

Decision 89 04 044 APR 12 1989**ORIGINAL**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
Mano

Application of TELEPORT
 COMMUNICATIONS-LOS ANGELES, INC. for)
 a Certificate of Public Convenience)
 and Necessity to provide High Speed)
 Digital Private Line Service for the)
 purpose of interLATA and intraLATA)
 transmission at speeds of 1.544 mbps)
 or higher throughout the State of)
 California.)

APR 17 1989

Application 88-12-046
(Filed December 23, 1988)OPINIONSummary

This decision grants applicant, Teleport Communications - Los Angeles, Inc. (TCLA) a certificate of public convenience and necessity (CPCN) to provide intraLATA 1.544 megabits per second (mbps) and 44.736 mbps high speed digital private line service in accordance with the rates and charges and special conditions set forth in its proposed initial Advice Letter and associated tariff sheets in Appendix A hereto. These tariff provisions are to become effective five days after filing.

Background

On December 23, 1988, TCLA filed Application (A.) 88-12-046 requesting that the Commission issue it a CPCN under Public Utilities (PU) Code § 1001 to permit applicant to operate as a telecommunications utility in California. Initially, TCLA intends to provide intraLATA high speed digital private line service at 1.544 mbps or higher in accordance with the modified settlement adopted by this Commission in Decision (D.) 88-09-059, dated September 28, 1988, which approved with certain modifications

a settlement reached by many of the parties in Phase I of Investigation (I.) 87-11-033.¹

Appendix A of D.88-09-059 prescribes the following conditions for competition for intraLATA high speed digital private line services:

"Competitive providers in high speed digital markets may hold out the availability of and provide multiplexing equipment or services, including voice services, as part of such high speed digital services.

"For purposes of this document, digital private line services at 1.544 megabits per second (mbps) or above are considered to be 'high speed digital private line' service. As used herein, 'intraLATA high speed digital private line' service is defined as the dedicated connection of two or more end user premises within a LATA for the purpose of providing intraLATA high speed digital nonswitched services. Competitive carriers may provide multiplexing service for voice and/or data at the end user's premises such that the transmission speed from or to the end user's premises is at 1.544 mbps or above.

"This document does not permit the transport from or to the end user's premises for intraLATA service of either analog or digital transmissions at speeds less than 1.544 mbps." (D.88-09-059), Appendix A, mimeo. p. 8.)

In D.88-09-059 we also concluded that authorizations granted for provision of competitive intraLATA high speed digital private line services should be coincident with the effectiveness of local exchange carrier pricing flexibility for such services (D.88-09-059, mimeo. p. 8). Since that time, Pacific Bell (Pacific) and GTE California, Incorporated (GTEC) have requested

¹ I.87-11-033 is the Commission's investigation of alternative regulatory frameworks for local exchange telephone companies.

pricing flexibility for these services in A.88-10-012 and A.88-10-017, respectively. Workshops were held in those matters and Pacific and GTEC were directed by D.89-02-023 and D.89-02-024, respectively, dated February 8, 1989 to file revised tariff schedules providing flexibility for the offering of 1.544 mbps intraLATA high speed digital private line service with an effective date of February 15, 1989.

On February 8, 1989 the Commission also granted CPCN's to six interexchange carriers thereby authorizing them to provide competitive intraLATA high speed digital private line services on or after February 15, 1989.

Applicant does not request authority to compete as a provider or reseller of telecommunications services in the interLATA market in California at this time.

Description of Applicant

TCLA, when granted a CPCN as a telecommunications utility in California, will operate as a wholly owned subsidiary of Merrill Lynch Technology Group, Inc. (MLTG). TCLA's principal office will be at 818 West Seventh Street, Suite 1004, Los Angeles, California 90017. TCLA's parent (MLTG) in turn maintains a headquarters address of: Teleport Communications Group, 1 Teleport Drive, Suite 301, Staten Island, New York 10311-1011.

The application as filed did not include a substantive financial commitment to carry out this utility operation, or a certificate by the Secretary of State of the State of California qualifying and authorizing TCLA to transact intrastate business in California. The application also failed to include TCLA's initial rates and charges for the proposed service.

These deficiencies were called to the attention of the attorneys for the applicant, via telephone, by the assigned administrative law judge (ALJ). Applicant responded by letter dated February 9, 1989 which contained:

1. A copy of the certificate of qualification of TCLA to do business in California which

had been approved by the Secretary of State on December 12, 1988. (The original of this certificate was separately filed with the Commission's docket office on a prior date.)

2. An original letter from Mr. John A. Scarpati, Vice President and Financial Officer of MLTG's Teleport Communications Group, confirming that MLTG² would commit the estimated \$4.6 million needed to fund the initial construction and first year's operation of TCLA.
3. The draft Advice Letter No. 1 and associated tariff sheets for the initial offering of DS1 1.544 mbps and DS3 44.736 mbps³ proposed service within the City of Los Angeles and nearby communities.

Applicant's letter also confirmed that TCLA would use existing rights of way (ducts, pole attachments, and cable supports) of existing utilities and/or public agencies including transit authorities for the entirety of its initial Los Angeles service area to avoid duplication of similar supporting structures and to mitigate possible environmental impact. On March 17, 1989 TCLA forwarded a revised draft of its proposed tariff to the assigned ALJ. The revised tariff contains corrections, additions of previously omitted material, and deletions of certain

2 A copy of MLTG's Second Quarter Report for calendar year 1988 was appended to A.88-12-046 setting forth revenues of \$2.484 billion, expenses of \$2.392 billion, and earnings of \$92 million before and \$53 million after taxes, for the 13 week period ending June 24, 1988.

3 TCLA refers to its intraLATA 1.544 mbps high speed digital private line service as DS1 and also proposes to offer a still higher speed DS3, 44.736 mbps, private line service as a part of its initial offering of telecommunications services.

superfluous citations which were included in the earlier draft tariff.

The data supplied with and referenced in the application confirms that MLTG (TCLA's parent) has the financial resources, communications knowledge, and technical expertise to effectively undertake this new communications business activity in California.

Description of Proposed Service

IntraLATA 1.544 mbps and 44.736 mbps high speed digital private line services are dedicated full period data communication services as previously discussed herein.

TCLA will construct its own "backbone" metropolitan area fiber optic cable facility to serve the downtown financial district of Los Angeles. The backbone cable, according to applicant, will be routed in a manner which will allow TCLA to serve buildings housing interexchange carriers' points of presence as well as major telecommunications users.

TCLA believes that it can construct this initial backbone cable plant using existing conduits, ducts, poles, or other attachments and thus the construction will not likely have any significant impact on the environment.

TCLA states that it will usually connect customers to its "backbone" system by use of fiber optic cable, although other transmission media, such as microwave facilities may also be used, as necessary. TCLA asserts that its proposed system is based on proven design and operating methods and practices which have been utilized over the past three years by another subsidiary of MLTG (Teleport Communications of New York).

While TCLA initially plans to serve only the Los Angeles financial district, it is nonetheless seeking statewide authority and plans to construct similar networks in other areas of the state if there is sufficient demand.

TCLA estimates that it will have 59 and 125 customers in the Los Angeles area at the end of the first and fifth full years of operation respectively.

TCLA believes that its proposed services will offer a number of benefits to customers, as follows:

1. TCLA will provide customers with innovative, customized services designed to meet specific needs.
2. TCLA's service will expand the availability of technologically advanced telecommunications facilities.
3. TCLA's entry into the high speed digital market in Los Angeles and elsewhere in the state will aid in developing the advanced telecommunications networks necessary for successful economic development in California.
4. TCLA's service will improve the quality and reliability of services offered by interexchange carriers to the public by providing these carriers with customized, technologically advanced transmission facilities.

