Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Access Charge Reform	)	**CC Docket No. 96-262**
	)	
Price Cap Performance Review for Local Exchange Carriers	)	**CC Docket No. 94-1**
	)	
Interexchange Carrier Purchases of Switches Access Services Offered by Competitive Local Exchange Carries	)	**CCB/CPD File No. 98-63**
	)	
Petition of US West Communications, Inc. for Forbearance from Regulation as a Dominant Carrier in the Phoenix, Arizona MSA	)	**CC Docket No. 98-157**

PETITION FOR PRICING FLEXIBILITY FOR SPECIAL ACCESS AND DEDICATED TRANSPORT SERVICES

INTRODUCTION AND SUMMARY

In accordance with the Commission's directive in CC Docket No. 96-262[1] and section 1.774 and 69.701 *et seq.* of the Commission's Rules, 47 C.F.R. §§ 1.774 and 69.701 *et seq.*, Frontier Telephone of Rochester, Inc. and Frontier Communications of Seneca-Gorham, Inc. (together "Frontier") herewith file this petition for pricing flexibility for certain special access and dedicated transport services. As shown in the accompanying data, Frontier is entitled to

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1 *In the Matter of Access Charge Reform, Price Ca0p Performance Review for Local Exchange Carriers, Petition of US WEST Communications, Inc. For Forbearance from Regulation as a Dominant Carrier in the Phoenix, Arizona MSA, and Interexchange Carrier Purchases of Switched Access Services Offered by Competitive Local Exchange Carriers*, CC Docket Nos. 96-262, 94-1, 98-157 and CCB/CPD File No. 98-63, *Fifth Report and Order and Further Notice of Proposed Rulemaking*, 14 FCC Rcd 14221 (1999) (*"Pricing Flexibility Order").*

Phase I or *Phase II* treatment[2] for those services enumerated in Attachment 1 to this petition ("qualifying services") which are offered in the Rochester, New York metropolitan statistical area ("MSA"). A summary of the relief sought is provided at Attachment 2 to this filing. This information is deemed proprietary by Frontier and is provided this date under separate cover. A detailed collocator demonstration for the MSA, as required under sections 69.709 and 69.711, 47 C.F.R. §§ 69.709 and 69.711, is provided at Attachment 3. A certification that this petition and accompanying data have been made available to interested parties is contained at Attachment 4.

METHODOLOGY

To obtain *Phase I* relief for qualifying services (excluding channel terminations between an end office and end user customer premises), Frontier must demonstrate with respect to each MSA that unaffiliated competitors have collocated:

> (1) in fifteen percent of the petitioner's wire centers, and that at least one such collocator in each wire center is using transport facilities owned by a transport provider other than the price cap LEC to transport traffic from that wire center; or
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> (2) in wire centers accounting for 30 percent of the petitioner's revenues from dedicated transport and special access services other than channel terminations between LEC end offices and customer premises, determined as specified in § 69.725 of this part, and that at least one such collocator in each wire center is using transport facilities owned by a transport provider other than the price cap LEC to transport traffic from that wire center.[3]

Identical triggers are employed in the determination of *Phase II* eligibility except the operative percentages are increased to fifty percent for wire center collocation and 65 percent for wire

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[2] Services qualifying for *Phase I* treatment may be offered under contract tariffs and tariffs which employ volume and term discounts. *Pricing Flexibility Order* at 14287, ¶ 122. *Phase II* treatment provides relief for special access and dedicated transport services from the constraints of price cap and Part 69 rate structure requirements. *Id.* at 14296, ¶ 141.

[3] 47 C.F.R. § 69.709(b).

center revenues.[4] Similarly, section 69.711 of the Rules, 47 C.F.R. § 69.711, which governs pricing flexibility for end user channel termination services, prescribes like triggers with operative percentages of 50 percent (collocation) and 65 percent (revenues) to obtain *Phase I* relief for these services and 65 percent (collocation) and 86 percent (revenues) to qualify under *Phase II*.[5]

To determine whether Frontier qualifies for pricing flexibility relief under one or more of these triggers, Frontier conducted the following analyses:

1) identification of wire centers within the Rochester MSA where qualifying service providers have obtained collocation, to include the identification of collocators employing competitive transport facilities;

2) calculation of revenue attributable to the qualifying services for each Frontier wire center within the Rochester MSA;[6] and

3) with respect to channel termination services, differentiation of revenue attributable to those services provided to end user locations and those provided to interexchange carrier (IXC) points of presence (POPs).

The following is a description of the methodology used by Frontier to perform these analyses:

<u>Identification of Qualifying Collocators</u>

Each wire center on which Frontier relies to meet the requirements for pricing flexibility relief must contain "at least one collocator that uses transport facilities owned by a provider other

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4 47 C.F.R. § 69.709(c).

5 47 C.F.R. § 69.711(b) and (c).

