

REMARKS OF THE HONORABLE PATRICIA WORTHY,  
CHAIRMAN, PUBLIC SERVICE COMMISSION  
OF THE DISTRICT OF COLUMBIA

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"ONA IMPLEMENTATION POLICY"

BEFORE THE  
COMMUNICATIONS NETWORKS  
WASHINGTON, D.C. CONVENTION CENTER  
FEBRUARY 7, 1989 - 8:30-9:45 A.M.

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ONA BACKGROUND

IN ITS FIRST COMPUTER INQUIRY, COMPLETED IN 1971, THE FCC ESTABLISHED A THREE PART CLASSIFICATION FOR COMPUTER AND TELECOMMUNICATIONS SERVICES -- SERVICES WERE EITHER "DATA PROCESSING", "TELECOMMUNICATIONS" OR A "HYBRID" OF THE TWO. THE FCC RULED THAT DATA PROCESSING WOULD REMAIN UNREGULATED, TELECOMMUNICATIONS WOULD CONTINUE TO BE REGULATED, AND "HYBRID" SERVICES WOULD BE CLASSIFIED ON A CASE BY CASE BASIS AND TREATED ACCORDINGLY. THE FCC PERMITTED NON-BELL COMMUNICATIONS CARRIERS TO PROVIDE DATA PROCESSING SERVICES THROUGH ARMS LENGTH SUBSIDIARIES (THAT IS, THROUGH STRUCTURAL SEPARATION). PROVISION

OF DATA PROCESSING SERVICES BY THE BELL COMPANIES WAS NOT ADDRESSED INASMUCH AS THE FCC CONCLUDED THAT THE 1956 ANTITRUST CONSENT DECREE RESTRICTED AT&T FROM SUCH ACTIVITY.

IN LIGHT OF SHORTCOMINGS IN ITS DEFINITION OF "HYBRID" SERVICES, THE FCC COMMENCED THE SECOND COMPUTER INQUIRY IN 1976. IN ITS FINAL ORDER, THE FCC REPLACED ITS THREE TIERED CLASSIFICATION WITH THE TWO TIERED SYSTEM IN USE TODAY: SERVICES ARE DEFINED AS EITHER "BASIC" OR "ENHANCED." BASIC SERVICES WERE DEFINED AS "THE COMMON CARRIER OFFERING OF TRANSMISSION CAPACITY FOR THE MOVEMENT OF INFORMATION," AND WOULD REMAIN SUBJECT TO TRADITIONAL REGULATION. ENHANCED SERVICES, ON THE OTHER HAND, INCLUDED SERVICES OFFERED OVER COMMON CARRIER FACILITIES, THAT EMPLOY COMPUTERS TO ALTER SUBSCRIBER INFORMATION, PROVIDE ADDITIONAL OR RESTRUCTURED INFORMATION, OR INVOLVE CUSTOMER INTERACTION WITH STORED INFORMATION. THE FCC CONCLUDED THAT ENHANCED SERVICES SHOULD BE NON-REGULATED. AT THE SAME TIME, IT DECIDED THAT AT&T COULD PROVIDE ENHANCED SERVICES, BUT ONLY THROUGH A STRUCTURALLY SEPARATED SUBSIDIARY.

THE COMPUTER II ORDER ALSO PREEMPTED STATE REGULATION IN TWO AREAS. FIRST, IT PROHIBITED STATES FROM REGULATING THE PROVISION OF ENHANCED SERVICE), SECOND, IT RULED THAT THE STATES COULD NOT INTERFERE WITH THE FCC'S DECISION TO ALLOW AT&T TO PROVIDE ENHANCED SERVICES ON A STRUCTURALLY SEPARATED BASIS.

AFTER THE DIVESTITURE, THE FCC EXTENDED ITS PREEMPTION DECISION TO INCLUDE THE ENHANCED SERVICE OFFERINGS OF THE BOCS. THESE ACTIVITIES, OF COURSE, HAVE BEEN GREATLY RESTRICTED BY THE INFORMATION SERVICES PROHIBITION OF THE 1983 MFJ. [ RESTRICTION HAS BEEN LIFTED, WHAT NOW? ] ?

THE FCC'S PREEMPTION OF STATE ENHANCED SERVICES AND STRUCTURAL SEPARATIONS REGULATIONS WAS CHALLENGED BY THE STATES IN A FEDERAL COURT APPEAL IN 1982, BUT WHICH RESULTED IN AFFIRMATION OF THE FCC'S POSITION.

*not to duplicate but. 1982 appeal  
19, finally and finally appeal.*

FINALLY, IN 1985, THE FCC INITIATED THE THIRD COMPUTER INQUIRY IN ORDER TO ADDRESS ISSUES RAISED BY TECHNOLOGICAL DEVELOPMENTS IN THE YEARS SINCE COMPUTER II, THE PERCEPTION THAT STRUCTURAL SEPARATION WAS UNECONOMIC, AND THE DEVELOPMENT OF

INCREASINGLY COMPETITIVE MARKETS. IN ITS 1986 ORDER, THE FCC CONCLUDED THAT BOCS WOULD BE PERMITTED TO OFFER ENHANCED SERVICES DIRECTLY, AND NOT THROUGH ARMS LENGTH SUBSIDIARIES, PROVIDED THAT THEY COMPLIED WITH CERTAIN REQUIREMENTS KNOWN AS NON-STRUCTURAL SAFEGUARDS. THESE SAFEGUARDS, INTENDED TO CREATE AN ENVIRONMENT CONDUCIVE TO FAIR COMPETITION BETWEEN BOCS AND ESPS, ARE AS FOLLOWS. ONE, THE BOCS MUST PROVIDE THE SAME ELEMENTS AND QUALITY OF NETWORK ACCESS TO ENHANCED SERVICE COMPETITORS THAT THE BOC USES FOR ITS OWN ENHANCED SERVICE ACTIVITIES. MOREOVER, THE BOCS MUST BEGIN TO CONFIGURE THEIR NETWORKS TO FACILITATE NETWORK ACCESS MORE BENEFICIAL TO COMPETITORS THAN CURRENTLY EXIST. THESE ARE THE COMPARABLY EFFICIENT INTERCONNECTION AND OPEN NETWORK ARCHITECTURE REQUIREMENTS. SECOND, THE COMPANIES MUST ADOPT SPECIAL ACCOUNTING METHODS TO ENSURE THAT THEIR REGULATED ACTIVITIES ARE NOT BEING USED TO SUBSIDIZE UNREGULATED ENHANCED SERVICE OFFERINGS. THE COMPANIES HAVE COMPLIED WITH THIS REQUIREMENT BY OBTAINING FCC APPROVAL OF THEIR JOINT COST ALLOCATION MANUALS REQUIRED BY THE

"PART X" PROCEEDING. THIRD, THE COMPANIES MUST REVEAL TO THE  
PUBLIC, <sup>Part 34</sup> IN A TIMELY FASHION, NETWORK TECHNICAL INFORMATION  
CONCERNING NEW ENHANCED SERVICE OFFERINGS. THIS WILL PROVIDE  
TIME FOR DEVELOPMENT OF COMPETITIVE SERVICES BY ESPS. AND  
FOURTH, THE BOCS MUST PROVIDE INFORMATION CONCERNING CUSTOMERS'  
NETWORK USAGE AND CONFIGURATIONS TO <sup>ESPs</sup> ~~ENHANCED SERVICE COMPETITORS~~  
IF THE CUSTOMER SO REQUESTS.

THE BOCS FILED THEIR PLANS DETAILING HOW THEY WOULD MEET  
THESE REQUIREMENTS ON FEBRUARY 1, 1988. ON DECEMBER 22, 1988,  
THE FCC ISSUED AN ORDER WHICH SUBSTANTIALLY APPROVED THE PLANS,  
BUT WHICH ALSO IDENTIFIED AREAS WHERE REVISIONS WERE WARRANTED.  
THESE REVISIONS ARE TO BE SUBMITTED TO THE FCC BY MAY 19, 1989  
AND WILL BE AVAILABLE FOR PUBLIC COMMENT. EACH BOC WILL REMAIN  
SUBJECT TO STRUCTURAL SEPARATION UNTIL IT HAS OBTAINED FCC  
APPROVAL OF ITS REVISIONS. PENDING SUCH APPROVAL, THE BOCS MAY  
CONTINUE TO OFFER (ON AN UNSEPARATED BASIS) THOSE ENHANCED SERVICES  
WHICH WERE APPROVED IN THEIR CEI PLANS. 1/

THE BOC'S ONA MODEL

THE BOCS, IN COLLABORATION WITH BELLCORE, DEVISED A COMMON ONA MODEL BASED ON THE ARCHITECTURE OF THE EXISTING LOCAL DISTRIBUTION NETWORKS. THE MODEL CONSISTS ESSENTIALLY OF<sup>just only</sup> BSAS, BSES, CNS, AND ANSS.

