

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 5713

Investigation into New England Telephone)
and Telegraph Company's (NET's) tariff filing)
re: Open Network Architecture, including)
the unbundling of NET's network, expanded)
interconnection, and intelligent networks)
in re: Phase II)

Order entered: 11/25/97

THIRD AMENDED ORDER RE:
PROCEDURAL SCHEDULE FOR REMAINDER OF PHASE II

A. Motion to Amend Schedule

On November 12, 1997, New England Telephone and Telegraph Company d/b/a Bell Atlantic-Vermont ("BAVT" or "Company") and AT&T Communications of New England, Inc., filed a joint motion to alter the procedural schedule and withdraw certain prefiled testimony from the Board's consideration in the up-coming hearings in December. Specifically, the moving parties asked that the Board's review of BAVT's and other parties' cost studies be divided into two parts (or "sub-modules"): the first, with hearings in December as currently scheduled, would focus on recurring costs and the second, to be slated for early next year, would address non-recurring costs. In addition, because some testimony already filed raises questions with respect to both types of costs, the moving parties asked that those portions of the prefiled testimony dealing exclusively with non-recurring costs be taken up in the later hearings. Lastly, BAVT and AT&T stated that other parties—the Department of Public Service ("DPS"), MCI Telecommunications Corporation ("MCI"), the ten independent telephone companies, Vermont Telephone Company, and Hyperion Telecommunications of Vermont ("Hyperion")—do not oppose the motion.¹ Joint Motion at 1-3. The motion also requested minor changes to the deadlines for the filing of certain witnesses' direct and rebuttal testimony. *Id.* at 2.

1. Hyperion's acquiescence was conditioned upon agreement that the hearings on non-recurring costs take place as early as possible in 1998 or, if delayed, that some form of "true-up" be established to protect parties who purchase unbundled network elements before final prices for those elements are established. BAVT and AT&T did not object to this suggestion. Joint Motion at 1-2, fn. 1.

Because the motion affected the parties' immediate actions, I asked the Clerk of the Board, on November 13, 1997, to inform the parties that day that I intended to grant the motion in full and that a written order would be issued shortly.

This is that order. The motion is granted. The procedural schedule for the remainder of Phase II is therefore modified as follows:

Phase II-Module 2

Sub-Part A: Recurring Costs

Thomas Weiss's prefiled testimony (not later than:)	11/17/97
BAVT's rebuttal prefiled testimony	11/21/97
AT&T and DPS (Hill) surrebuttal testimony	12/4/97
DPS surrebuttal testimony (Weiss)	12/8/97
Evidentiary hearings	12/8 - 12/12/97 and 12/16 - 12/18/97

Sub-Part B: Non-Recurring Costs

Hearings	Week of 1/26/98
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I am sympathetic to Hyperion's request for a speedy resolution of the cost study phase and have scheduled hearings on non-recurring costs sooner than the moving parties suggested. The continued stretching out of this docket merely puts off--without obvious compensating value--the introduction of real competition and its much-heralded benefits in the Vermont local exchange market. In particular, universal service issues must finally be dealt with in 1998. And, lastly, my own schedule doesn't permit easy postponement on the Phase II hearings.

The parties did not set out deadlines for additional discovery; it is not clear that they intend to conduct any. If they decide that more discovery is warranted, they should file a proposed schedule for doing so.

B. ILP PIC-Change Costs

On November 4, 1997, the DPS filed a request that the Board investigate BAVT's proposed \$5.00 charge for changing a customer's presubscribed intraLATA toll carrier ("PIC"). On November 12th, MCI filed a letter in support of that request. The DPS raises several concerns about the proposed charge, and asks that the Board investigate and decide the question by January 31, 1998 (*i.e.*, near the end of the three-month PIC-change charge waiver period).²

2. The DPS raises four general concerns: One, BAVT's studies show that the cost of a PIC change is approximately \$3.00, not \$5.00, and the significant mark-up will dissuade customers from changing carriers. Two, BAVT has inappropriately included certain costs in determining the underlying cost of PIC change; elimination of such costs would further reduce the fee. Three, shared costs might not be properly accounted for. And four, there may be cost variations in the costs of performing different types of PIC changes that would not be reflected in a flat fee. DPS Letter, 11/4/97, at 1-2.

On November 19, 1997, AT&T filed a letter in which it describes several concerns that it has with the PIC-change cost study. It did not expressly state that it joined in the DPS's request to investigate the costs and proposed rate; however, on the basis of that letter, I assume that

In approving the ILP Stipulation in its Order of August 20, 1997, the Board directed BAVT to perform a study of the costs associated with PIC changes, so that the Board could determine whether the proposed \$5.00 charge is reasonable. That study was dated October 10th and was reviewed by the parties during a workshop in Boston on October 28th.³ I am prepared to review PIC-change costs and recommend an appropriate fee, but I doubt that hearings and a proposed decision on the issue can be completed before the end of January. As it stands now, I expect to take up this issue during the hearings in December (or January, if need be). If the parties can devise a way of dealing with this question along some sort of "faster track," such as opening a separate investigation, I will consider it seriously. Also, in the event that the issue cannot be resolved before the end of the waiver period, the parties may be able to stipulate to an interim rate for PIC-changes, pending a final Board order on costs and prices.

AT&T concurs with the DPS.

3. Board staff were not present at that meeting.

SO ORDERED.

DATED at Montpelier, Vermont, this 25th day of November, 1997.

s/ Frederick W. Weston
Frederick W. Weston, III
Hearing Officer

OFFICE OF THE CLERK

FILED: November 25, 1997

ATTEST: s/ Susan M. Hudson
Clerk of the Board

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