

Decision No. C00-960

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO**

DOCKET NO. 00I-494T

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IN THE MATTER OF THE INVESTIGATION INTO MODIFICATION OF  
COMMISSION PRACTICES AND POLICIES REGARDING INTERCARRIER  
COMPENSATION.

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**ORDER OPENING INVESTIGATORY  
DOCKET AND NOTICE OF INQUIRY**

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Mailed Date: August 30, 2000  
Adopted Date: August 30, 2000

**BY THE COMMISSION:**

**Statement**

1. The Colorado Public Utilities Commission gives notice of an investigation into Commission practices and policies pertaining to intercarrier compensation mechanisms applicable to telecommunications providers regulated by the Commission. We seek comment and suggestions relating to possible reform of such intercarrier compensation practices. The initial vehicle for our inquiry is this docket. Depending upon the outcome of this inquiry, the Commission may modify intercarrier compensation practices through formal rulemaking, or through other formal proceedings. The course of this inquiry is to be determined by the nature and content of the information gathered. Over the immediate time frame, the scope of this inquiry is intended to be broad and inclusive.

2. The Commission wishes to undertake a fundamental examination and evaluation of all forms of intercarrier compensation methods. This inquiry should begin with a single, straightforward question: Are current methods of intercarrier compensation in need of change? If answered in the negative the inquiry ends; a positive response implies a need for further action. If, after this investigation, the Commission determines that reform may be appropriate, further proceedings will be undertaken. The fundamental question has many facets. In order to examine this threshold question, the Commission suggests consideration of several issues listed below, but does not limit the inquiry of intercarrier compensation methods to this list. Parties are encouraged to discuss other considerations related to this topic.

3. We suggest the inquiry begin with, but not be limited to, the following considerations.

a. The current intercarrier compensation arrangements in use between local exchange carriers (e.g., bill-and-keep, or reciprocal compensation), between toll and local exchange carriers, between wireline and non-wireline carriers, between Internet service providers and local exchange carriers, and between providers using "Internet protocol" technology and local carriers; what are the structure and scope of such arrangements (e.g., the rates for various arrangements, and the revenues exchanged between incumbent LECs and other providers);

b. The potential effects on various providers of changing these existing compensation arrangements, *i.e.*, the possible cascade of effects of changing to a universal bill-and-keep arrangement, these effects could include ratecap implications, the structure and level of intrastate access charges, and the effect on basic rates, toll rates, imputation requirements (per 4 *Code of Colorado Regulations* 723-30), and other effects.

c. Potential effects of new compensation mechanisms on the Commission's statutory mandates to encourage competition, and to extend the benefits of competition to all end-users. Specifically, the Commission solicits comments on the effects of options such as "bill and keep" on negotiated intercarrier compensation arrangements not based on historical "switched access" rates.

d. Potential effects of new compensation mechanisms on Commission efforts to identify implicit subsidies in telephone rates and either eliminate such subsidies or make them explicit;

e. Potential effects of new compensation mechanisms on the Commission's statutory mandate to promote universal service;

f. Potential effects on ratepayers for basic and non-basic services (*e.g.*, toll, enhanced, premium, and other regulated services) of new intercarrier compensation methods;

g. Potential effects of new intercarrier compensation methods on providers of last resort;

h. Potential effects of new intercarrier compensation methods on the § 271 proceedings (for Qwest Corporation) now pending before the Commission;

i. Federal or State statutes, or Federal regulations that may constrain the Commission's ability to adopt new intercarrier compensation methods; and

j. In the event the Commission determines that it may be appropriate to change current methods for intercarrier compensation, suggested procedures to consider such changes (e.g., rulemaking proceedings, further comment cycles in the present docket, etc.).

4. The Commission shall set the following procedure for this docket:

- On October 6, 2000, at 9:00 a.m. in Hearing Room A, the Commission will hold a one-half day workshop on this issue.
- The Commission requests that written comments be filed by interested persons on or before close of business Friday, September 22, 2000; however, comments will be accepted at any time prior to the workshop. After the workshop, the Commission will issue further instructions regarding this docket.

#### **ORDER**

#### **The Commission Orders That:**

1. This investigatory docket is opened for the purposes discussed above.

2. Interested persons may file written comments in this matter consistent with the above discussion. These initial submissions should address issues, structure, scope, timing, and process, as discussed above. Subsequently, the Commission shall set further procedures for this docket.

3. A workshop, as discussed above, shall be held as follows:

DATE: Friday, October 6, 2000

TIME: 9:00 a.m.

PLACE: Commission Hearing Room A  
Office Level 2 (OL2)  
Logan Tower  
1580 Logan Street  
Denver, Colorado

4. This Order is effective on its Mailed Date.

B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING  
August 30, 2000.

( S E A L )



ATTEST: A TRUE COPY

*Bruce N. Smith*

Bruce N. Smith  
Director

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

RAYMOND L. GIFFORD

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ROBERT J. HIX

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Commissioners