- BSAS ARE THE FUNDAMENTAL TARIFFED SWITCHING AND TRANSPORT SERVICES THAT ALLOW AN ESP TO COMMUNICATE WITH ITS CUSTOMERS THROUGH THE BOC NETWORK. UNDER THIS MODEL, AN ESP MUST OBTAIN SOME FORM OF BSA IN ORDER TO ACCESS THE NETWORK.

- BSES ARE OPTIONAL UNBUNDLED FEATURES.

- COMPLEMENTARY NETWORK SERVICES (CNSS) ARE OPTIONAL UNBUNDLED BASIC SERVICE FEATURES. (SUCH AS STUTTER DIAL TONE) OFFERED TO END USERS. *file to Nerdinher local exchange*

- ANCILLARY SERVICES (ANSS) ARE OTHER SERVICES THAT THE BOCS SAY ARE NOT PART OF ONA, BUT WHICH MAY BE USEFUL TO ESPS. ANSS COULD INCLUDE ENHANCED SERVICES OFFERED BY THE CARRIER OR OTHER DEREGULATED NON-COMMON CARRIER SERVICES. SOME BOCS INCLUDE REGULATED BASIC SERVICES IN THIS CATEGORY.

SOME COMMENTERS ALLEGED THAT THE BOCS WERE USING THE COMMON

ONA MODEL TO IMPROPERLY BUNDLE SERVICES AND URGED THE FCC TO MANDATE A MORE FAR-REACHING FORM OF ONA. 2/ OTHERS CRITICIZED THE MODEL FOR IGNORING TECHNOLOGIES SUCH AS CCS7 AND ISDN, THE EXISTENCE OF NATURAL NETWORK BUILDING BLOCKS, AND CONCEPTS BASED ON DISTRIBUTED ARCHITECTURE SUCH AS FN/SI OR IN/2. 3/ NOAM, OF THE NEW YORK PSC, STATED THAT THE BOCS HAD ONLY "UNBUNDLED THE BILLS AND WHISTLES, NOT THE MEAT AND POTATOES." 4/

THE FCC ACKNOWLEDGED THAT MORE FUNDAMENTAL UNBUNDLING COULD BE "SOCIALLY DESIRABLE", BUT FOUND THAT IT WOULD NOT BE IN THE PUBLIC INTEREST TO REQUIRE IT AT THIS TIME BECAUSE OF COSTS AND THE DESCRIPTION OF THE ONA IMPLEMENTATION SCHEDULE. 5/ HOWEVER, THE FCC DID NOT FORECLOSE FUTURE CONSIDERATION OF THIS ISSUE AND ASKED THE IILC<sup>spell-out</sup> TO CONSIDER IT, BUT ONLY AFTER MAKING "SUBSTANTIAL PROGRESS" ON THE OTHER ISSUES UNDER ITS CONSIDERATION. 6/

IN THE COMMON ONA MODEL, THE BOCS CHARACTERIZE NETWORK ELEMENTS AS BSAS RATHER THAN THE BSES USED BY THE FCC IN COMPUTER III. SOME COMMENTERS SUGGESTED THAT THIS WAS A BOC ATTEMPT TO AVOID COMPLYING WITH THE ONA REGULATORY REQUIREMENTS. THE BOCS

DID NOT EXPLAIN THEIR RATIONALE FOR CREATING THE BSA CATEGORY.

THE FCC RULED THAT BSAS ARE THE TYPE OF "BUILDING BLOCKS" THAT IT DESCRIBED AS BSES AND, THUS, BSAS WOULD BE SUBJECT TO THE SAME REGULATORY TREATMENT AS BSES. ACCORDINGLY, THE FCC REQUIRED THE BOCS TO AMEND THEIR PLANS BY MAY 19, 1989 TO EXPLICITLY STATE THAT BSAS WOULD BE OFFERED IN COMPLIANCE WITH THE RULES FOR BSES.

7/ HOWEVER, THIS DID NOT MEAN THAT BSAS HAD TO BE UNBUNDLED INTO SWITCHING, TRANSPORT, OR OTHER COMPONENTS. 8/

CNS IS ANOTHER COMPONENT OF ONA THAT WAS CREATED BY THE BOCS. COMMENTERS ARGUED THAT CNS WOULD EITHER GIVE BOCS A COMPETITIVE ADVANTAGE OR THAT IT WAS AN UNWARRANTED USE RESTRICTION. THEY URGED THE FCC TO REQUIRE THE BOCS TO SATISFY ONA SAFEGUARDS WHEN OFFERING CNS.

CNSS HAVE TWO PRINCIPAL CHARACTERISTICS: 1) THEY ARE ASSOCIATED WITH END USERS RATHER THAN ESPS AND 2) THEY ARE LOCALLY TARIFFED BASIC SERVICES THAT THE BOCS WILL OFFER TO END USERS WHETHER OR NOT SUCH USERS ARE CUSTOMERS OF ESPS. THE FCC REFUSED TO PROHIBIT THE USE OF CNSS SO LONG AS SAFEGUARDS EXISTED



TO PROTECT AGAINST DISCRIMINATION. 9/ CURRENT BOC PRACTICES WERE HELD TO BE SUCH SAFEGUARDS. 10/ HOWEVER, THE FCC QUESTIONED WHETHER SOUTHWESTERN BELL'S (SWBT) PROPOSAL TO ALLOW ESPS TO PURCHASE CNSS FOR THEIR CUSTOMERS ONLY UPON WRITTEN AUTHORIZATION WAS NECESSARY. IT DIRECTED THE BOCS TO FILE, BY MAY 19, 1989, AN EXPLANATION AS TO WHY SUCH AUTHORIZATION WOULD BE NECESSARY AND WHETHER THEIR OWN AFFILIATES WOULD HAVE TO COMPLY. 11/

COMMENTERS ALSO ARGUED THAT SOME SERVICES WHICH ARE ESSENTIAL TO ESPS ARE IMPROPERLY CLASSIFIED AS ANS AND ARE, THUS, OUTSIDE THE SCOPE OF ONA. THEY PARTICULARLY FOCUSED ON BILLING AND COLLECTION AND OPERATION SUPPORT SYSTEMS (OSS). THEY URGED THE FCC TO REQUIRE THAT ANSS BE SUBJECT TO NONDISCRIMINATION SAFEGUARDS.

THE FCC DID NOT OBJECT TO THE PLACEMENT OF UNREGULATED SERVICES IN THE ANS CATEGORY. HOWEVER, IT REQUIRED THAT ALL REGULATED SERVICES CLASSIFIED AS ANS BE RECLASSIFIED AS EITHER BSE, BSA OR CNS BY MAY 19, 1989. IT ALSO WARNED THAT IT WOULD RECONSIDER THIS TREATMENT OF ANS IF PROBLEMS AROSE. 12/

THE FCC DECLINED TO MAKE BILLING SERVICES PART OF ONA. HOWEVER, THE BOCS MUST CLARIFY THEIR PLANS BY DESCRIBING ANY SERVICE THEY WILL OFFER THAT WILL PROVIDE ESPS WITH INFORMATION USEFUL IN THE PREPARATION OF BILLS. SUCH INFORMATION WILL INCLUDE THE CALLING NUMBER, THE BILLING ADDRESS AND THE DURATION OF THE CALL. THE CLARIFICATION MUST BE FILED BY MAY 19, 1989 AND THE IILC WAS REQUESTED TO CONSIDER THE MEANS OF PROVIDING SUCH INFORMATION. 13/

THE FCC ALSO DECLINED TO REQUIRE THAT BOCS OFFER OSS AS PART OF ONA. HOWEVER, BY MAY 19, 1989, THE BOCS MUST SPECIFY THE OSS THEY CAN OFFER IN THE NEAR TERM AND IN THE FUTURE. THE BOCS WERE FURTHER DIRECTED TO WORK WITH THE IILC TO ADDRESS A FEASIBLE METHOD FOR PROVIDING OSS. 14/

