**Section 790.420 Special Access and Private Line Interconnection – Pricing and Rate Structure Issues**

a) Cross-connect charge. Prices for the connection charge shall equal or exceed the long-run service incremental costs (LRSIC) of providing the service.

b) Contribution charge. The LECs are prohibited from recovering a contribution charge from telecommunications carriers and end users unless approved by the Commission as provided in this subsection. The LEC may petition for, and the Commission shall approve, a contribution charge if, after hearings, the Commission finds that the LEC has demonstrated a need for a contribution charge. Any contribution charge permitted under this Section shall only recover specifically identified subsidies or non-cost based allocations embedded in rates for special access or private line.

c) There is no requirement through this Part to provide price parity between physical and virtual collocation arrangements.

d) LEC special access or private line offerings.

1) Pricing and rate structure flexibility for LEC special access or private line offerings. LECs with operational expanded interconnection offerings may petition the Commission to receive approval to implement a system of traffic density-related and cost-based zones for special access or private line services classified as noncompetitive services as defined in the Act. Rates within each zone must be averaged within each zone, but rates may differ for special access services between zones. Rates shall be based on average LRSIC within each zone.

2) Volume and term discounts.

A) LEC customers with long-term access arrangements of three years or more, as provided in the FCC Expanded Interconnection Rule (CC Docket No. 91-141, FCC 92-440 (rel. October 19, 1992)), may review these arrangements. These long-term arrangements must have been entered into on or before September 17, 1992.

B) The right to end a long-term arrangement at a specific location will exist for a period of 180 days from the date the first cross-connect is operational in that location. Within five business days from the date on which the first expanded interconnection arrangement becomes operational in that location, the LEC shall file with the Commission a tariff transmittal stating that the fresh look period will begin to run as of the date the notice is filed with the Commission. If a party chooses to terminate a long-term arrangement within this period, the termination charge will be limited. The LEC may not charge more than the difference between the amount the customer has already paid and any additional charges that the customer would have paid for service if the customer had taken a shorter term offering corresponding to the term actually used, plus interest at the prime rate. Interest rates are to be adjusted to reflect changes in the prime rate and will apply to the balances due under the recalculation as they would have accrued over time.

C) Reconfiguration charges must be applied in a neutral manner that does not discriminate based on whether the customer chooses to use an alternate provider's facility or LEC facility for special access or private line service, unless there are specific, identifiable cost differences. All nonrecurring charges applicable to a customer's shifting to an alternate provider's services are to be set no higher than cost-based levels. In addition, the difference between the charges applicable when a customer shifts to an alternate provider's services and those applicable when a customer reconfigures its service with the LEC must be cost-based. The customer is entitled to the limitation on the termination charges even if it does not terminate service under the long-term arrangement with the LEC until after the 180-day period has expired.

D) Rates contained in tariffs that include volume and term discounts shall be cost-based.

3) Distance sensitivity. Rate elements contained in the tariffs that are based on distance sensitivity must be cost-based.