Notice of Application and Protests Received

TCLA opines that it is likely to compete with existing carriers and prospectively with other telecommunications providers when it offers this new service. Therefore, in accordance with Rule 18b of the Commission's Rules of Practice and Procedure, it served copies of this application on others with which it is likely to compete.

On January 23, 1989 the Commission's Division of Ratepayer Advocates (DRA) protested this application because TCLA failed to include proposed tariff schedules as a part of its application; DRA asserts that it needs adequate review time to determine whether the proposed rates for this service "are reasonable and/or are not anticompetitive (i.e. below cost

pricing)." DRA also requests that TCLA be required to furnish a rate comparison exhibit to compare its rates with those proposed by Pacific and GTEC. In addition, DRA recommends that we institute reporting requirements for TCLA when we authorize this new Hicap⁴ service as follows:

- "a. Quarterly reports for a two year period beginning with the effective date of TCLA's rates and charges, be filed with the Commission's Advisory and Compliance Division (CACD) with copies to the DRA - Telecommunications Rate Design Branch which provide the following recorded data for TCLA's Hicap service:
 - "i. monthly in-service volumes.
 - "ii. monthly inward movement volumes.
 - "iii. monthly recurring billings by tariff rate item.
 - "iv. monthly nonrecurring billings by tariff rate item.
 - "v. monthly costs by rate element for recurring rates.
 - "vi. monthly costs by rate element for nonrecurring charges on a work function by work function basis.
- "b. The format of these quarterly reports should be determined in consultation with CACD.
- "c. TCLA shall file the quarterly reports 45 days after the end of the respective quarter for which the report applies."

DRA asserts that the Commission will need this information to keep abreast of developments in the intraLATA Hicap market and to determine whether or not intraLATA Hicap service is competitive. Additionally, this information is needed by the

⁴ Hicap is still another name being used to refer to high speed digital private line service.

Commission to protect competitors against anticompetitive behavior, e.g. below cost pricing.

DRA also requests that any advice letter and associated tariff revisions filed by TCLA for this new offering be made effective on not less than five (5) days' notice of the filing. DRA contends that such filings should include a supporting rate comparison exhibit as well.

Lastly DRA calls to our attention an issue raised by Teleport Communications of San Francisco (TCSF) at the workshop of January 5, 1989 in A.88-10-012 relative to need to subscribe for an additional link from Pacific's central office to the points of presence of an interexchange carrier as contrasted to permitted collocation in the central office. DRA suggests that we address this issue in this application because TCLA proposes to provide interexchange carriers alternate points of presence to connect end users on its system directly to the interexchange carriers without the need of routing through the local exchange carrier's central office.

On January 30, 1989 TCLA representatives met with, and supplied proposed tariff schedules to DRA to satisfy these concerns. On February 6, 1989 DRA withdrew its protest stating that TCLA had complied with its request to provide a set of tariffs in an acceptable format on or before January 30, 1988. DRA's February 6, 1989 withdrawal of its prior protest contained no further or remaining conditions.

On January 23, 1989, Pacific wrote a letter to the ALJ enumerating the conditions of Section IV of the "Modified Settlement" adopted by the Commission in D.88-09-059 dated September 28, 1988 and stating its understanding that TCLA was requesting authority based on the terms of the adopted "Modified Settlement." On that understanding Pacific did not oppose TCLA's application (A.88-12-046).

Discussion

On February 8, 1989 by D.89-02-023 in A.88-10-012 (Pacific) and D.89-02-024 in A.88-10-017 (GTEC) we directed these two largest California local exchange telephone companies to revise their respective tariff schedules effective February 15, 1989 to allow the expansion of competition in the intraLATA high speed, 1.544 mbps and above, digital private line services.

On February 8, 1989 we also authorized six interexchange carriers to more effectively compete with Pacific, GTEC, and other local exchange telephone companies in the offering of intraLATA high speed, 1.544 mbps and above, digital private line services, effective on or after February 15, 1989.

The authorization sought herein would allow TCLA to compete in the intraLATA high speed digital private line service market in Los Angeles as well. TCLA will use its own facilities, to be constructed in existing rights of way of other utilities and/or public agencies, to provide these services. All services furnished by TCLA under this proposal will be provided via full period, dedicated, nonswitched facilities, as contrasted to time sharing of a private line service using switched satellite facilities, or traditional switched message toll telephone services.

In D.88-09-059 we concluded that competition to provide intraLATA high speed digital private line services according to the conditions in the adopted modified settlement is in the public interest, and accordingly we allowed potential competitors to request authorization and have recently granted such authority to six non-dominant competing utilities.

We concur with the comments received from Pacific that TCLA's proposed service must be provided in compliance with the requirements of D.88-09-059 (Appendix A, Section IV. A.1.a.) and will limit the authority granted herein accordingly.

The reporting requirements suggested by DRA deserve careful review and consideration, and two points of view become apparent. On one hand, we recognize the presence of competitors in this marketplace and the need to address this presence with the proper regulatory framework, which we adopted on February 8, 1989. On the other hand this market structure is in its embryonic stage. While we will allow market forces to take their effect, we nevertheless cannot abandon our responsibility of regulating this industry. In order to provide adequate oversight, some monitoring is in order. While we agree with DRA's recommendation for reporting in concept, we find that its specific recommendation may be burdensome. Therefore, we will adopt a more modest version of that recommendation, as follows:⁵

1. TCLA will be required to submit semiannual reports for a two-year period beginning with the effective date of TCLA's rates and charges. The reports will be filed with the CACD with copies to the DRA - Telecommunications Rate Design Branch and will contain the following recorded data for TCLA's intraLATA 1.544 mbps high speed digital private line service:
 - a. Monthly in-service volumes.
 - b. Monthly inward movement volumes.
 - c. Monthly recurring billings by tariff rate item.
 - d. Monthly nonrecurring billings by tariff rate item.

⁵ These same reporting requirements have been established for the six non-dominant competing carriers which have been authorized to implement this service effective on or after February 15, 1989 (e.g. see D.89-02-028, Cable & Wireless Management Services, Inc., dated February 8, 1989).

2. The format of these semiannual reports should be determined in consultation with CACD.

This reporting requirement will sunset with the submission of the report for the semiannual period ending June 30, 1991.

In D.88-09-059, we agreed to take action on all conforming requests for authority to provide competitive intraLATA high speed digital private line services which were filed no later than October 31, 1988, with any resulting authorizations to be effective coincident with the effectiveness of local exchange carrier pricing flexibility for these services. All such conforming applications were granted authority to begin rendering service under their respective revised tariffs on or after February 15, 1989. Therefore, we should not unreasonably delay the entry of other qualified applicants such as TCLA.

However, in addition to intraLATA high speed digital private line service, TCLA also proposes to provide access service between end users and the points of presence of interexchange carriers. Recently we granted rehearing of D.88-12-029 in which we had authorized Fiber Data Systems to provide access to the points of presence of interexchange carriers. Among the issues raised by the application for rehearing was whether the provision of access to the points of presence of interexchange carriers is properly characterized as interLATA or intraLATA service. We will entertain the receipt of further evidence or argument on the question of the status of such access to the points of presence of interexchange carriers in the rehearing of D.88-12-029, or another appropriate proceeding wherein interested parties may appear and address this issue. However, regardless of whether the provision of high speed digital private line access service to the points of presence of interexchange carriers is interLATA or intraLATA service, we have allowed competitive entry in the provision of high speed digital

line service both on an interLATA and intraLATA basis.⁶ Accordingly, in the absence of a timely protest and request for hearing, we will also grant TCLA authority to provide access to and from interexchange carriers' points of presence on nonswitched dedicated private lines only at transmission speeds of 1.544 mbps or above.

