

IURC News Release

Indiana Utility Regulatory Commission

302 West Washington Street, Room 306
Indianapolis Indiana 46204

317.232.2297 office
317.233.1982 fax
www.in.gov /iurc

For Immediate Release

January 5, 2004

Contact: Mary Beth Fisher

IURC SETS NEW WHOLESALE PRICES FOR SBC INDIANA

Today, in Cause No. 42393, the Indiana Utility Regulatory Commission approved an increase in the prices that SBC Indiana can charge competitors who lease lines.

The final Metro Loop figure approved by the IURC differed from both the 175-percent increase requested by SBC Indiana, and the 60-percent decrease requested by competitors. Based on the facts submitted, the Commission believes the new rate provides a balance sufficient for SBC to invest in its network and maintain employment, without forcing competitors out of the market.

The increase approved by the Commissioners, raises the cost for the Metro UNE Loop from **\$8.03** to **\$12.00**, representative of the 140 unbundled network elements (UNEs), which are frequently used as a means of providing telecom service by facilities based carriers, and increases the price of the UNE Platform by approximately **30%**. The UNE Platform uses the local loop plus switching and transport facilities of incumbent local providers like SBC.

Unbundled Network Elements are defined as physical and functional elements of the network. They include local loops (the wire from the SBC's central office to the customer's home or office), switch ports, as well as dedicated and common transport facilities.

The Commission opened the docket to update UNE rates on March 12, 2003, to reflect a change in cost studies that determine the final UNE rates. To calculate these rates the IURC considered economic issues, network design, loop costs, fill factors, depreciation, cost of capital, nonrecurring costs, and shared and common cost factors.

The Telecommunications Act of 1996, which established competition at the local service level, requires the IURC to use Total Element Long Run Incremental Costs (TELRIC) to set prices for services to competitors who lease lines from incumbent carriers, such as SBC Indiana.

The IURC held three full-day technical conferences in this cause, considered nearly 1,300 pages of oral testimony from five days of hearings, studied approximately 2,500 pages of written prefiled testimony, and invested more than 2000 staff hours. SBC introduced 11 witnesses on direct testimony, the Competitors had 11 witnesses for rebuttal, and SBC Indiana had 16 witnesses for its reply.

Many TELRIC pricing issues in this cause are also being revisited by the Federal Communications Commission (FCC), which is expected to complete its review on the matter by the summer of 2004. If the FCC review results in substantial changes in the interpretation, the IURC will also revisit the UNE pricing structure.

The new rates become effective immediately.

###