#### INITIAL ONA OFFERINGS

THE MAJORITY OF ESPS AND USERS ARGUE THAT THE BOCS' INITIALLY PROPOSED ONA SERVICES DO NOT CONSTITUTE A SUFFICIENTLY HIGH PROPORTION OF THE 118 NCS LISTED IN REPORT NO. 1, DO NOT MEET THE NEEDS OF ESPS, 15/ AND ARE NOT UNIFORM. 16/

THE FCC AGREED THAT THE INITIAL OFFERINGS WERE "SOMEWHAT LIMITED", BUT BELIEVED THAT THEY WERE A "USEFUL FIRST STEP" WHICH SHOULD BE APPROVED. NEVERTHELESS, THE FCC NOTED THAT ONLY 29 OF THE 118 NC REQUESTS WOULD BE PROVIDED IN ALL SEVEN REGIONS AND REQUIRED THE BOCS TO EXPLAIN, BY MAY 19, 1989, WHY MORE COULD NOT BE OFFERED. 17/ THE FCC WENT ON TO NOTE THAT THE NUMBER OF ONA SERVICES PROPOSED FOR INITIAL DEPLOYMENT WITHIN EACH REGION RANGED FROM 49 FOR SWBT TO 58 FOR BELL ATLANTIC. ON AVERAGE, THE INDIVIDUAL BOCS PROPOSED TO OFFER 50% OF THE INITIALLY REQUESTED NCS. 18/ BELL ATLANTIC WOULD BE OFFERING 64%. THE BOCS WERE ALSO DIRECTED TO WORK WITH ESPS TO DEVELOP PROCEDURES FOR EXCHANGING MARKET INFORMATION. A REPORT ON THESE EFFORTS WOULD BE FILED WITH THE FCC ON MAY 19, 1989.

#### CEI REQUIREMENTS

CARRIERS ARE REQUIRED TO PROVIDE ESPS WITH STANDARDIZED HARDWARE AND SOFTWARE INTERFACES. SOME COMMENTERS CONTENDED THAT THE PLANS DID NOT CONTAIN SUFFICIENT INFORMATION TO DETERMINE WHETHER THIS REQUIREMENT HAD BEEN MET. NOTING THAT NO COMMENTER

ALLEGED THAT THE INTERFACES WERE NOT EQUAL, THE FCC APPROVED THE BOC TREATMENT OF THIS REQUIREMENT. HOWEVER, ALL OF THE BOCS EXCEPT AMERITECH MUST AMEND THEIR PLANS BY MAY 19, 1989 TO PROVIDE A LIST OF DOCUMENTS CONTAINING INTERFACE INFORMATION. THE FCC REFUSED TO IMPLEMENT A REQUEST THAT THE INTERFACES BE EVALUATED FOR FUNCTIONALITY AS WELL AS EQUALITY BECAUSE IT CONSIDERED SUCH EVALUATION TO BE OUTSIDE THE SCOPE OF ONA. 20/

THE COMMENTERS MADE THE SAME ARGUMENT WITH RESPECT TO TECHNICAL CHARACTERISTICS AND THE FCC REACHED THE SAME CONCLUSION. 21/

THE BOCS ARE REQUIRED TO MINIMIZE TRANSMISSION COSTS, BUT NEED NOT USE COLLOCATION TO DO SO. THE FCC STATED THAT THE BOCS COULD USE PRICE PARITY TO SATISFY THIS REQUIREMENT. SOME PARTIES CONTENDED THAT PRICE PARITY, BY ITSELF, WAS NOT SUFFICIENT TO PREVENT ANTICOMPETITIVE BEHAVIOR. THEY ARGUED THAT WITHOUT ALSO REQUIRING THAT RATES BE COST-BASED, BOCS COULD RAISE PRICES FOR ONA AND, THUS, LOWER PROFIT MARGINS FOR ALL ESPS. THESE LOWER MARGINS WOULD NOT BE HARMFUL TO A BOC, BUT COULD BE VERY HARMFUL

FOR ESPS. BELLSOUTH WAS PARTICULARLY CRITICIZED FOR USING DISTANCE-SENSITIVE PRICING FOR ACCESS LINKS OR OTHER TRANSMISSION SERVICES. SEVERAL COMMENTERS CONTENDED THAT BELLSOUTH WOULD EMPLOY A "ZERO" MILEAGE BAND THAT WOULD ONLY APPLY TO ITS OWN COLLOCATED ENHANCED SERVICE OPERATIONS. NYNEX WAS ALSO CRITICIZED BECAUSE IT WAS ALLEGED THAT ITS PROPOSAL WOULD ALLOW IT TO CHARGE ITSELF FOR ONE ACCESS LINE WHILE A COMPETITOR WITH THE SAME TRAFFIC VOLUME MIGHT NEED 20 LINES. NYNEX REPLIED THAT IN SUCH CASE IT WOULD DETERMINE THE NUMBER OF ACCESS LINES AS THOUGH ITS ENHANCED SERVICE OPERATION WERE PHYSICALLY LOCATED OUTSIDE OF THE CENTRAL OFFICE. THUS, IT WOULD CHARGE ITSELF FOR 20 LINES.

THE FCC HELD THAT THESE ARGUMENTS WERE ACTUALLY REQUESTS FOR RECONSIDERATION OF ITS PRICING POLICIES AND THAT A MOTION FOR RECONSIDERATION WAS CURRENTLY PENDING IN THE COMPUTER III DOCKET. THUS, IT DECLINED TO RULE ON THE ARGUMENTS AT THIS TIME AND APPROVED THE PLANS TO MINIMIZE TRANSMISSION COSTS EXCEPT FOR BELLSOUTH. BELLSOUTH WAS DIRECTED TO FILE, BY MAY 19, 1989, AN

AMENDMENT SHOWING ITS CONFORMANCE TO AN APPROVED METHOD OF MINIMIZING TRANSMISSION COSTS OR EXPLAINING IN DETAIL HOW ITS PROPOSAL WOULD DO SO. 22/

US WEST WAS REQUIRED TO CHARGE ITS ENHANCED SERVICE OPERATIONS BY A PARTICULAR CENTRAL OFFICE NO LESS THAN IT WOULD FOR AN ESP LOCATED TWO MILES FROM THE CENTRAL OFFICE INSTEAD OF ITS PROPOSED ONE MILE. 23/

THE FCC REQUIRED THE BOCS TO USE NYNEX'S METHOD OF APPLYING PRICE PARITY. 24/

THE FCC REFUSED TO RECONSIDER ITS DECISION ON COLLOCATION.

25/

#### UNIFORMITY

A NUMBER OF COMMENTERS EXPRESSED CONCERN OVER A PERCEIVED LACK OF UNIFORMITY AMONG THE ONA PLANS. THE FCC NOTED THAT COMPLETE UNIFORMITY WAS NOT TECHNOLOGICALLY FEASIBLE AND COULD BE QUITE COSTLY. HOWEVER, IT AGREED THAT THE PLANS HAD ROOM FOR IMPROVEMENT IN THIS AREA. IT ADDRESSED SOME ASPECTS SEPARATELY AND DIRECTED THE BOCS AND THE INDUSTRY TO USE THE IILC TO WORK ON

THE OTHERS.