We conclude that the authority which TCLA requests should be granted as provided by this order.

Since there is a need to make the tariffs for this service effective as soon as practicable, and DRA's timely protest to this application has been withdrawn, we will make this order effective today.

In doing so, we note that TCLA does not request interLATA authority as a telecommunications utility and/or reseller at this time and, except that "access service" may later be determined to be an interLATA service, no such authority is being granted.

Findings of Fact

1. TCLA is seeking authority to become a non-dominant carrier (telephone corporation) organized under California law and a regulated utility as defined under PU Code § 234.
2. TCLA is requesting a CPCN to provide 1.544 mbps and above high speed digital private line service on an intraLATA basis in California. TCLA's request also contemplates provision of "access service" between end users and the points of presence of interexchange carriers located within the same LATA.
3. All timely protests filed relative to this application have been withdrawn; therefore no hearing is deemed necessary for processing this application.

⁶ We have previously granted such authority to Wang Communications, Inc. (D.88-02-044), Teleport Communications - San Francisco, Inc. (D.89-02-016), and Oak Brook Fiber Systems, Inc. (D.89-03-060).

4. TCLA will initially offer these services to customers within the Los Angeles LATA and may later extend these services to customers in other California LATAs consistent with demand for such service and its business interests. TCLA proposes to file an advice letter with appropriate tariff revisions, prior to any expansion from its initial service areas.

5. TCLA forecasts that it will have 59 and 125 customers to this service at the end of the first and fifth full year of operation, respectively.

6. Except as "access service" may later be determined to be an interLATA service, TCLA does not request authority to provide telecommunications services on an interLATA basis at this time.

7. TCLA has the technical resources and ability to provide this proposed service on a safe, effective, reliable, and continuous basis.

8. TCLA asserts that with support from MLTG it will have the financial integrity to effectively implement the proposed service.

9. Since TCLA intends to construct all of its utility plant in existing rights of way of other utilities and/or public agencies using their existing ducts, poles, and/or other cable supporting facilities, it can be seen with reasonable certainty that granting this application will not have a significant adverse impact on the environment.

10. In D.88-09-059, we concluded that competition to provide intraLATA high speed digital private line services as provided in the adopted modified settlement in Phase I of I.87-11-033 is in the public interest and should be authorized.

11. TCLA has agreed that it will not multiplex its services below 1.544 mbps.

12. TCLA has also agreed not to switch intraLATA voice or data traffic pursuant to this application.

13. We have granted numerous similar CPCN's for identical or similar services on a competitive basis with tariffs effective on

or after February 15, 1989. Therefore, TCLA's request should be processed on a timely basis to allow it to enter this competitive market without undue delay.

14. There is no reason to treat TCLA differently than other telecommunications utilities regarding the granting of authority to provide access and intraLATA high speed digital private line services.

15. Public convenience and necessity require the granting of A.88-12-046 to the extent set forth in the ordering paragraphs which follow.

Conclusions of Law

1. TCLA's request for authority to provide intraLATA 1.544 mbps and above high speed digital private line service is consistent with the provisions of D.88-09-059 and should be granted to the extent set forth in the ordering paragraphs hereof.

2. TCLA should be prohibited from holding out the availability of other intraLATA services it is not authorized to provide and should be required to advise its customers that intraLATA communications it is not authorized to provide should be placed over the facilities of an authorized carrier.

3. The effective date of TCLA's initial offering of access and intraLATA high speed digital private line service authority should be five days after its filing of tariff schedules identical to those set forth in Appendix A to this order.

4. In order to allow TCLA to make these services available on or after April 20, 1989 this order should be effective today.

5. Only the amount paid to the State for operative rights may be used in rate fixing. The State may grant any number of rights and may cancel or modify the monopoly feature of these rights at any time.

ORDER

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to applicant Teleport Communications-Los Angeles, Inc. (TCLA) to provide intraLATA high speed digital private line services at 1.544 mbps or higher among end users within all LATAs in California and with dedicated nonswitched access to and from interLATA carriers' points of presence subject to the following conditions:

- a. TCLA may hold out the availability of and provide multiplexing equipment or services, including voice services, as part of such high speed digital services.
- b. Digital private line services at 1.544 megabits per second (mbps) or above are considered to be "high speed digital private line service." "IntraLATA high speed digital private line" service is defined as the dedicated connection of two or more end user premises within a LATA for the purpose of providing intraLATA high speed digital nonswitched services.
- c. TCLA may provide multiplexing service for voice and/or data at the end user's premises such that the transmission speed from or to the end user's premises is at 1.544 mbps or above.
- d. This authority does not permit the transport from or to the end user's premises for intraLATA service of either analog or digital transmissions at speeds less than 1.544 mbps.
- e. TCLA must establish rates and charges for its intraLATA high speed digital private line service above its cost of providing such service.
- f. TCLA shall refrain from holding out to the public the provision of any intraLATA services it is not authorized to provide.

2. TCLA shall prepare a "New Customer Notice" to be included with its initial and on-going tariff schedules, advising its customers, among other things, that:

TCLA is only authorized to provide intraLATA high speed digital private line services at speeds of 1.544 mbps, or higher and only offers these services on a full-period, 24-hour, round-the-clock, dedicated (non-switched) basis.

All other telecommunications services needed by the customer should be placed over the facilities of an authorized carrier.

3. TCLA is authorized to file an advice letter and associated tariff sheets identical to Appendix A to this order, but amended to also include the "New Customer Notice" set forth in Ordering Paragraph 2 above, for its initial offering of high speed 1.544 mbps digital private line service.

4. The advice letter and associated tariff sheets described in Ordering Paragraph 3 above shall be filed in compliance with the provisions of General Order (GO) 96-A after the effective date of this order. The revised schedules shall apply only to service rendered after their effective date which shall be at least five days after filing.

5. The requirements of GO 96-A relative to the effectiveness of tariffs after filing are waived in order that future tariff revisions for this competitive service may become effective on five days' notice after filing.

6. Within 30 days after this order is effective, applicant shall file a written acceptance of the certificate granted in this proceeding; absent such filing, the authority granted by this certificate may be revoked.

7. Applicant shall notify the CACD director in writing of the date service is first rendered to the public within 5 days after service begins.

8. Applicant shall monitor the implementation of its intraLATA 1.544 mbps high speed digital private line service and shall submit semiannual reports for a two-year period beginning with the effective date of the rates and charges for this service. These reports shall be filed with the CACD with copies to the DRA-Telecommunications Rate Design Branch and shall include the following recorded data for applicant's intraLATA 1.544 mbps high speed digital service:

- a. Monthly in-service volumes.
- b. Monthly inward movement volumes.
- c. Monthly recurring billings by tariff rate item.
- d. Monthly nonrecurring billings by tariff rate item.

The format of these semiannual reports shall be determined in consultation with the CACD staff.

9. Applicant has not requested authority to provide or resell interLATA telecommunications services in California and, except that "access service" may later be determined to be an interLATA service, no such authority is being granted.

10. The reporting requirement of Ordering Paragraph 8 shall commence within 45 days after December 31, 1989 and shall terminate upon submission of the report for the semiannual period ending June 30, 1991, to be submitted on or before August 14, 1991. ✓

11. Within 60 days after the effective date of this order, TCLA shall prepare and issue to every employee who, in the course of his or her employment, has occasion to enter the premises of customers or subscribers of the corporation an identification card in a distinctive format having a photograph of the employee. TCLA shall require every employee to present the card upon requesting entry into any building or structure on the premises of a customer or subscriber, as set forth in PU Code § 708.

12. The certificate granted and the authority to render service under the rates, charges, and rules authorized herein will expire if not exercised within 12 months after the effective date of this order.

