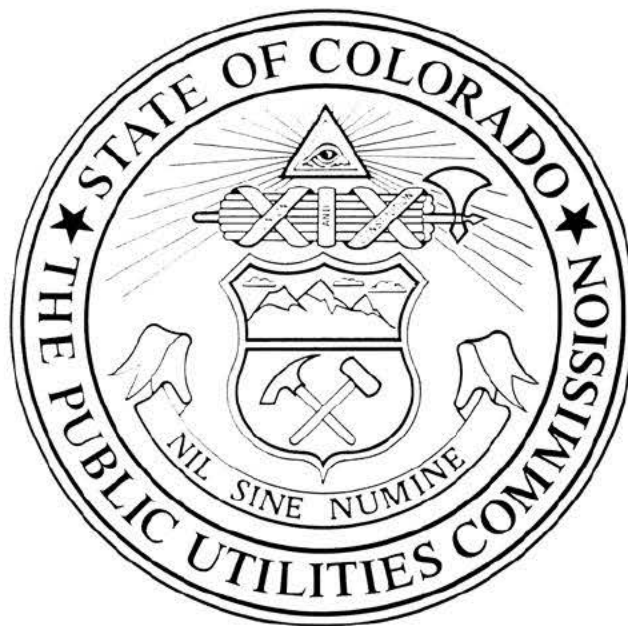


Attachment A
DOCKET NO. 02I-251T
Decision No. C03-0180

Investigation of Expanding the Definition of Basic Local Service

Final Report Of the Colorado Public Utilities Commission

Docket 02I-251T



February 5, 2003

**Report of the Colorado Public Utilities Commission
Docket 02I-251T
Review of the Definition of Basic Local Service**

Background

§40-15-502(2), C.R.S. states "...the Commission shall conduct a proceeding... no less frequently than every three years to consider the revision of the definition of basic service, with the goal that every citizen of this state shall have access to a wider range of services at rates that are reasonable comparable as between urban and rural areas."

The last proceeding was completed in 1999. At that time the Commission directed the Staff to conduct a series of town meetings across the state to gather public comment and input concerning, among other items whether the definition of basic local service should be modified to include data transmission speed and added features. The Commission concluded that increased data transmission speed and added features should not be a minimum requirement for basic services.

Discussion

In Decision No. C02-533, the Commission opened docket 02I-251T to investigate expanding the definition of basic local exchange telephone service. Interested persons were to submit their initial written comments on or before June 3, 2002. Reply comments were to be submitted on or before June 17, 2002.

In the order, the Commission sought comments on any changes or modifications that should be made to the definition of Basic Service. In particular, the Commission sought comments on whether the following components should be added to the definition:

- A. The ability to place calls to or receive calls from the Colorado provider of Telecommunications Relay Service (TRS) for the purpose of completing calls to or receiving calls from a text telephone (TTY) or other similar device by either dialing the appropriate telephone number directly or by dialing 711;
- B. The ability to place calls to other N11 codes without additional charges such as:
 - i. 211 - information and referral services to community service organizations;
 - ii. 311 – non-emergency police services;
 - iii. 511 – nationwide access to travel information services;
 - iv. 611- the local exchange carrier's repair office;

- v. 811 – the local exchange carrier’s business office.
- C. Local usage within the local calling area as defined by the Commission in Rule 723-2-17.3;
- D. To provide the customer a copy of the White Page Directory covering the customer’s local calling area per Rule 723-2-12;
- E. The ability to place calls to Directory Assistance (411);
- F. Access to intercept services to the extent described in Rule 723-2-12.3;
- G. The capability to initiate caller identification blocking per call using *67 at no additional charge;
- H. The capability to initiate caller identification blocking per line at no additional charge;
- I. Whether additional privacy protections should be afforded customers such as the right of the customer to control the release of customer proprietary network information to affiliates of the provider;
- J. Whether zone charges should be eliminated as part of the Commission’s review of the definition of Basic Service and, if yes, any implementation issues that need to be addressed.