SEVERAL PARTIES STATED THAT DIFFERENT BOCS HAVE DIFFERENT NAMES FOR THE SAME SERVICES AND ADVOCATED THE USE OF A UNIFORM NOMENCLATURE. THE FCC RECOGNIZED THAT THERE COULD BE LEGITIMATE BUSINESS REASONS FOR THIS, BUT DIRECTED THE IILC TO ACHIEVE UNIFORMITY WHERE FEASIBLE AND DEVELOP CROSS-REFERENCING WHERE IT WAS NOT. 26/

MANY PARTIES URGED THE FCC TO REQUIRE THE BOCS TO OFFER A "CORE" LIST OF ONA SERVICES. THE STATES OPPOSED THIS BECAUSE IT COULD CAUSE COSTLY NETWORK INNOVATIONS THAT WERE NOT JUSTIFIED IN A PARTICULAR MARKET. FURTHER, THEY VIEWED THIS AS A MATTER OF LOCAL CONCERN. THE FCC HELD THAT ABSOLUTE UNIFORMITY WAS "NEITHER REALISTIC NOR DESIRABLE" GIVEN EXISTING DIFFERENCES IN TECHNOLOGY AND MARKET CONDITIONS AMONG THE BOCS. HOWEVER, THE FCC BELIEVED THAT THE BOCS COULD MAKE A FURTHER SHOWING THAT THEY WERE WORKING WITH EACH OTHER AND THE ESPS TO ENSURE ADEQUATE UNIFORMITY. THUS, EACH BOC EXCEPT BELL ATLANTIC WAS REQUIRED TO EXAMINE THE OTHER BOCS' PLANS AND DESCRIBE BY MAY 19, 1989 THE

ADDITIONAL ONA SERVICES IT COULD OFFER. 27/

COMMENTERS ALSO URGED UNIFORMITY IN TARIFF FORMATS, PRICING STRUCTURES AND RATES. THE FCC HELD THAT UNIFORM FEDERAL TARIFF FORMATS WERE NECESSARY AND UNIFORMITY IN STATE TARIFFS WAS DESIRABLE AND ACHIEVABLE. 28/ THE FCC RECOGNIZED THAT OBTAINING SUCH UNIFORMITY WOULD REQUIRE A LARGE MEASURE OF STATE/FEDERAL COOPERATION. THEREFORE, THE FCC ESTABLISHED A JOINT STATE/FEDERAL CONFERENCE TO ADDRESS SUCH ISSUES.

#### FEDERAL/STATE CONFERENCE

THE PARTIES RECOMMENDED VARIOUS METHODS BY WHICH THE STATES AND THE FCC COULD WORK TOGETHER ON ONA. CALIFORNIA AND MISSOURI OFFERED TO PARTICIPATE IN INFORMAL DISCUSSIONS. NTIA URGED JOINT PARTICIPATION IN AN INTER-INDUSTRY COMMITTEE. CONAP AND THE AMERITECH STATES ADVOCATED THE ESTABLISHMENT OF A NARUC TASK FORCE. NOAM AND NEW YORK SUGGESTED A TWO-TIER FORUM STRUCTURE, INCLUDING AN INTER-GOVERNMENTAL FORUM OF THE FCC AND THE STATES TO DETERMINE POLICY AND A PRIVATE SECTOR FORUM FOR TECHNICAL MATTERS. NEW JERSEY ADVOCATED SOME FORM OF JOINT EFFORT WHILE



ARIZONA AND MINNESOTA FAVORED AN ARBITRATOR TO RESOLVE DISPUTES BETWEEN BOCS AND ESPS. THEY SUGGESTED A NEUTRAL INDUSTRY GROUP TO ACT AS ARBITRATOR, BUT FAVORED ALLOWING PARTIES TO APPEAL FROM THE ARBITRATOR TO STATE AND FEDERAL REGULATORY BODIES. A RECENT NARUC RESOLUTION (ADOPTED OCTOBER 31, 1988) ADVOCATED THE ESTABLISHMENT OF A CONFERENCE BETWEEN FEDERAL AND STATE REGULATORS. ILLINOIS, WESTERN UNION, VIDEOTEX, THE AMERITECH STATES AND THE DISTRICT OF COLUMBIA PSC ADVOCATED A JOINT BOARD. NEW YORK, NOAM, BELL ATLANTIC, SWBT AND US WEST OPPOSED A JOINT BOARD FOR VARIOUS REASONS.

THE FCC DECIDED TO ESTABLISH A FEDERAL/STATE ONA CONFERENCE TO BE CHAIRED BY THE FCC CHAIRMAN OR HIS DESIGNEE. IT WILL INCLUDE ONE OTHER FCC COMMISSIONER AND ONE STATE COMMISSIONER FROM EACH OF THE SEVEN BOC REGIONS WHOM WILL BE SELECTED AFTER CONSULTATION WITH NARUC. THE CONFERENCE WILL EXIST UNTIL JUNE 30, 1990 AT WHICH POINT IT MAY ISSUE A WRITTEN REPORT TO THE FCC. IT IS ANTICIPATED THAT THE CONFERENCE WILL ADDRESS THE FOLLOWING SPECIFIC ISSUES: 1) ONA ISSUES OF COMMON INTEREST, INCLUDING THE

DEPLOYMENT OF NEW NETWORK TECHNOLOGIES, THE DELIVERY OF NEW SERVICES, NONDISCRIMINATION AND EFFICIENCY, AND THE RELATIONSHIP OF ONA IMPLEMENTATION TO STATE AND NATIONAL ECONOMIC DEVELOPMENT AND COMPETITIVENESS; 2) THE PROPRIETY OF, AND POSSIBLY THE DEVELOPMENT OF, MODEL ONA TARIFFS WITH UNIFORM NOMENCLATURE, FORMAT, TERMS AND CONDITIONS; AND 3) COORDINATION OF STATE AND FEDERAL EFFORTS IN SUCH AREAS AS BOC TECHNICAL AND MARKETING TRIALS FOR ENHANCED SERVICES AND THE EFFECTS OF ONE JURISDICTION'S RULES AND POLICIES ON THOSE OF THE OTHER. 29/

#### JURISDICTION AND TARIFFING

THE FCC CONCLUDED THAT IT HAD JURISDICTION OVER ALL BASIC SERVICES INCLUDED IN THE ONA PLANS THAT ARE USED FOR INTERSTATE COMMUNICATIONS. IT DID NOT REQUIRE THAT CNSS BE FEDERALLY TARIFFED. IT PROMISED TO INITIATE IN THE NEAR FUTURE, A RULEMAKING FOR THE PURPOSE OF MODIFYING ITS ACCESS TARIFF RULES TO ACCOMMODATE FEDERAL TARIFFING OF UNBUNDLED ONA. WITH RESPECT TO INTRASTATE TARIFFING OF ONA, THE FCC STATED THAT NONE OF THE BOC PROPOSALS WERE SO CONTRARY TO ITS ONA OBJECTIVES THAT THEY

REQUIRED DISAPPROVAL. HOWEVER, ALL OF THE BOCS EXCEPT AMERITECH AND NYNEX MUST AMEND THEIR PLANS BY MAY 19, 1989 TO CLARIFY THEIR STATE TARIFFING PROPOSALS. BELLSOUTH'S PLAN, WHICH RESTRICTED ESPS FROM RECEIVING CURRENTLY AVAILABLE BASIC SERVICES, WAS NOT APPROVED. 30/

THE FCC MADE THE AMERITECH AND NYNEX PLANS MODELS FOR THE OTHER BOCS.

AMERITECH PROPOSED TO FILE ITS BSAS AND BSES AS CHANGES AND ADDITIONS TO EXISTING STATE AND FEDERAL TARIFFS. IT WOULD CONTINUE TO MAKE EXISTING SERVICES AVAILABLE TO ESPS, BUT BSES COULD NOT BE PURCHASED WITH SUCH SERVICES. RATHER, TO OBTAIN A BSE, A CUSTOMER WOULD HAVE TO PURCHASE A BSA. AMERITECH DID NOT PROPOSE ANY USE OR CUSTOMER RESTRICTIONS ON ONA SERVICES. ITS BSAS AND BSES WOULD BE COST-BASED, BUT CNSS WOULD NOT BE REQUIRED. 31/

NYNEX'S PLAN WAS SIMILAR TO AMERITECH'S EXCEPT THAT A CUSTOMER WOULD NOT HAVE TO PURCHASE A BSA IN ORDER TO GET A BSE AND ITS PRICING OF NEW SERVICES WOULD INCLUDE THE "BUSINESS RISK"

OF OFFERING THE SERVICE. THIS RISK COMPONENT WOULD BE REDUCED IF THE ESP GUARANTEED A MINIMUM LEVEL OF DEMAND THROUGH A FIRM MONETARY COMMITMENT. 32/