13. High speed digital private line service is subject to a one-half percent (1/2%) monthly surcharge to fund Telecommunications Devices for the Deaf as outlined in Resolution T-13005 dated July 22, 1988 pursuant to PU Code § 2881.

14. Applicant is also subject to the user fee as a percentage of gross intrastate revenue under PU Code §§ 431 through 435.

15. The corporate identification number assigned to TCLA is U-5171-C, which should be included in the caption of all original filings with this Commission and in the title of other pleadings filed in existing cases.

16. This proceeding is closed.

This order is effective today.

Dated APR 12 1989, at San Francisco, California.

G. MITCHELL WILK
President
STANLEY W. HULETT
JOHN B. OHANIAN
Commissioners

Commissioner Frederick R. Duda
being necessarily absent, did
not participate.

Commissioner Patricia M. Eckert
present but not participating.

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.



Victor Weisner, Executive Director

DRAFT

_____, 1989

Advice Letter No. 1

Public Utilities Commission of the State of California

Pursuant to Ordering Paragraph _____ of Decision No. 89-_____ this filing consists of Schedule Cal. P.U.C. No. 1, pursuant to which Teleport Communications - Los Angeles, Inc., will provide intralata high speed digital private line service consistent with the terms and conditions as set forth in said Decision.

✓ We attach for filing the following tariff sheets:

Schedule Cal. P.U.C. No. 1
Original Sheet 1-T through Original Sheet 32-T

In accordance with Section III, G. of General Order No. 96-A, we are mailing a copy of this Advice Letter and related tariff sheets to competing and adjacent utilities and/or other utilities, and to known interested parties.

This filing will not increase any rate or charge, cause the withdrawal of any service, nor conflict with any other schedules or rules.

This Advice Letter requires no new or additional cost information.

We request you authorize this revision to become effective five days from the date of filing hereof.

Yours truly,

TELEPORT COMMUNICATIONS-LOS ANGELES, INC.

By

J. SCOTT BONNEY
Manager-Regulatory Affairs

Attachments

DRAFT

TARIFF SCHEDULE
APPLICABLE TO
METROPOLITAN AREA
NETWORK SERVICE
WITHIN CALIFORNIA
by
TELEPORT COMMUNICATIONS
LOS ANGELES

Advice Letter No. 1
Decision No.

Issued By:

J. Scott Bonney
Manager Regulatory
Affairs
Teleport Communications Group
One Teleport Drive
Staten Island, New York 10311

Date Filed _____
Effective _____
Resolution No. _____

DRAFT

CHECK SHEET

Current sheets in this tariff are as follows:

Sheet

Revision

Advice Letter No. 1
Decision No.

Issued By:

J. Scott Bonney
Manager Regulatory
Affairs

Teleport Communications Group
One Teleport Drive
Staten Island, New York 10311

Date Filed _____
Effective _____
Resolution No. _____

DRAFT

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Issued By:

Advice Letter No. 1
Decision No.

J. Scott Bonney
Manager Regulatory
Affairs
Teleport Communications Group
One Teleport Drive
Staten Island, New York 10311

Date Filed _____
Effective _____
Resolution No. _____

DRAFT

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Advice Letter No. 1
Decision No.

Issued By:

J. Scott Bonney
Manager Regulatory
Affairs
Teleport Communications Group
One Teleport Drive
Staten Island, New York 10311

Date Filed _____
Effective _____
Resolution No. _____

DRAFT

PRELIMINARY STATEMENT

This tariff sets forth intrastate rates and rules applicable to the provision of high speed digital private line service for the purpose of interLATA and intraLATA transmissions within the State of California. The rates, rules, terms and conditions herein apply for service provided within the Los Angeles metropolitan area.

The rates and rules contained herein are subject to change pursuant to the rules and regulations of the California Public Utilities Commission.

Advice Letter No. 1
Decision No.

Issued By:

J. Scott Bonney
Manager Regulatory
Affairs
Teleport Communications Group
One Teleport Drive
Staten Island, New York 10311

Date Filed _____
Effective _____
Resolution No. _____

DRAFT

SYMBOLS USED IN THIS TARIFF

- (C) To signify changed listing, rule, or condition which may affect rates or charges.
- (D) To signify discontinued material, including listing, rate, rule or condition.
- (I) To signify an increase.
- (L) To signify material relocated from or to another part of tariff schedule with no change in text, rate, rules or conditions.
- (N) To signify new materials including listing, rate, rule or condition.
- (R) To signify reduction.
- (T) To signify change in working of text but not change in rate, rule or condition.

Issued By:

Advice Letter No. 1
Decision No.

J. Scott Bonney
Manager Regulatory
Affairs
Teleport Communications Group
One Teleport Drive
Staten Island, New York 10311

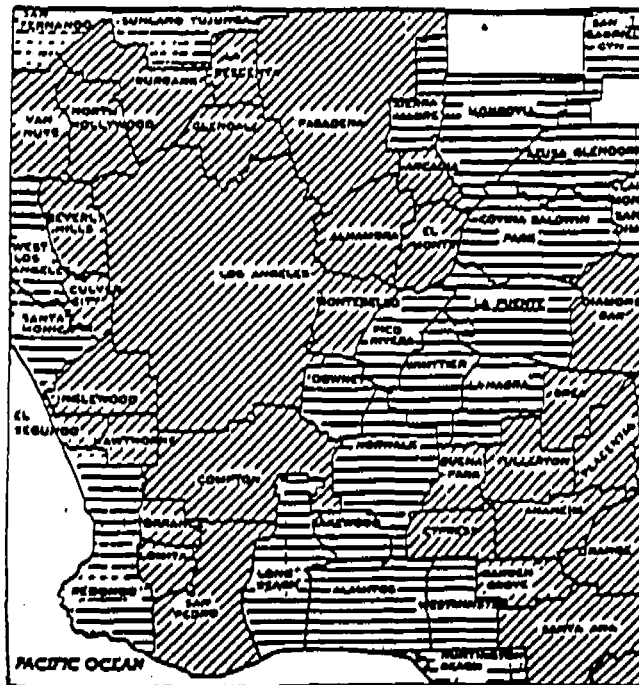
Date Filed _____
Effective _____
Resolution No. _____

DRAFT

SERVICE AREA MAP

Carrier provides high-speed digital private line service for the purpose of InterLATA and IntraLATA transmission throughout the State of California.

The rates, rules, terms and conditions pursuant to this tariff apply for service initially provided within the Los Angeles metropolitan area, defined as being included within the area shown in the map below.



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RATE SCHEDULE

1.0 RATES FOR METROPOLITAN AREA NETWORK SCHEDULE

1.1 DS1 SERVICE (BASIC 1.544 Mbps)

<u>Non Recurring</u>	<u>Per DS1 Circuit Termination</u>
Initial Installation	\$2,500.00
Later Installation at same Location	\$1,250.00
<u>Recurring</u>	<u>Per Month</u>
Charge per Circuit Termination	\$750.00

1.2 DS3 SERVICE (44.736 MBPS)

Rates for DS3 Service are provided by the Company on an Individual Case Basis (ICB).

2.0 SERVICE DESCRIPTION

2.1 GENERAL

Metropolitan Area Network Service consists of any of the services offered pursuant to this tariff, either individually or in combination. Each service is offered independent of the others. Service is offered via the Company's facilities for the transmission of one-way and two-way communications.

3.0 TECHNICAL CONSIDERATIONS

3.1 GENERAL

Digital channels over the Company's network are furnished for full-duplex transmission of digital signals at operating speeds as follows:

1.544 Mbps
44.736 Mbps

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Digital channels operating at speeds other than those listed above may be provided at the Company's option on an Individual Case Basis (ICB).

