agreement of all Petitioners on November 17, 1995;

- (5) the Stipulation and Agreement, as amended, was approved by an Order of the Commission entered on December 20, 1995;
- (6) the Stipulation and Agreement reserved the disposition of issues relating to billing for Private Lines in conjunction with 9-1-1 service;
- (7) a resolution of issues relating to billing for Private Line service in conjunction with 9-1-1 service has now been proposed by the ITA and concurred in by Staff, with no affected party opposing the proposed solution.
- (8) the proposed resolution is acceptable as a substantive resolution of Private Line/9-1-1 billing issued but requires temporal modifications as noted above.

IT IS THEREFORE ORDERED that the Supplemental Petition for a Long Term Solution for Provisioning Intralata Private Line Circuits for 9-1-1 Service, relating to the dissolution of the Primary Toll Carrier Plan, as modified by the Commission, be, and hereby is, granted.

IT IS FURTHER ORDERED that all motions not previously disposed of are hereby disposed of consistent with the findings of this Order.

IT IS FURTHER ORDERED that subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Illinois Administrative Code 200.880, this Order is final; it is not subject to the Administrative Review Law.

By order of the Commission this 5th day of May, 1999.

(SIGNED) RICHARD L. MATHIAS

Chairman

(S E A L)