BELL ATLANTIC'S PLAN WAS DESCRIBED AS "VAGUE". BELL ATLANTIC OPPOSED DUAL TARIFFING OF LOCAL BSES EVEN IF SUCH BSES WERE PART OF AN END-TO-END INTERSTATE ENHANCED SERVICE. IT PROPOSED TO OFFER MOST OF ITS ONA SERVICES THROUGH STATE TARIFFS ONLY, BUT ACCESS SERVICES NEEDED BY INTEREXCHANGE CARRIERS FOR INTERSTATE COMMUNICATIONS WOULD BE FILED AT THE FEDERAL LEVEL. IT APPEARED THAT BSAS WOULD BE GENERALLY AVAILABLE TO CUSTOMERS OTHER THAN ESPS AND THAT ESPS WOULD NOT LOSE ANY OF THEIR CURRENT FORMS OF ACCESS. BELL ATLANTIC'S PLAN WAS SILENT ON THE QUESTION OF USE RESTRICTIONS AND DID NOT DISCUSS THE GENERIC PRICING METHODOLOGY IT WOULD USE TO SET RATES FOR ONA. IT SEEMS THAT WHEN EXISTING STATE TARIFFED LOCAL BUSINESS SERVICES ARE USED FOR ACCESS LINKS, RATES WOULD BE BASED ON DENSITY CELL PRICING. UNDER SUCH PRICING, THE DENSER THE POPULATION OF BASIC SERVICE SUBSCRIBERS, THE LOWER THE DIAL TONE RATE. BELL ATLANTIC ALSO

STATED THAT PURCHASERS OF SWITCHED ACCESS WOULD PAY LOCAL TRANSPORT CHARGES AT A DISTANCE SENSITIVE RATE PER MOU, BUT DID NOT SAY WHEN SUCH CHARGES WOULD APPLY. 33/

MANY STATES CONTENDED THAT DUAL STATE/FEDERAL JURISDICTION OVER SERVICES PREVIOUSLY TARIFFED ONLY AT THE STATE LEVEL WOULD REQUIRE THE FCC TO PREEMPT EXISTING STATE REGULATIONS. MOST STATES ASSERTED THAT THE LOUISIANA DECISION PROHIBITED THIS. NARUC, MARYLAND PEOPLE'S COUNSEL, SEVERAL BOCS AND SOME STATES CLAIMED THAT MOST ONA SERVICES WERE LOCAL AND THAT STATES HAD RESPONSIBILITY AND SUPERIOR EXPERTISE IN DETERMINING COST, MARKET DEMAND, AND DEMOGRAPHIC FACTORS AFFECTING THOSE SERVICES.

THE FCC DECIDED TO REQUIRE EACH BOC TO PROVIDE ONA SERVICES THROUGH FEDERAL TARIFFS BY TREATING ITS INTERSTATE ACCESS SERVICES AS BSAS AND OFFERING UNBUNDLED INTERSTATE BSES WHERE IT WAS TECHNICALLY FEASIBLE. THE FCC FOUND THAT NONE OF THE BOCS' CURRENT PROPOSALS FOR FEDERAL TARIFFING COMPLIED WITH THIS REQUIREMENT AND THAT THOSE PLANS THAT PROPOSED REFERENCING OF STATE TARIFFS IN FEDERAL TARIFFS CLEARLY DID NOT CONFORM. THE

FCC STATED ITS INTENT TO AMEND PART 69 OF ITS RULES TO PROVIDE FOR THE INCLUSION OF UNBUNDLED ONA SERVICES IN THE FEDERAL ACCESS TARIFFS. 34/ THE FCC FURTHER FOUND THAT IT HAD THE AUTHORITY TO REGULATE THE INTERSTATE PORTIONS OF THOSE ONA SERVICES THAT THE BOCS PROPOSED TO TARIFF IN THE STATE JURISDICTIONS AND COULD REQUIRE DUAL STATE/FEDERAL TARIFFING OR EVEN EXCLUSIVE FEDERAL TARIFFING. HOWEVER, THE FCC DID NOT SEE A NEED TO EXERCISE ANY OF THESE OPTIONS AT THIS TIME. 35/ FINALLY, THE FCC DID NOT REQUIRE FEDERAL TARIFFING OF CNSS BECAUSE THESE, BY DEFINITION, ARE STATE TARIFFED SERVICES. 36/

#### STATE TARIFFING OF ONA

THE FCC RECOGNIZED THAT IT HAD LIMITED JURISDICTION IN THIS AREA AND SCRUTINIZED THE PROPOSALS TO ENSURE THAT THE OBJECTIVES OF ONA WERE NOT UNDERMINED AND THAT THE TARIFFS WERE CLEAR AND COMPLETE.

THE FCC APPROVED THE SPECIFIC TARIFF STRUCTURE OF AMERITECH AND NYNEX, BUT REQUIRED THE OTHER BOCS TO FILE VARIOUS AMENDMENTS BY MAY 19, 1989. IT SPECIFICALLY FOUND THAT BELL SOUTH'S PROPOSAL

TO WITHDRAW BASIC SERVICES CURRENTLY OFFERED TO ESPS TO BE UNACCEPTABLE. 37/ NYNEX'S HIGH DEGREE OF UNBUNDLING WAS FOUND TO BE VERY DESIRABLE. THE FCC SPECIFICALLY STATED THAT IT WOULD NOT APPROVE AN ONA PLAN THAT RESTRICTED ESPS FROM OBTAINING SERVICE ARRANGEMENTS CURRENTLY AVAILABLE TO THEM. 38/ THUS, BY MAY 19, 1989, SWBT AND BELL SOUTH MUST EITHER DELETE SUCH RESTRICTIONS FROM THEIR PLANS OR PROVIDE A MORE COMPLETE JUSTIFICATION. HOWEVER, PREEXISTING, GENERALLY APPLICABLE INTRASTATE RESTRICTIONS (SUCH AS A PROHIBITION ON RESALE) WOULD BE PERMITTED.

#### INITIAL DEPLOYMENT SCHEDULES

THE PHASE I RECONSIDERATION STATED THAT THE FCC DID NOT EXPECT CARRIERS TO COMPLETE ONA IMPLEMENTATION WITHIN ONE YEAR. RATHER, THE BOCS WERE ONLY REQUIRED TO PROJECT DEPLOYMENT AS FAR INTO THE FUTURE AS WAS FEASIBLE AND TO SUPPLEMENT THOSE PROJECTIONS WITH ROLLING UPDATES. MOST BOCS DID NOT PROJECT GEOGRAPHIC DEPLOYMENT OF THEIR INITIAL SETS OF ONA SERVICES BEYOND 1989, ALTHOUGH BELL ATLANTIC AND PACTEL PLANNED DEPLOYMENT

THROUGH 1991.

BELL ATLANTIC STATED THAT 78% OF ITS ACCESS LINES WERE LOCATED IN DENSELY POPULATED METROPOLITAN AREAS AND THAT IT WOULD MAKE ITS INITIAL ONA SERVICES AVAILABLE IN ALL OF THOSE AREAS BY 1989. IT STATED THAT 85% OF THE ACCESS LINES IN THOSE AREAS WERE CURRENTLY SERVED BY SWITCHING SYSTEMS THAT, WHEN EQUIPPED WITH THE NECESSARY FEATURES, WERE CAPABLE OF SUPPORTING ONA. ITS PLAN SHOWED THE PERCENTAGE OF ACCESS LINES FOR WHICH EACH ONA SERVICE WOULD BE AVAILABLE IN FEBRUARY 1989 AND THE ENDS OF THE YEARS 1989, 1990 AND 1991. BELL ATLANTIC DID NOT SHOW THE PERCENTAGE OF SUBSCRIBER LINES IN ITS ENTIRE SYSTEM THAT WOULD HAVE ACCESS TO EACH ONA SERVICE IN 1989, 1990 AND 1991 AND DID NOT PROVIDE DEPLOYMENT INFORMATION FOR INDIVIDUAL SWITCHING OFFICES, STATING THAT IT WOULD PROVIDE "WIRE CENTER-SPECIFIC" PROJECTIONS FOLLOWING APPROVAL OF ITS PLAN. 39/

SOME COMMENTERS CLAIMED THAT THE BOC'S PLANS ON INITIAL DEPLOYMENT OF ONA DID NOT PROVIDE ADEQUATE INFORMATION, THAT THE DEPLOYMENT RATES WERE TOO SLOW AND THAT DEPLOYMENT SCHEDULES WERE