3.2 DS1 (1.544 Mbps)

Digital channels furnished by the Company at 1.544 Mbps, interconnections to such channels and equipments interfacing to such channels shall meet the following technical characteristics:

Line Rate:	1.544 Mbps + 130 ppm
Line Code:	Bipolar with at least 12.5% average ones density and no more than 15 consecutive zeros.
Test Load:	100 ohms resistive
Pulse Shape:	The pulse amplitude shall be between 2.4 and 3.6 volts.
Power Levels:	For an all-ones transmitted pattern, the power in a 2 KHz band about 772 KHz shall be 12.4-18.0 dBm and the power in a 2 KHz band about 1544 KHz shall be at least 29 dB below that in a 2 KHz band about 771 KHz.
Pulse Imbalance:	There shall be less than 0.5 dB difference between the total power of the positive pulse and of the negative pulses.

NOTES:

1. The CCITT specifications is + 50 ppm
2. Recommended for new equipment: The power in a 2 KHz band about 772 KHz shall be 12.6-17.9 dBm. CCITT requirements: The power in a 3 KHz band about 772 KHz is 12.0-19.0 dBm.

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3. CCITT requirements: The power in a 3 KHz band about 1544 KHz shall be at least 25 dB below that in a 3 KHz band about 772 KHz.

3.3 DS3 (44.736 Mbps)

Digital channels furnished by the Company at 44.736 Mbps, interconnections to such channels and equipment interfacing to such channels shall meet the following technical characteristics:

Line Rate: 44.736 Mbps + 20 ppm

Line Code: Bipolar with three-zero substitution

Test Load: 75 ohms resistive + 5 percent

Power Levels: For an all-ones transmitted pattern, the power in a 2 KHz band about 22.368 KHz shall be -1.8 to +5.7 dBm and the power in a 2 KHz band about 44.736 KHz shall be at least 20 dB below that in a 2 KHz band about 22.368 KHz. 1

NOTES:

1. The power levels specified by CCITT Recommendation G.703 are identical except that the power is to be measured in 3 KHz bands.

4.0 TAXES

- 4.1 The customer is responsible for the payment of any sales, use excise, access or other local, state and federal taxes, charges or surcharges (excluding taxes on the Company's net income) imposed on or based upon the provision, sale, or use of Metropolitan Area Network Service.

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2 All such taxes and surcharges shall be itemized on Teleport Communications Los Angeles's bills to the Customer.

4.3 Surcharge to Fund C.P.U.C. Reimbursement Fee.

Applicability

this surcharge is for the purpose of funding the C.P.U.C. and applies to the aggregate amount of intrastate customer billings.

Rates

A 0.1% surcharge will be applied to all intrastate customer billings as they appear on the customer's bill. The surcharge will be applied to the customer's bill for intrastate services that appear on that particular bill.

4.4 Surcharge to Fund Disabled Equipment Acquisition Fund Trust. (D.E.A.F.)

Applicability

This surcharge is for the purpose of funding Disabled Equipment Acquisition Fund and applies to aggregate intrastate customer billings.

Rates

A 0.5% surcharge will be applied to all intrastate customer billings as they appear on the customer's bill for intrastate services, for all such services that appear on that particular bill.

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RULES

Rule 1 Definitions: Certain terms used generally throughout this tariff for Metropolitan Area Network Service of this Company are defined below.

Advance Payment: Part or all of a payment required before the start of service.

Authorized User: A person, firm or corporation which is authorized by the customer or joint user to be connected to the service of the customer or joint user, respectively. An authorized user must be specifically named in the application for service.

Bit: The smallest unit of information in the binary system of notation.

Company: Teleport Communications Los Angeles the issuer of this tariff.

Customer: The person, firm or corporation which orders service and is responsible for the payment of charges and compliance with the Company's regulations.

Dedicated: A facility or equipment system or subsystem set aside for the sole use of a specific customer.

Duplex Service: Service which provides for simultaneous transmission in both directions.

Fiber Optic Cable: A thin filament of glass with a protective outer coating through which a light beam carrying communications signals may be transmitted by means of multiple internal reflections to a receiver, which translates the message.

Individual Case Basis: A service arrangement in which the regulations, rates and charges are developed based on the specific circumstances of the case.

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Joint User: A person, firm or corporation which is designated by the customer as a user of Metropolitan Area Network Service furnished to the customer and to whom a portion of the charges for the service will be billed under a joint user arrangement as specified herein.

Mbps: Megabits, denotes millions of bits per second.

Premises: The space occupied by a customer or authorized user in a building or buildings or contiguous property (except railroad rights of way, etc.) not separated by a highway.

Shared: A facility or equipment system or subsystem which can be used simultaneously by several customers.

Metropolitan Area Service(s): The term "Metropolitan Area Service" means any service offered herein or any combination thereof.

Rule 2 Description of Service: Metropolitan Area Network Service consists of furnishing high speed digital private line service for the purpose of interLATA and intraLATA transmissions throughout the State of California.

Rule 3 Application for Service: Customers desiring to obtain Metropolitan Area Network Service must complete the Company's standard service order form.

Rule 4 Contracts: Contractual Requirements
(None in Effect)

Rule 5 Special Information required on forms: No special notations are required to appear on contracts, bills and deposit receipts.

Rule 6 Credit

6.1 To safeguard its interests, the Company may require a customer to make an advance payment before services and facilities are furnished. The advance payment will not exceed an amount equal to the non-recurring charge(s) and one month's charges for the service or facility. In addition, where special construction is involved, the advance payment may also include an amount equal to the estimated non-recurring charges

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for the special construction and recurring charges for a period to be set between the Company and the customer (if any). The advance payment will be credited to the customer's initial bill. An advance payment may be required in addition to a deposit.

- 6.2 A customer whose service has been discontinued for non-payment of bills will be required to pay the unpaid balance due carrier and may be required to pay re-connect charge.

Rule 7 Deposits

- 7.1 To safeguard its interests, before a service or facility is furnished, the Company may require a customer to make a deposit to be held as a guarantee for the payment of charges. A deposit does not always relieve the customer of the responsibility for the prompt payment of bills on presentation. The deposit will not exceed an amount equal to:

- (A) Two month's charges for a service or facility which has a minimum payment period of one month, or
- (B) The charges that would apply for the minimum payment period for a service or facility which has a minimum payment period of more than one month,

except that the deposit may include an additional amount in the event that a termination charge is applicable.

- 7.2 A deposit may be required in addition to an advance payment.

- 7.3 When a service or facility is discontinued, the amount of a deposit, if any, will be applied to the customer's account any credit balance remaining will be refunded. Before the service or facility is discontinued, the Company may, at its option, return the deposit or credit it to the customer's account.

Deposits held will accrue interest at a rate specified by the California Public Utilities Commission or at the rate of 8% per annum if the CPUC has not specified a rate.

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DRAFT Rule 8 Notices

Any notice carrier may give to a Customer shall be deemed properly given when delivered, if delivered in person or when deposited with the U.S. Postal Service.

Rule 9 Payment

The customer is responsible for the payment of all charges for facilities and services furnished to the customer or to authorized or joint users.

9.1 Taxes

The customer is responsible for the payment of any sales, use, excise, access or other local, state and federal taxes, charges or surcharges (excluding taxes on the Company's net income) imposed on or based upon the provision, sale or use of Metropolitan Area Network Service.

9.2 Billing and Collection of Charges

The customer is responsible for payment of all charges incurred by the customer or users for services and facilities furnished to the customer by the Company.

Non-recurring installation charges are due and payable upon presentation of an invoice to the customer.

Recurring charges are due and payable upon presentment of an invoice to the customer for the service or facility furnished. A service or facility may be discontinued for nonpayment of a bill.