6 The 1992 MSA boundaries coincide with county boundaries within a state. Wire center boundaries, however, may span several counties and thus include geographic areas within more than one MSA. In such cases, the wire center was assigned to the MSA containing the highest percentage of its serving area.

than the price cap LEC to transport traffic from that wire center…"[7] Identification of CLECs was accomplished using applications for collocation service and collocation agreements associated with Frontier's collocation arrangements. With these records, Frontier could identify specific CLECs occupying its wire centers and distinguish those employing non-Frontier transport in the collocation arrangement (this latter information having been furnished by the CLEC at the time of or subsequent to its initial application). The collocation agreements indicate whether the CLEC is paying Frontier for cable space, which is needed only when the CLEC is using non-Frontier cable transport facilities.

Data regarding collocation arrangements meeting Commission rules which has been extrapolated from these records is contained at Attachment 3. The information is regarded as proprietary by Frontier and is the subject of a request for confidential treatment filed this date with the Commission.

Qualifying Services Revenue Calculation

The first step in this process was identification of revenue within the MSA from qualifying services. Because the revenue triggers for pricing flexibility vary by type of rate element, it is necessary to identify revenue by the types of rate element for which relief is being sought. In making this identification, Frontier analyzed 1999 base period demand to determine its breakdown by wire center.

Frontier tracks recurring demand for its Rochester study area by means of a historical database of interstate Uniform Service Order Codes ("USOCs"). This database contains USOC, bill number, circuit number, quantity billed, one code indicating a central office, and (in the case of switched facilities) the percentage of interstate usage ("PIU") applied. A program was written to determine the mileage associated with each circuit by reading the quantity of mileage sensitive

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[7] 47 C.F.R. § 1.774(a)(3)(iii).

rate elements billed. Quantities of USOCs were then sorted by office code and indicated mileage. Demand was allocated to the various offices in the following manner:

Where zero mileage was reported, demand was assigned to the office indicated by the office code.

Where positive mileage was reported, two offices must be involved. For each office code-mileage combination, a report of December 1999 circuits was generated. Current circuit records were examined to determine whether the circuits were still in service. For circuits found in the current billing system, both offices were identified and USOCs were assigned to the office indicated by the circuit records. USOCs associated with a specific office were assigned to the office indicated by the circuit records. For example, a circuit with interoffice mileage may have a channel termination in one office and a multiplexer in the other office; circuit records must be examined to determine which element is in which office. USOCs associated with interoffice mileage were allocated 50% to each office if both were Frontier offices, and 100% to the Frontier office where the second office belongs to a different company.

A further examination of circuit records was necessary for channel terminations at offices serving interexchange carrier points of presence ("POPs"). For channel terminations at these offices, circuit records were examined to determine whether the channel termination terminated at a carrier's POP. This was done even for circuits with zero mileage.

For circuits not in the current billing system, USOCs were assigned to offices in the same manner as circuits containing the same USOCs that were in the billing system. Where no circuit of a given configuration was in the current billing system, the USOCs were assigned to offices in a manner consistent with the office code, the indicated mileage, and known aspects of Frontier network architecture as it relates to the indicated billed customer.

In most cases, a given office code-mileage combination yielded a single result of what offices were involved. In a few cases, more than one result was obtained from the various circuit records. In these cases, demand for the given office code-mileage combination was allocated proportionately to the quantities found in the circuits. In some cases it was necessary to generate reports by circuit number for all of 1999 to determine when circuits were installed, in order to assign demand to the correct offices.

Nonrecurring charge demand is not tracked by office; accordingly, it was allocated to offices proportionately to the month to month change in the number of associated recurring charges billed.

For demand at Frontier Communications of Seneca-Gorham, reports were available from Carrier Access Billing System ("CABS") detailing rate elements by end office. Because there are no IXC POPs in Seneca-Gorham territory, all interstate circuits are meet point billed. Given this network architecture, all channel termination at Seneca-Gorham were designated as end user channel terminations at the indicated office. All interoffice mileage was assigned 100% to the indicated office, as the other office involved must belong to a different company. Nonrecurring charges were available on the reports by end office.

Once demand has been determined by end office, revenue by end office is derived by rating out demand at the rates currently in effect. This was balanced to the revenues filed in the most recent price cap filing to ensure accuracy. After verifying that total revenue is correct, revenue attributable to offices outside the MSA was excluded. The remaining revenue, which is attributable to the Rochester MSA, was sorted by rate element and wire center. For this purpose, a distinction is made between channel terminations provided to an end user premise and channel terminations provided to an IXC POP. Revenue was identified as being from end user channel terminations or other special access by the nature of the associated rate element. Which rate elements are channel terminations was identified in the same manner as that used to populate the revenues from channel terminations on form RTE-1 of the Commission's Tariff Review Plan.

Revenues associated with the major categories of End User Channel Terminations and Dedicated Transport & Special Access excluding End User Channel Terminations were sorted by whether they were attributable to competitive wire centers. The resulting competitive and total MSA revenue numbers are shown on Attachment 2. Percentages of revenue attributable to competitive wire centers are shown on Attachment 3.

CONCLUSION

The Commission should grant the within and foregoing petition based upon Frontier's demonstration that it has met the requirements for *Phase I* and *Phase II* relief for the relevant services in the Rochester, New York MSA.

Respectfully submitted

FRONTIER TELEPHONE OF ROCHESTER, INC. and FRONTIER COMMUNICATIONS OF SENECA-GORHAM, INC.

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