NOT PROJECTED FAR ENOUGH INTO THE FUTURE. 40/

THE FCC AGREED THAT THE PLANS WHICH ONLY INCLUDED A ONE-YEAR DEPLOYMENT SCHEDULE WERE NOT ADEQUATE. IF BELL ATLANTIC AND PACTEL COULD PROVIDE THREE-YEAR SCHEDULES, SO COULD THE OTHER BOCS. 41/ ACCORDINGLY, AS A PRECONDITION TO APPROVAL OF THE ONA PLANS, THE FCC REQUIRED EACH BOC TO AMEND ITS PLAN BY MAY 19, 1989 TO PROVIDE PROJECTIONS OF THE PERCENTAGES OF ITS ACCESS LINES THAT WOULD BE CAPABLE OF SUPPORTING EACH OF ITS INITIAL ONA SERVICES, BOTH ON A SYSTEM-WIDE BASIS AND FOR EACH OF THE GEOGRAPHIC MARKET AREAS IN WHICH IT WAS DEPLOYING ONA SERVICES ON JULY 1 OF 1990, 1991 AND 1992. THE BOCS WERE ALSO REQUIRED TO REPORT THE RESULTS OF THEIR DISCUSSIONS WITH IILC CONCERNING THE FORMAT OF WIRE CENTER DEPLOYMENT INFORMATION BY MAY 19, 1989. THE FCC DEFERRED ASSESSING THE SUFFICIENCY OF BOC DEPLOYMENT PLANS FOR THEIR INITIAL SETS OF ONA UNTIL AFTER THE PROJECTIONS WERE FILED. HOWEVER, THE BOCS WERE CAUTIONED NOT TO ASSUME THAT ONA COULD ONLY BE SUPPORTED IN LARGE CITIES. 42/

FUTURE ONA SERVICES

EACH BOC WAS REQUIRED TO INCLUDE IN ITS ONA PLAN A SCHEDULE FOR THE PHASED INTRODUCTION OF FUTURE ONA CAPABILITIES.

BELL ATLANTIC, BELL SOUTH AND PACTEL INCLUDED SOME ONA SERVICES BASED ON CCS7 TECHNOLOGY. BELL ATLANTIC OFFERED AT LEAST SEVEN BSES IN A CCS7-BASED FEATURE PACKAGE CALLED CUSTOM LOCAL AREA SIGNALING SERVICES (CLASS). MOST OF THESE TRANSMIT THE CALLING PARTIES' NUMBERS TO CALLED PARTIES OR USE SUCH INFORMATION TO PROVIDE CERTAIN FEATURES AT THE CALLED PARTY'S REQUEST. BELL ATLANTIC PROJECTED THE AVAILABILITY OF CLASS SERVICES BY PERCENTAGE OF ACCESS LINES IN EACH OF ITS MAJOR MARKET AREAS THROUGH 1991.

AS FOR ISDN, THE BOCS GENERALLY CONTENDED THAT THEY COULD NOT DEVELOP A DEPLOYMENT SCHEDULE BASED ON ISDN BECAUSE ISDN WAS TOO UNPREDICTABLE AND BECAUSE A PARTICULAR VENDOR'S ISDN DESIGN MAY NOT BE COMPATIBLE WITH THE DESIGNS OF OTHER VENDORS. NEVERTHELESS, SOME BOCS WERE DEPLOYING ISDN ON A LIMITED BASIS. BELL ATLANTIC PROPOSED TO BEGIN THE INTRODUCTION OF ISDN DURING 1988 IN INDIVIDUAL EXCHANGES WHICH IT DESCRIBED AS "ISDN

ISLANDS".

GENERALLY, THE COMMENTERS WERE NOT SATISFIED WITH THE BOCS' RELUCTANCE TO PROVIDE SPECIFIC INFORMATION ABOUT FUTURE ONA SERVICES. NOAM CONTENDED THAT THE ONA PLANS LARGELY CONSISTED OF REPACKAGED EXISTING OFFERINGS. SOME PARTIES WERE ALSO CONCERNED THAT SERVICES WHICH HAD BEEN REQUESTED WERE NOT INCLUDED IN THE BOCS' INITIAL PROPOSALS.

THE FCC STATED THAT "ONA, IF IT IS TO BE MEANINGFUL, MUST BE AN EVOLUTIONARY PROCESS RATHER THAN A SHORT-TERM, FLASH-CUT FIX".

43/ THE MOST SIGNIFICANT DEPLOYMENT OF ONA WOULD TAKE PLACE IN THE FUTURE WHEN THE BOCS DEPLOYED ADVANCED TECHNOLOGIES LIKE CCS7, ISDN AND INTELLIGENT NETWORK/2. THUS, THE FCC CONCLUDED THAT LONG-TERM ONA IMPLEMENTATION PLANS HAD TO BE STRENGTHENED AND ORDERED THE BOCS TO RESPOND TO THREE ISSUES BY MAY 19, 1989.

THOSE ISSUES ARE:

1) HOW WILL THE ADVANCED CAPABILITIES AND FUNCTIONS AVAILABLE WITH THE NEW NETWORK TECHNOLOGIES BE USED TO OFFER ONA SERVICES?;

2) WHAT PROCESS WILL THE BOCS EMPLOY TO OBTAIN INPUT FROM ESPS ON THE DEVELOPMENT AND DEPLOYMENT OF NEW NETWORK TECHNOLOGIES AND RELATED ONA SERVICES?; AND

3) WHEN AND WHERE WILL THESE FUTURE ONA SERVICES BE MADE AVAILABLE? 44/

THE FCC WENT ON TO CAUTION THE BOCS THAT THE MERE EXPRESSION OF AN INTENT TO ENGAGE IN SUCH A PROCESS OR A PLAN FOR ESP INVOLVEMENT IN THE RECONFIGURATION OF EXISTING NETWORK FACILITIES WOULD NOT BE AN ADEQUATE ANSWER TO THE SECOND QUESTION. HOWEVER, IT ALSO CAUTIONED ESPS THAT THE BOCS WOULD REMAIN ULTIMATELY RESPONSIBLE FOR THE DESIGN AND IMPLEMENTATION OF CHANGES IN THEIR NETWORKS AND THAT SUCH CHANGES WOULD NOT BE MANDATED BY "INDUSTRY CONSENSUS". 45/

AS FOR BOC PROCEDURES FOR DEALING WITH FUTURE ONA SERVICES, THE FCC NOTED THAT ONLY AMERITECH COMMITTED TO A DEFINITE TIMETABLE FOR DETERMINING WHETHER IT WOULD OFFER THE REQUESTED SERVICE. AMERITECH STATED THAT WITHIN 120 DAYS OF RECEIVING A COMPLETE WRITTEN REQUEST FOR A NEW SERVICE, IT WOULD PROVIDE A

RESPONSE THAT INDICATED WHETHER IT WOULD PROVIDE THE SERVICE, WHEN, THE ANTICIPATED CHARGE, AND ANY POSSIBLE TECHNICAL PROBLEMS. AMERITECH WOULD REQUIRE THAT REQUESTS FOR NEW SERVICES BE ACCOMPANIED BY DEMAND PROJECTIONS "BY LOCATION". 46/

THE FCC REQUIRED THE OTHER BOCS TO ADOPT AMERITECH'S METHOD OF HANDLING REQUESTS FOR FUTURE SERVICES. IT FURTHER REQUIRED EACH BOC TO FILE BY MAY 19, 1989, AN AMENDMENT WHICH DESCRIBED IN DETAIL THE CRITERIA TO BE USED IN DETERMINING WHAT CONSTITUTED A "COMPLETE REQUEST". 47/

USE OF CUSTOMER PROPRIETARY NETWORK INFORMATION (CPNI)

SEVERAL PARTIES ARGUED THAT THE CPNI RULES WERE NOT FAIR AND THAT THE MFJ COURT'S DECISION OF MARCH 7, 1988 PROHIBITED THE USE OF CPNI OR, AT THE VERY LEAST, REQUIRED THE BOCS TO OBTAIN PRIOR AUTHORIZATION BEFORE DOING SO. THE FCC REJECTED THESE CONTENTIONS.

THE FCC ALSO CLARIFIED THAT CREDIT INFORMATION, WHICH IT DEFINED AS WHETHER AND HOW PROMPTLY A CUSTOMER PAID ITS BILLS, WAS NOT CPNI. THUS, BOCS COULD USE CREDIT INFORMATION IN THEIR

ENHANCED SERVICES OPERATIONS SO LONG AS DOING SO DID NOT CONFLICT WITH STATE OR FEDERAL LAWS AND REGULATIONS.