In addition, the order stated: "while the goal of § 40-15-502(2), C.R.S., is that every citizen have access to a wider range of services, the Commission’s review of the basic service definition is not necessarily a ratchet toward a larger service offering. The Commission, therefore, also seeks comment on whether the basic service definition should be contracted and, if so, what the definition should be. We are particularly interested in whether § 40-15-502(3)(b)(I), C.R.S., when read in light of § 47 U.S.C. § 253 or other commands of the Telecommunications Act of 1996, counsels any particular outcome for our definition of basic service under § 40-15-502(2), C.R.S."

North East Cellular, Inc., Qwest Corp, the Office of Consumer Counsel, WorldCom, Inc., AT&T of the Mountain States and the Colorado Telecommunications Association representing the rural incumbent local exchange carriers filed initial and reply comments. Attached is Exhibit A, which attempts to summarize these comments. No commenter favored the expansion of the definition of basic service. Many issues that Staff asked for comment on inclusion in the definition of basic service are currently included elsewhere in the Commission rules and Staff did not want these items to possibly be lost in the current rule rewrite.

On October 25th the Castle Pines North Homeowners Master Association filed a letter with the Commission for this docket that addressed the issue of zone charges. The homeowners association believes the old zone charge system is based on assumptions about development and telecommunications networks that are no longer applicable. It states that current development patterns and new telecommunications technologies warrant the Commission to take a close look at how zone charges are implemented and to consider new alternatives. According to the Association, the current system may impede the development of competition by promoting inefficient economic arbitrage.

Conclusion

As part of the previous investigation on basic local service in 1999, the PUC Staff conducted 15 town meetings in various locations around the state to gather public comment and input. The meetings consisted of an information presentation on three issues of basic service, universal service and Internet access followed by audience interaction and comment on those and other topics of concern. Audio tapes were made of each meeting. Based upon the review of the comments and reply comments received and Staff discussions, it is decided that no additional proceedings, or town meetings, be initiated in this docket.

Based on the comments received in this docket, the Colorado Public Utilities Commission now decides that no change to the current definition of basic local exchange as outlined in 4 CCR 723-2-17 be made at this time. The PUC plans to look at the issue of zone charges separate from this docket. Additional elements to the definition would most likely require that any increase in costs be passed on to the end user. Concomitantly, a contraction in the definition of basic service would serve no purpose at this time.

02I-251T Investigation of Expanding Definition of Basic Local Service

Issue	NECC	Qwest	OCC	WorldCom	AT&T of the Mountain States	CTA
General or Other Comments:	<p>Should delete “facsimile and data transmission capability” (723-2-17.1.4). Definition should be limited to voice grade access. Should delete 1+ “equal access” component of definition (723-2-17.7), no objection to inclusion of access to toll services generally. <i>NECC reply comments-PUC should consider if any changes adversely impact companies to compete with ILEC, an overly broad definition could impose prohibitive costs on CLECs, especially those in high cost areas, wait until FCC completes it review of definition.</i></p>	<p>Docket raises significant and important issues for telecomm companies in Colorado. Comments at this stage are brief because key Qwest representatives who normally appeal before CPUC have been dedicated to other regulatory manners.</p>	<p>Comments general in nature-anticipates more specifics as docket proceeds and info developed. No decision should be made until PUC determines cost of any additions and whether any prices must be increased or covered by HCF. Consider impact on rural ILECs. Must have public comment on increases. <i>NECC reply comments-agree.</i> Joint CLECs reply comments-agree.</p>	<p>Believes 723-2-17.1.4 (facsimile and data transmission) and 723-2-17.14 (basis local service as a separate tariff offering) and any related requirements such as 723-2-10.1.6 (LEC shall provide any info and assistance necessary to enable customers to choose from lowest cost jurisdictional service) should be modified or eliminated. [NOTE: WorldCom was recently granted waiver of 723-2-17.1.14 and 723-2-10.1.6, and was required to modify proposed residential offering known as “The Neighborhood” to meet requirements of 723-2-17.1.14.] <i>OCC reply comments-disagrees with elimination of these rules</i> <i>NECC reply comments-agrees specifically about 723-2-17.1.4 elimination.</i></p>	<p>Must consider impact of definition change on both customer and carriers. However broad or narrow determines how customers shall subsidize service between rural/urban, local/long distance, bus/res. At some point can’t maintain artificially low basic rates while expanding definition and expect to promote competition and economic growth.</p>	<p>On behalf of its Rural Company Committee: CTA supports the maintenance of existing definition and opposes the addition of any of the potential increases as set out in the order. Other comment Re 723-2-17.1: CTA suggests striking “LEC” and insert “telecommunications provider”. This existing language is archaic and based on a regulatory construct that no longer exists. Basic service is provided by LECs, CLECs and wireless providers and rules should reflect this reality. Joint CLECs reply comments-generally supports CTA but do not agree with the change from “LEC” to “telecommunications” provider. Not all providers provide basic local service whereas all LECs do.</p>