Billing starts on the day after the Company notifies customer the service or facility is available for use. Billing accrues through and includes the day that the service, circuit, arrangement or component is discontinued. Monthly charges will be billed one month in advance, except where prohibited by law or as otherwise provided in this tariff. Taxes will be separately state on customer's bill.

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If any portion of the payment is received by the Company after the payment date, or if any portion of the payment is received by the Company in funds which are not immediately available to the Company, then a late payment penalty shall be due to the Company. The late payment penalty shall be the portion of the payment not received by the payment date times a late factor. The late factor shall be the lesser of:

- (A) the highest interest rate (in decimal value) which may be levied by law for commercial transactions, compounded daily for the number of days from the payment date to and including the date that the customer actually makes the payment to the Company, or
- (B) 0.000493 per day, compounded daily for the number of days from the payment date to and including the date that the customer actually makes the payment to the Company.

9.3 Fractional Charges

Monthly Service

When service does not begin on the first day of the month, or end on the last day of the month, the charge for the fraction of the month service was furnished will be calculated on a pro rata basis. For this purpose, every month is considered to have thirty (30) days.

9.4 Cancellation of Application for Service

Applications for service are non-cancellable unless the Company otherwise agrees. Where the Company permits customer to cancel an application for service prior to the start of service or prior to any special construction, no charges will be imposed except for those specified below.

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Where, prior to cancellation by the customer, the Company incurs any expenses in installing the service or in preparing to install the service that it otherwise would not have incurred, a charge equal to the costs the Company incurred, less net salvage, shall apply, but in no case shall this charge exceed the sum of the charge for the minimum period of service ordered, including installation charges, and all charges others levy against the Company that would have been chargeable to the customer had service begun (all discounted to present value at 6%).

Where the Company incurs any expense in connection with special construction, or where special arrangements of facilities or equipment have begun, before the Company receives a cancellation notice, a charge equal to the costs incurred, less net salvage, applies. In such cases the charge will be based on such elements as the cost of the equipment, facilities, and material, the cost of installation, engineering, labor, and supervision, general and administrative expense, other disbursements, depreciation, maintenance, taxes, provision for return on investment, and any other costs associated with the special construction or arrangements.

9.5

Allowances for Interruptions in Service

Interruptions in service, which are not due to the negligence of, or non-compliance with the provisions of this tariff by, the customer or of an authorized or joint user, or to the operation or malfunction of the facilities, power or equipment provided by the customer or authorized or joint user, will be credited to the customer for the part of the service that the interruption affects.

Credit for Interruptions

A credit allowance will be made when an interruption occurs because of a failure of any component furnished under this tariff. An interruption period begins when the customer reports a service, facility or circuit to be interrupted and releases it for testing and

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repair. An interruption period ends when the service, facility or circuit is operative. If the customer reports a service, facility or circuit to be inoperative. If the customer reports a service, facility or circuit to be inoperative but declines to release it for testing and repair, it is considered to be impaired, but not interrupted.

For calculating credit allowances, every month is considered to have 30 days. A credit allowance is applied on a pro rata basis against the rates specified hereunder and is dependent upon the length of the interruption. Only those facilities on the interrupted portion of the circuit will receive a credit.

A credit allowance will be given for interruptions of 30 minutes or more. Credit allowances shall be calculated as follows:

Interruptions of 24 Hours or Less

<u>Length of Interruption</u>	<u>Interruption Period To be Credited</u>
Less than 30 minutes	None
30 minutes up to but not including 3 hours	1/10 day
3 hours up to but not including 6 hours	1/5 day
6 hours up to but not including 9 hours	2/5 day
9 hours up to but not including 12 hours	3/5 day
12 hours up to but not including 15 hours	4/5 day
15 hours up to but not including 24 hours	One day

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Two or more interruptions of 30 minutes or more during any one twenty-four hour period shall be considered as one interruption. In no event shall such interruption credits exceed one day in any 24-hour period.

Interruptions Over 24 Hours

Interruptions over 24 hours will be credited 1/5 day for each 3-hour period or fraction thereof. No more than one full day's credit will be allowed for any period of 24 hours.

Limitations on Allowances

No credit allowance will be made for:

Interruptions due to the negligence of, or non-compliance with the provisions of this tariff by, the customer, authorized user, joint user, or other common carrier providing service connected to the service of the Company;

Interruptions of service due to the failure or malfunction of facilities, power or equipment provided by the customer, authorized user, joint user, or other common carrier providing service connected to the service offered by the Company;

Interruptions of service during any period in which the Company is not given access to the premises at which the Company provided service is interrupted or terminated.

Interruptions of service that occur or continue due to the customer's failure to authorize replacement of any element of special construction.

Interruptions of service during any period when the customer, authorized user, or joint user has released service to the Company for maintenance purposes or for implementation of a customer order for a change in service arrangements.

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Rule 10 Disputed Bills

The Customer may dispute a bill only by written notice to the carrier delivered within 15 days after the statement date. Unless such notice is received in the timely fashion indicated above, the bill statement shall be deemed to be correct and payable in full by Customer.

Rule 11 Discontinuance and Restoring of Service

- 11.1 Upon non-payment of any charges or deposits owing to the Company, the Company may, by 10 days prior written notice to customer, discontinue or suspend service under this tariff without incurring any liability.
- 11.2 Upon violation of any of the other terms or conditions for furnishing service under this tariff, the Company, by 30 days' prior notice in writing to the customer, may discontinue or suspend service under this tariff, without incurring any liability.
- 11.3 Upon condemnation of all or any material portion of the facilities used by the Company to provide service to a customer or in the event a casualty renders all or any material portion of such facilities inoperable beyond feasible repair, the Company, by notice to the customer, may discontinue or suspend service under this tariff without incurring any liability.
- 11.4 Upon the customer filing for bankruptcy or reorganization or failing to discharge an involuntary petition therefore within the time permitted by law, the Company may immediately discontinue or suspend service under this tariff without incurring any liability.
- 11.5 Upon the Company's discontinuance of service to the customer, the Company, in addition to all other remedies that may be available to the Company at law or in equity or under any other provision of this tariff, may declare all future monthly and other charges which would have been payable by the customer during the remainder of the minimum term for which such services would have otherwise been provided to the customer to be immediately due and payable (discounted to present value at 6%).

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The use and restoration of service in emergencies shall be in accordance with Part 64, Subpart D of the Federal Communications Commissions Rules and Regulations and the Regulations of the Public Utilities Commission of California which specifies the priority system for such activities.

Rule 12 Optional Rates and Information to be Provided to the Public

The Company will promptly advise customers who may be affected of new, revised or optional rates applicable to their service.

Pertinent information regarding the company's services, rates and changes shall be provided directly to customers, or shall be available for inspection at the Company's local business address.

Rule 13 Temporary Service

Temporary service will be provided if such service provision is consistent with the best interests of the Company.

Rule 14 Continuity of Service

In the event of prior knowledge of an interruption of service for a period exceeding one day, the Customers will, if feasible, be notified in writing, by mail, at least one week in advance.

Rule 15 Extensions

(Not Applicable).

Rule 16 Service Connections and Facilities on Customer's Premises

16.1 Provision of Equipment and Facilities

All services along the facilities between the point identified as the Company's origination point and the point identified as the Company's termination point will be furnished by the Company, its agents or contractors.

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The Company may undertake to use reasonable efforts to make available services to a customer on or before a particular date, subject to the provisions of and compliance by the customer with, the regulations contained in this tariff. The Company does not guarantee availability by any such date and shall not be liable for any delays in commencing service to any customer.

The Company undertakes to use reasonable efforts to maintain only the facilities and equipment that it furnishes to the customer. The customer, joint user, or authorized user may not, nor may he permit others to, rearrange, disconnect, remove, attempt to repair, or otherwise meddle with any of the facilities or equipment installed by the Company, except upon the written consent of the company.