AS FOR UNLISTED TELEPHONE NUMBERS, THE FCC AGREED WITH THE AMERITECH STATES THAT SUCH NUMBERS DESERVED SPECIAL PROTECTION THAT WENT BEYOND CPNI. ACCORDINGLY, THE FCC PROHIBITED THE BOCS FROM MAKING UNPUBLISHED AND UNLISTED TELEPHONE NUMBERS AVAILABLE TO THEIR ENHANCED SERVICES PERSONNEL. HOWEVER, THE BOCS WERE NOT PROHIBITED FROM MARKETING ENHANCED SERVICES TO SUCH CUSTOMERS WHEN THEY CONTACTED THE BOC TO ORDER OR INQUIRE ABOUT NEW OR ADDITIONAL BASIC SERVICES.

FINALLY, THE FCC NOTED THAT ONLY BELL ATLANTIC, SOUTHWESTERN BELL AND US WEST SPECIFICALLY STATED THAT THEY WOULD MAKE CPNI AVAILABLE TO UNAFFILIATED ESPS ON THE SAME TERMS AND CONDITIONS APPLICABLE TO THEIR OWN ENHANCED SERVICE OPERATIONS. THE OTHER BOCS WERE REQUIRED TO MAKE THIS SAME COMMITMENT BY MAY 19, 1989.

PARTIES COMMENTING ON THE BOCS' PLANS FOR RESTRICTING ACCESS TO CPNI ARGUE THAT THE ONLY EFFECTIVE MEANS OF DOING SO WAS A PASSWORD/ID SECURITY SYSTEM LIKE THE ONE PROPOSED BY NYNEX. THEY

URGED THE FCC TO REQUIRE ALL BOCS TO USE THIS METHOD. THE FCC AGREED AND ORDERED ALL BOCS EXCEPT NYNEX TO INCORPORATE SUCH A METHOD INTO THEIR PLANS BY MAY 19, 1989. IF A BOC COULD DEMONSTRATE THAT SUCH A METHOD WAS NOT FEASIBLE, IT WOULD BE ALLOWED TO USE AN ALTERNATE METHOD SO LONG AS SUCH ALTERNATE METHOD WAS THE MOST EFFECTIVE AVAILABLE.

ALL BOCS EXCEPT PACTEL WOULD ATTRIBUTE CPNI ASSOCIATED WITH A PARTICULAR BASIC SERVICE TO THE ENTITY THAT WAS BILLED FOR THE SERVICE OR IN WHOSE RECORDS THE INFORMATION APPEARED. PACTEL WOULD PERMIT UNAFFILIATED ESPS TO RESTRICT THE ENHANCED SERVICES RELATED CPNI OF THEIR CUSTOMERS.

THE FCC NOTED THAT THERE COULD BE AMBIGUITY OVER WHETHER A PARTICULAR ITEM OF CPNI SHOULD BE ATTRIBUTED TO AN ESP OR TO A CUSTOMER OF AN ESP. THE FORWARDED-TO NUMBER IN A CALL FORWARDING SERVICE POSED SUCH AN AMBIGUITY. BELL ATLANTIC'S SOLUTION FOR THIS WAS TO DELETE THE FORWARDED-TO NUMBER FROM THE DATA BASES AVAILABLE TO ITS ENHANCED SERVICES PERSONNEL. THE FCC ORDERED THE OTHER BOCS TO ADOPT THIS APPROACH OR TO TAKE OTHER ACTION TO

RESTRICT ACCESS TO THIS INFORMATION BY THEIR ENHANCED SERVICES PERSONNEL.

EACH BOC WAS REQUIRED TO FILE A SAMPLE CPNI NOTICE AND RESPONSE FORM WITH ITS ONA AMENDMENT. THE FCC FOUND THAT NONE OF THE SAMPLES FULLY AND FAIRLY INFORMED CUSTOMERS OF THEIR CPNI RIGHTS. THUS, THE FCC ORDERED THE BOCS TO USE THE FORMS APPROVED FOR CPE IN THE SECOND BOC CPE PLANS ORDER. 48/

#### INSTALLATION AND MAINTENANCE

THE INSTALLATION AND MAINTENANCE PLANS OF ALL BOCS EXCEPT US WEST WERE APPROVED. US WEST WAS HELD NOT TO HAVE PROVIDED ENOUGH INFORMATION FOR THE FCC TO DETERMINE THAT ITS PLANS WERE NOT DISCRIMINATORY.

#### QUALITY

ALL OF THE BOCS EXCEPT BELL ATLANTIC SHOWED THAT THEIR PROCEDURES AND SYSTEMS PRECLUDED QUALITY-BASED DISCRIMINATION. BELL ATLANTIC MUST AMEND ITS PLAN BY MAY 19, 1989 TO CLARIFY THAT IT LACKED THE ABILITY TO DISCRIMINATE IN THE QUALITY OF THE CIRCUITS IT ASSIGNED.



## NONDISCRIMINATION REPORTS

THE QUALITY REPORTING REQUIREMENT WAS REMOVED FROM ALL BOCS EXCEPT BELL ATLANTIC. WHETHER IT WOULD ALSO BE LIFTED FOR BELL ATLANTIC WOULD DEPEND ON ITS ONA AMENDMENT ON THIS ISSUE.

THE REQUEST OF US WEST THAT THE MAINTENANCE REPORTING REQUIREMENT BE ELIMINATED WAS DENIED. 49/

HOWEVER, ALL BOCS EXCEPT US WEST WERE PERMITTED TO MODIFY THE FORMAT OF ITS NONDISCRIMINATION REPORTS TO COMPARE INSTALLATION AND MAINTENANCE PERFORMANCE PROVIDED FOR ITS OWN ENHANCED SERVICES WITH THAT PROVIDED TO A SAMPLING OF ALL CUSTOMERS. EACH BOC THAT SO MODIFIES MUST SUBMIT AN ANNUAL AFFIDAVIT, SIGNED BY THE OFFICER PRIMARILY RESPONSIBLE FOR INSTALLATION AND MAINTENANCE OPERATIONS, ATTESTING THAT IT HAS FOLLOWED THE NONDISCRIMINATION PROCEDURES. 50/

US WEST, BELL ATLANTIC AND BELLSOUTH PROPOSED TO DISAGGREGATE THEIR INSTALLATION AND MAINTENANCE REPORTS INTO THE CATEGORIES REQUIRED FOR THEIR CPE REPORTS. THE FCC FOUND THAT THIS WAS NOT ACCEPTABLE. INSTEAD, EACH BOC WAS REQUIRED TO AMEND

ITS PLAN TO INCLUDE NEW CATEGORIES THAT REFLECT BASIC SERVICE CATEGORIES RELEVANT TO ITS PROVISION OF ENHANCED SERVICES BY MAY 19, 1989. SPECIFICALLY, EACH BOC MUST REPORT ON EACH ONA SERVICE, INCLUDING EACH BSA, BSE, AND CNS THAT ITS ENHANCED SERVICES OPERATION PURCHASES FOR ITS PROVISION OF ENHANCED SERVICES. THE FCC ALSO REQUIRED EACH BOC TO SHOW TOTAL ORDERS, DUE DATES MISSED, AND AVERAGE INTERVALS FOR EACH CATEGORY WITHIN ITS INSTALLATION AND MAINTENANCE REPORTS. 51/

## FOOTNOTES

1. In the Matter of Filing and Review of ONA Plans, CC Docket No. 88-2, Phase I, December 22, 1988, para. 1
2. Id. at paras. 59-60
3. Id. at para. 62
4. Id. at para. 63
5. Id. at para. 70
6. Id. at para 72
7. Id. at para 78
8. Id. at note 144, page 44
9. Id. at para 84
10. Id. at para 85
11. Id. at para 88
12. Id at paras. 106-107
13. Id. at para. 109
14. Id. at para. 110
15. Id. at para 115
16. Id. at para 125
17. Id. at para 126
18. Id. at para 128
19. Id. at note 247, page 67
20. Id. at para. 143
21. Id. at paras. 144-149
22. Id. at para. 171
23. Id. at para. 168
24. Id. at para. 172

25. Id. at para. 181
26. Id. at para. 198
27. Id. at para. 205
28. Id. at para. 213
29. Id. at para. 220
30. Id. at para. 229
31. Id. at para. 228-230
32. Id. at para. 236-238
33. Id. at para. 231-232
34. Id. at para. 276
35. Id. at para. 277
36. Id. at para. 280
37. Id. at para. 312
38. Id. at para. 322
39. Id. at para. 345
40. Id. at paras. 351-356
41. Id. at para. 358
42. Id. at para 364
43. Id. at para 378
44. Id. at para 381
45. Id. at para. 388 and note 957
46. Id. at para. 391
47. Id. at paras. 396-397
48. Id. at para. 440
49. Id. at para. 482
50. Id. at para. 483

51. Id. at para. 488.



REMARKS OF THE HONORABLE PATRICIA M. WORTHY,  
CHAIRMAN, PUBLIC SERVICE COMMISSION  
OF THE DISTRICT OF COLUMBIA

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"ONA IMPLEMENTATION POLICY"

BEFORE THE

COMMUNICATIONS NETWORKS

WASHINGTON, D.C. CONVENTION CENTER

FEBRUARY 7, 1989 - 8:30-9:45 A.M.