02I-251T Investigation of Expanding Definition of Basic Local Service

Issue	NECC	Qwest	OCC	WorldCom	AT&T of the Mountain States	CTA
Ability to place or receive calls from TRS provider from TTY or similar device by dialing appropriate number or 711. NOTE: Not a cost item, purpose is to place in Basic Service definition what rules already require.	See below.	Not specifically addressed.	Supports inclusion.	Not specifically addressed.	Likely belongs in definition.	Opposes the inclusion in the definition, TRS rules were recently revised and has its own well-established funding mechanism.
Ability to place calls to other N11 codes without additional charges such as 211, 311,511,611,and 811. NOTE: Not a cost item, purpose is to place in Basic Service definition what rules already require.	Definition should encompass ability to place calls using certain N11 codes as proposed, including 711.	Not specifically addressed.	These codes, while scarce, are fundamental part of basic service. If ability to access these codes on within definition, customers could lose benefits of these codes. It is important customer not be assessed add'l charges for N11 access w/o PUC prior approval.	Not specifically addressed.	Should not be included in definition. FCC only tentatively included 211 and 511 to possibly reconsider designation in 2005. Inclusion is premature and cost recovery uncertain. <i>OCC reply comments- to the extent an org or entity is awarded use of an N11 code; cost recovery issues should be addressed when successful bidder seeks recovery.</i>	CTA opposes the inclusion in the definition of any N11 applications. PUC has current rule making not yet completed for the remainder of the N11 codes and should be completed before consideration for inclusion in the definition.

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Issue	NECC	Qwest	OCC	WorldCom	AT&T of the Mountain States	CTA
Local usage within local calling area as defined by 723-2-17.3. NOTE: Not a cost item, purpose is to place in Basic Service definition what rules already require.	Not specifically addressed in initial comments.	Not specifically addressed.	Unclear on PUC intent. Assumes definition will include extended area of service authorized by PUC. Customers opting only for previously approved local calling area should not have rate element for extended area included in basic service rate. Does not object to customers having option. <i>NECC reply comments-urges rejection OCC's interpretation, make no modifications at this time.</i>	Not specifically addressed.	Should not be included.	Not specifically addressed.
Provide customer copy of White Pages covering customer's local calling area per 723-2-12. NOTE: Not a cost item, purpose is to place in Basic Service definition what rules already require.	Should delete "white page directory listing" from definition (723-2-17.11). Should decline to add provision of white page directories to customer as proposed. FCC and Joint Board have recognized access to directory assistance is a functionality of local loop, while directory listings and copies are not.	Not specifically addressed.	Before deciding, PUC should determine cost of additional component and whether basic rate could increase. Cannot make recommendation until this info is available.	Not specifically addressed.	Should not be included.	Not specifically addressed.