Equipment the Company provides or installs at the customer's premises for use in connection with the services the Company offers shall not be used for any purpose other than that for which the Company provided it.

The customer shall be responsible for the payment of service charges as set forth herein for visits by the Company's agents or employees to the premises of the customer, joint user, or authorized user when the service difficulty or trouble report results from the use of equipment or facilities the customer, joint user, or authorized user provided.

The Company shall not be responsible for the installation, operation, or maintenance of any customer provided communications equipment. Where such equipment is connected to the facilities furnished pursuant to this tariff, the responsibility of the Company shall be limited to the furnishing of facilities offered under this tariff and to the maintenance and operation of such facilities; subject to this responsibility the Company shall not be responsible for:

The transmission of signals by customer provided equipment or for the quality of, or defects in, such transmission; or

The reception of signals by customer provided equipment.

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Shortage of Equipment or Facilities

The Company reserves the right to limit or to locate the use of existing facilities, or of additional facilities offered by the Company, when necessary because of a lack of facilities, or due to any other cause beyond the Company's control.

The furnishing of service under this tariff is subject to the availability on a continuing basis of all the necessary facilities and is limited to the capacity of the Company's fiber optic cable facilities as well as facilities the Company may obtain from other carriers to furnish service from time to time as required at the sole discretion of the Company.

16.3

Prohibited Uses

1. The services the Company offers shall not be used for any unlawful purpose or for any use as to which customer has not obtained all governmental approvals, authorizations, licenses, consents and permits required to be obtained by customer with respect thereto.
2. The Company may require applicants for service who intend to use the Company's offerings for resale and/or for shared use to file a letter with the Company confirming that their use of the Company's offerings complies with relevant laws and CPUC regulations, policies, orders, and decisions.

A customer, joint user, or authorized user may not assign, or transfer in any manner, the service or any rights associated with the service without the written consent of the Company.

The Company may require a customer to immediately shut down its transmission of signals if said transmission is causing interference to others.

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Non-Routine Installation

At the customer's request, installation and/or maintenance may be performed outside the Company's regular business hours or in hazardous locations. In such cases, charges based on cost of the actual labor, material, or other costs incurred by or charged to the company will apply. If installation is started during regular business hours but, at the customer's request, extends beyond regular business hours into time periods including, but not limited to, weekends, holidays, and/or night hours, additional charges may apply.

16.5

Special Construction

Subject to the agreement of the Company and to all of the regulations contained in this tariff, special construction of facilities may be undertaken on a reasonable efforts basis at the request of the customer, and subject to availability of facilities.

Special construction is that construction undertaken:

- (A) where facilities are not presently available, and there is no other requirement for the facilities so constructed;
- (B) of a type other than that which the Company would normally utilize in the furnishing of its services;
- (C) over a route other than that which the Company would normally utilize in the furnishing of its services;
- (D) in a quantity greater than that which the Company would normally construct;
- (E) on an expedited basis;
- (F) on a temporary basis until permanent facilities are available;
- (G) involving abnormal costs; or
- (H) in advance of its normal construction.

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16.6

Special construction charges will be determined on an individual case basis.

Obligations of the Customer

The Customer shall be responsible for:

The payment of all applicable charges as set forth in this tariff.

Damage or loss of the Company's facilities or equipment caused by the acts or omissions of customer, authorized user, or joint user or the non-compliance by the customer, authorized user, or joint user with these regulations; or by fire or theft or other casualty on the premises of the customer, authorized user, or joint user unless caused by the negligence or willful misconduct of the employees or agents of the Company;

Providing as specified from time to time by the Company any needed personnel, equipment, space and power to operate Company facilities and equipment installed on the premises of the customer, authorized user, or joint user and the level of heating and air conditioning necessary to maintain the proper operating environment on such premises;

Obtaining, maintaining, and otherwise having full responsibility for all rights of way and conduit necessary for installation of fiber optic cable and associated equipment used to provide Metropolitan Area Network Service to the customer, authorized user, or joint user from the cable building entrance or the property line of the land on which the structure wherein any termination point or origination point used by the customer, authorized user, or joint user is placed is located, whichever is applicable, through the point of entry into the structure, throughout the structure, to the location of the equipment space. Any and all costs associated with the obtaining and maintaining of the rights of way described herein, including the costs of altering the structure to permit installation of

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the Company provided facilities, shall be borne entirely by, or may be charged by the Company to, the customer. The Company may require the customer to demonstrate its compliance with this section prior to accepting an order for service.

Providing a safe place to work and complying with all laws and regulations regarding the working conditions on the premises at which Company employees and agents shall be installing or maintaining the Company's facilities and equipment. The customer may be required to install and maintain Company facilities and equipment within a hazardous area if, in the Company employees or property might result from installation or maintenance by the Company.

Complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be required with respect to, the location of Company facilities and equipment in any customer premise or the rights-of-way for which customer is responsible, and obtaining permission for Company agents or employees to enter the premises of the customer, authorized user, or joint user at any reasonable hour for the purpose of installing, inspecting, repairing, or, upon termination of service as stated herein, removing the facilities or equipment of the Company;

Making Company facilities and equipment available periodically for maintenance purposes at a time agreeable to both the Company and the customer. No allowance will be made for the period during which service is interrupted for such purposes.

Keeping the Company's equipment and facilities located on the customer's premise or rights-of-way obtained by the customer free and clear of any liens or encumbrances relating to the customer's use of the Company's services or from the location of such equipment and facilities.

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16.7

Liability of the Company

Because the customer has exclusive control of its communications over the services furnished by the Company, and because interruptions and errors incident to these services are unavoidable, the services the Company furnishes are subject to the terms, conditions, and limitations specified in this tariff and to such particular terms, conditions, and limitations as set forth in the special regulations applicable to the particular services and facilities furnished under this tariff.

The liability of the Company for damages arising out of the furnishing of these services, including but not limited to mistakes, omissions, interruptions, delays, or errors, or other defects, representations, or use of these services or arising out of the failure to furnish the service, whether caused by acts of commission or omission, shall be limited to the extension of allowances for interruption. The extension of such allowances for interruption shall be the sole remedy of the customer, authorized user, or joint user and the sole liability of the Company. The Company will not be liable for any special, consequential, exemplary or punitive damages a customer may suffer, whether or not caused by the intentional acts or omissions or negligence of the Company's employees or agents.

The Company shall not be liable for any failure of performance or equipment due to causes beyond its control, including but not limited to: acts of God, fire, flood or other catastrophes; any law, order, regulation, direction, action, or request of the United States Government, or of any other government, including state and local governments having or claiming jurisdiction over the Company, or of any department, agency, commission, bureau, corporation, or other instrumentality of any one or more of these federal, state, or local governments, or of any civil or military authority; national emergencies; insurrections; riots; wars; unavailability of rights-of-way or materials; or strikes, lock-outs, work stoppages, or other labor difficulties.

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Manager Regulatory
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The Company shall not be liable for any act or omission of any entity furnishing to the Company or to the Company's customers facilities or equipment used for or with the services the Company offers.

The Company shall not be liable for any damages or losses due to the fault or negligence of the customer or due to the failure or malfunction of customer provided equipment or facilities.

The Company shall not be liable for the claims of vendors supplying equipment to customers of the Company which may be installed at premises of the Company nor shall the Company be liable for the performance of said vendor or vendor's equipment.

The Company does not guarantee nor make any warranty with respect to installations it provides for use in an explosive atmosphere. The customer indemnifies and holds the Company harmless from any and all loss, claims, demands, suits, or other action, or any liability whatsoever, whether suffered, made, instituted, or asserted by any other party or person(s), and for any loss, damage, or destruction of any property, whether owned by the customer or others, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, removal, presence, condition, location, or use of any installation so provided.