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FIRST, IT IS IMPORTANT FOR YOU TO UNDERSTAND HOW DIFFICULT IT IS, FOR ME, THIS MORNING, TO PARTICIPATE IN A FORUM DESIGNED TO PROVIDE YOU WITH THE VARIOUS VIEWS OF THE "PLAYERS" IN THE IMPLEMENTATION AND THE FURTHER POLICY DEVELOPMENT OF OPEN NETWORK ARCHITECTURE. THE DIFFICULTY CAN BEST BE EXPLAINED IF I DIGRESS FOR A MOMENT AND RECITE BRIEFLY THE EVOLUTION OF THE FCC'S ONA POLICY.

ONA WAS BORN FROM THE LEGAL EXTRAPOLATIONS OF THE FCC'S COMPUTER INQUIRY DECISION, THE FIRST OF WHICH WAS CONCLUDED IN 1971. COMPUTER II, AS YOU KNOW, PREEMPTED STATE REGULATION OF ENHANCED SERVICES AND PROHIBITED STATE INTERFERENCE WITH THE

FCC'S DECISION TO ALLOW AT&T TO PROVIDE THESE UNREGULATED SERVICES ON A STRUCTURALLY SEPARATED BASIS. AFTER THE DIVESTITURE, THE FCC EXTENDED ITS PREEMPTION DECISION TO INCLUDE THE ENHANCED SERVICE OFFERINGS OF THE BOCS. FINALLY, IN 1985, THE FCC IN ITS COMPUTER III DECISION, HAVING THEN FOUND SEPARATE SUBSIDIARIES TO BE UNECONOMIC AND INEFFICIENT, INSTITUTED NON-STRUCTURAL SAFEGUARDS AND PROHIBITED STATE REGULATORY COMMISSIONS FROM IMPOSING MORE STRINGENT REGULATORY REQUIREMENTS. AS ONE OF THE FOUR PRINCIPAL COMPONENTS OF THE FCC'S NON-STRUCTURAL PROVISIONS, THE BOCS WERE DIRECTED TO PROVIDE ENHANCED SERVICES COMPETITORS WITH NETWORK INTERCONNECTION OPPORTUNITIES ON AN "EQUAL ACCESS" BASIS THROUGH COMPARABLY EFFICIENT INTERCONNECTION (CEI) STANDARDS AND PRICING. THE SERVICE-BY-SERVICE CEI FILINGS WERE TO ULTIMATELY BE REPLACED WITH A "NETWORK DESIGN THAT USES PROPERLY DEFINED OPEN NETWORK ARCHITECTURE (ONA) PRINCIPLES". THE BOC'S WERE DIRECTED TO FILE ONA PLANS BY FEBRUARY 1, 1988, AFTER RELEASE OF THE PHASE I ORDER ON JUNE 16, 1986, THE BOCS AND BELLCORE BEGAN OBTAINING INDUSTRY INPUT FOR ONA PLANNING AND THE



SELECTION OF INITIAL BSES. BELLCORE SPONSORED TWO NATIONAL ONA FORUMS AND REPRESENTATIVES OF THE ESP INDUSTRY, THE BOCS, INDEPENDENTS, INTEREXCHANGE CARRIERS, MANUFACTURERS AND USER GROUPS WERE INVITED. IN ADDITION TO THESE NATIONAL FORUMS, THE INDIVIDUAL BOCS HELD REGIONAL FORUMS, WHICH WERE SUPPLEMENTED BY NUMEROUS MARKETING RESEARCH EFFORTS. THE BOCS THEN FORMED A NATIONAL ONA AD HOC COMMITTEE, WHICH WAS SUPERCEDED BY A TECHNICAL ADVISORY GROUP WHICH ULTIMATELY PRODUCED FOUR ONA SPECIAL REPORTS. AFTER THE ONA PLANS WERE FILED ON FEBRUARY 1, 1988, THE FCC RECEIVED NUMEROUS COMMENTS AND REPLY COMMENTS AS WELL AS SUPPLEMENTAL COMMENTS AND SUPPLEMENTAL REPLIES (A DOCKET OF WELL OVER 7,000 PAGES OF COMMENTS AND EXHIBITS). THE FCC ISSUED ITS OPINION AND ORDER ON DECEMBER 22, 1988 -- AND FINALLY SOMEONE HAS ASKED A STATE REGULATORY COMMISSIONER THEIR OPINION OF ONA.

YOU CAN UNDERSTAND, I HOPE A TENDENCY TO BE LEERY, CAUTIOUS, APPREHENSIVE AND PERHAPS EVEN A "WEE-BIT" CONFRONTATIONAL. SETTING ASIDE, HOWEVER, ANY PERSONAL

HOSTILITIES AND THE REALITY OF OUR PENDING APPEAL OF COMPUTER III IN THE NINTH CIRCUIT, I WILL, FOR THE SAKE OF THIS MORNING'S DISCUSSION, ACKNOWLEDGE THAT AN EFFICIENTLY CONFIGURED TELECOMMUNICATIONS NETWORK IS IN THE PUBLIC INTEREST. AND AS A STATE REGULATOR, I WILL, TO ASSIST IN TODAY'S DIALOGUE, IDENTIFY THE FOLLOWING AREAS OF PRIMARY CONCERN AT THE STATE LEVEL:

- THE ISSUE OF UNBUNDLING AND THE ISSUES RELATED THERETO, SUCH AS ITS INITIAL AND ACTUAL POTENTIAL COST, BYPASS, COLLOCATION AND POTENTIAL COMPETITION IN THE LOCAL EXCHANGE.
- THE DEGREE OF DEMAND FOR ONA SERVICES AND THE MYRIAD OF ISSUES RELATED TO DEMANDS, SUCH AS THE FCC DETERMINED DEPLOYMENT SCHEDULE, THE NEED FOR PROPER DEMAND ELASTICITIES STUDIES AND THE REGIONAL VS. FEDERAL PERSPECTIVE.
- PRICING OF ONA SERVICE, AND THE RELATED CONCERNS SUCH AS PRICING PARITY, LOSS OF REVENUES, INEFFICIENCIES AND THE POTENTIAL IMPACT OF THE FCC'S REQUIREMENT TO FILE FEDERAL BSA/BSE TARIFFS.
- COST ISSUES/AND THE RELATED PROBLEMS OF PROPER COST ALLOCATION

PROCEDURES, JURISDICTIONAL SEPARATIONS AND THE PROPER COSTING  
METHODOLOGY FOR ONA SERVICES MARKET VS. COST-BASED PRICING, AND  
FINALLY

- UNIFORMITY ISSUES WHICH THE STATES HAVE IDENTIFIED AS THE  
FEASIBILITY OF A MODEL ONA TARIFF THAT CAN BE UTILIZED BY STATE  
COMMISSIONS IN THE TARIFF REVIEW PROCESS.

THANK YOU AGAIN FOR THIS OPPORTUNITY TO ADDRESS YOU THIS  
MORNING, TO PARTICIPATE IN THE ONA DEBATE BUT MORE IMPORTANTLY,  
THANK YOU FOR ACKNOWLEDGING THAT STATE REGULATORS HAVE A CRITICAL  
ROLE IN THE DEVELOPMENT AND VIABILITY OF OPEN NETWORK ARCHITECTURE.