02I-251T Investigation of Expanding Definition of Basic Local Service

Issue	NECC	Qwest	OCC	WorldCom	AT&T of the Mountain States	CTA
Ability to place call to Directory Assistance (411). NOTE: Not a cost item, purpose is to place in Basic Service definition what rules already require.	Not specifically addressed.	Not specifically addressed.	Current rule 723-2-17.1.12 should be maintained in definition. Customer should have capability to access 411 and the ability is needed.	Not specifically addressed.	Should not be included.	Directory Assistance (411) is deregulated and is the source of a substantial revenue stream for some LECs. Legally could not be moved from Part Four to Part Two by Commission Rule.
Access to intercept services to the extent described in 723-2-12.3. NOTE: Not a cost item, purpose is to place in Basic Service definition what rules already require.	Not specifically addressed.	Not specifically addressed.	If element is added to definition, at a minimum maintain the period of cost-free service already included in the rule.	Not specifically addressed.	Should not be included.	Modification is unnecessary.

02I-251T Investigation of Expanding Definition of Basic Local Service

Issue	NECC	Qwest	OCC	WorldCom	AT&T of the Mountain States	CTA
Capability to initiate caller identification blocking per call using *67 at no additional charge. NOTE: intent is to have the ability where technological capability exists and not to be required where an upgrade must be accomplished to comply with the definition.	Privacy safeguards, including *67, should be adopted consistent with fed requirements relating to interstate communications per 47 C.F.R., Part 64, Subpart P.	Not specifically addressed.	Supports inclusion at no charge	Not specifically addressed.	Should not be included.	Opposes inclusion. Several CTA members companies do not have capability to provide these services because they have not installed SS7 links. Inclusion suggests mandatory deployment by all rural ILECs and the need to secure SS7 technology. <i>OCC reply comments- CTA makes important point, PUC should determine cost associated with addition for areas w/o SS7 capability and resultant increase to customers.</i>
Capability to initiate caller ID blocking per line at no additional charge. NOTE: intent is to have the ability where technological capability exists and not to be required where an upgrade must be accomplished to comply with the definition.	Not specifically addressed.	Not specifically addressed.	Supports adding feature to definition, however, there could be a non-recurring charge if customer orders this subsequently to installation of basic service once PUC determines non-recurring charge reflects cost of initializing service.	Not specifically addressed.	Should not be included.	Not specifically addressed.

02I-251T Investigation of Expanding Definition of Basic Local Service

Issue	NECC	Qwest	OCC	WorldCom	AT&T of the Mountain States	CTA
Whether additional privacy protections should be afforded customers such as the right to control the release of customer proprietary network info to affiliates of the provider. NOTE: Not a cost item, purpose is to place in Basic Service definition what rules already require.	Privacy safeguards, including customer proprietary network information, should be adopted consistent with fed requirements relating to interstate communications per 47 C.F.R., Part 64, Subpart P.	Not specifically addressed.	Highly supportive of increasing this privacy protection.	Not specifically addressed.	Should not be included.	Opposes privacy protections. Customer privacy protections are not a telecomm service; they are a set of rules aimed at giving customer control over personal info. This concern is already addressed in existing rules. All customer “rights” and their protections should be addressed outside of this triennial review.
Should the basic service definition be contracted and, if so, what should be the definition.	Definition should be simplified, not expanded, and it should represent no more than an intuitive reading of the term. Requirements should be no more onerous than those crafted by FCC. <i>OCC reply comments-believes it is not appropriate to reduce existing capabilities and services, statute not intended to serve as vehicle for removing services from definition.</i>	Recommends against expanding definition at this time. Definition should be comprised of the primary line; no new or added features should be added to primary line, not expanded beyond minimum elements to provide access to public switched telephone network (dial tone).	To extent PUC considers contracting definition, should also consider if contraction results in reduction in cost of providing service. If so, then consider if rate cap should be reduced.	Not specifically addressed.	Recommends against expanding definition at this time. Carriers not in business to give away services and consumers should pay a fair price for services they desire. Fair price should be accomplished by competition not regulation and subsidy. <i>NECC reply comments-agrees.</i>	Not specifically addressed.

NOTE: Joint CLECs commenters include WorldCom, AT&T of the Mountain States and TCG Colorado