The Company is not liable for any defacement of or damage to the premises of a customer (or authorized or joint user) resulting from the furnishing of services or equipment on such premises or the installation or removal thereof, when such defacement or damage is not the result of negligence or willful misconduct on the part of the agents or employees of the Company.

THE COMPANY MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED EITHER IN FACT OR BY OPERATION OF LAW, STATUTORY OR OTHERWISE, INCLUDING WARRANTIES OR MERCHANTABILITY AND FITNESS FOR A PARTICULAR USE, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN.

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16.8

Claims

The customer and any authorized or joint users, jointly and severally, shall indemnify and save the Company harmless from claims, loss, damage, expense (including attorneys fees and court costs), or liability for libel, slander, or copyright infringement arising from the use of the service; and from claims, loss, damage, expense, or liability for patent infringement arising from (1) combining with, or using in connection with facilities the Company furnished, facilities the customer, authorized user, or joint user furnished or (2) use of facilities the Company furnished in a manner the Company did not contemplate and over which the Company exercises not control; and from all other claims, loss, damage, expense (including attorneys fees and court costs), or liability arising out of any commission or omission by the customer, authorized user, or joint user in connection with the service. In the event that any such infringing use is enjoined, the customer, authorized user, or joint user, at its option and expense, shall obtain immediately a dismissal or stay or such injunction, obtain a license or other agreement so as to extinguish the claim of infringement, terminate the claimed infringing use, or modify such combination so as to avoid any such infringement. In addition and without limitation, the customer, authorized user, or joint user shall defend, on behalf of the Company and upon request by the Company, any suit brought or claim asserted against the Company for any such slander, libel, infringement, or other claims.

16.9

Station Equipment

Customer provided terminal equipment on the premises of the customer, authorized user, or joint user, the operating personnel there, and the electric power consumed by such equipment shall be provided by and maintained at the expense of the customer, authorized user, or joint user. Conformance of customer-provided station equipment with Part 68 of the FCC Rules is the responsibility of the customer.

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The customer, authorized user, or joint user is responsible for ensuring that customer provided equipment connected to Company equipment and facilities is compatible with such equipment and facilities. The magnitude and character of the voltages and currents impressed on Company provided equipment and wiring by the connection, operation, or maintenance of such equipment and wiring shall be such as not to cause damage to the Company provided equipment and wiring or injury to the Company's employees or to other persons. Any additional protective equipment required to prevent such damage or injury shall be provided by the Company at the customer's expense.

Rule 17 Measurement of Service

(Not Applicable).

Rule 18 Meter Tests and Adjustment of Bills for Meter Error

18.1 Testing and Adjusting

Upon suitable notice, the Company may make such tests, adjustments, and inspections as may be necessary to maintain the Company's facilities in satisfactory operating condition. No interruption allowance will be credited to the customer for the period during which the Company makes such tests, adjustments, or inspections.

18.2 Inspections

Upon suitable notification to the customer, and at a reasonable time, the Company may make such tests and inspections as may be necessary to determine that the customer, authorized user, or joint user is complying with the requirements set forth above for the installation, operation, and maintenance of customer provided facilities, equipment, and wiring in the connection of customer provided facilities and equipment to Company owned facilities and equipment.

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If the protective requirements for customer provided equipment are not being complied with, the Company may take such action as it deems necessary to protect its facilities, equipment, and personnel. The Company will notify the customer promptly if there is any need for further corrective action. Within (10) days of receiving this notice, the customer must take the action taken. If the customer fails to do this, the Company may take whatever additional action is deemed necessary, including the suspension of service, to protect its facilities, equipment, and personnel from harm.

Rule 19 Supply to Separate Premises and Resale

Any special interface equipment necessary to achieve compatibility between the facilities and equipment of the Company used for furnishing Metropolitan Area Network Service and the channels, facilities, or equipment of others shall be provided at the customer's expense.

Metropolitan Area Network Service may be connected to the services or facilities of other communications carriers only when authorized by, and in accordance with, the terms and conditions of the tariffs of the other communications carrier which are applicable to such connections.

Rule 19.2 Interconnection Provisions

Facilities furnished under this tariff may be connected to customer provided terminal equipment in accordance with the provisions of this tariff.

Rule 19.3 Joint Use Arrangements

Joint use arrangements will be permitted for all services offered pursuant to this tariff. From each joint use arrangement, one member will be designated the customer responsible for the manner in which the joint use of the service will be allocated. The Company will accept orders to start, rearrange, relocate, or discontinue service only from this customer. Without affecting the customer's ultimate responsibility for payment of all charges for the service, each joint user shall be responsible for the payment of the charges billed to it.

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Rule 20 Service Locations

Service is only provided within the State of California. There are no restrictions on service to specific locations within the State of California unless otherwise indicated pursuant to this tariff.

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Commission to protect competitors against anticompetitive behavior, e.g. below cost pricing.

DRA also requests that any advice letter and associated tariff revisions filed by TCLA for this new offering be made effective on not less than five (5) days' notice of the filing. DRA contends that such filings should include a supporting rate comparison exhibit as well.

Lastly DRA calls to our attention an issue raised by Teleport Communications of San Francisco (TCSF) at the workshop of January 5, 1989 in A.88-10-012 relative to need to subscribe for an additional link from Pacific's central office to the points of presence of an interexchange carrier as contrasted to permitted collocation in the central office. DRA suggests that we address this issue in this application because TCLA proposes to provide interexchange carriers an alternate points of presence to connect end users on its system directly to the interexchange carriers without the need of routing through the local exchange carrier's central office.

On January 30, 1989 TCLA representatives met with, and supplied proposed tariff schedules to DRA to satisfy these concerns. On February 6, 1989 DRA withdrew its protest stating that TCLA had complied with its request to provide a set of tariffs in an acceptable format on or before January 30, 1988. DRA's February 6, 1989 withdrawal of its prior protest contained no further or remaining conditions.

On January 23, 1989, Pacific wrote a letter to the ALJ enumerating the conditions of Section IV of the "Modified Settlement" adopted by the Commission in D.88-09-059 dated September 28, 1988 and stating its understanding that TCLA was requesting authority based on the terms of the adopted "Modified Settlement." On that understanding Pacific did not oppose TCLA's application (A.88-12-046).

8. Applicant shall monitor the implementation of its intraLATA 1.544 mbps high speed digital private line service and shall submit semiannual reports for a two-year period beginning with the effective date of the rates and charges for this service. These reports shall be filed with the CACD with copies to the DRA-Telecommunications Rate Design Branch and shall include the following recorded data for applicant's intraLATA 1.544 mbps high speed digital service:

- a. Monthly in-service volumes.
- b. Monthly inward movement volumes.
- c. Monthly recurring billings by tariff rate item.
- d. Monthly nonrecurring billings by tariff rate item.

The format of these semiannual reports shall be determined in consultation with the CACD staff.

9. Applicant has not requested authority to provide or resell interLATA telecommunications services in California and, except that "access service" may later be determined to be an interLATA service, no such authority is being granted.

10. The reporting requirement of Ordering Paragraph 7 shall commence within 45 days after December 31, 1989 and shall terminate upon submission of the report for the semiannual period ending June 30, 1991, to be submitted on or before August 14, 1991.

11. Within 60 days after the effective date of this order, TCLA shall prepare and issue to every employee who, in the course of his or her employment, has occasion to enter the premises of customers or subscribers of the corporation an identification card in a distinctive format having a photograph of the employee. TCLA shall require every employee to present the card upon requesting entry into any building or structure on the premises of a customer or subscriber, as set forth in PU Code § 708.