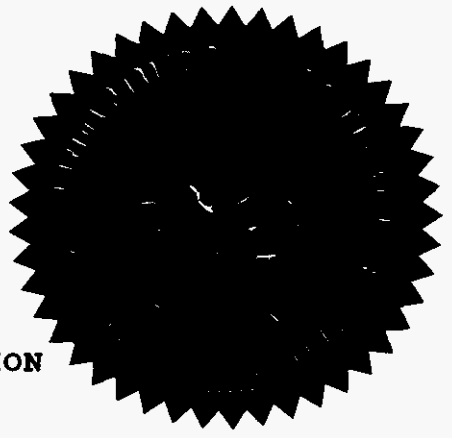
BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of: Resolution of petition(s) to establish nondiscriminatory rates, terms, and conditions for interconnection involving local exchange companies and alternative local exchange companies pursuant to Section 364.162, F.S.	DOCKET NO. 950985-TP



THIRD DAY - AFTERNOON SESSION

VOLUME 12

Pages 1324 through 1436

PROCEEDINGS: **HEARING**

BEFORE: CHAIRMAN SUSAN F. CLARK
COMMISSIONER J. TERRY DEASON
COMMISSIONER JULIA L. JOHNSON
COMMISSIONER DIANE K. KIESLING
COMMISSIONER JOE GARCIA

DATE: **Wednesday, March 13, 1996**

TIME: Commenced at 10:30 a.m.

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: JOY KELLY, CSR, RPR
Chief, Bureau of Reporting
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APPEARANCES:

(As heretofore noted.)

DOCUMENT NUMBER-DATE
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FPSC-RECORDS/REPORTING

I N D E X

MISCELLANEOUS - VOLUME 12

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PROCEEDINGS

(Hearing reconvened at 12:50 p.m.)

(Transcript follows in sequence from Volume 11.)

COMMISSIONER DEASON: Call the hearing back to order. Ms. Wilson, I believe you were inquiring.

MS. WILSON: Thank you.

- - - - -

F. BEN POAG

resumed the stand as a witness on behalf of Central Telephone Company of Florida and United Telephone Company of Florida and, having been previously sworn, testified as follows:

CONTINUED CROSS EXAMINATION

BY MS. WILSON:

Q Thank you. Mr. Poag, since we have broken for lunch, I just want to ask you, do you still agree with the general principle that we discussed this morning that the Commission should not set discriminatory terms?

A Yeah.

Q And that local providers must offer nondiscriminatory terms of local interconnection?

A Yeah.

Q I want to ask you if you have Exhibit No. 40

in front of you?

A Yes.

Q And these are responses -- Centel/United's responses to Time Warner's First Set of Interrogatories?

A Yes.

Q And I would refer you to Item No. 16, I believe it's Page 18 -- well, I guess it's on the bottom right of the page, it's Page 40.

Well, mine aren't clearly marked. It's Item No. 16. And if you look at the numbers in the bottom middle of the page, it's No. 18.

A Yes, I have that page.

Q Okay.

MR. FONS: Excuse me, which exhibit?

MS. WILSON: Exhibit No. 40.

MR. FONS: Page 43?

MS. WILSON: Well, it's not clearly marked on my draft. It's Item No. 16.

MR. FONS: Okay.

Q (By Ms. Wilson) Do you have it in front of of you, Mr. Poag?

A Yes, I do.

Q Is that response true and correct to the best of your knowledge?

A Yes, it is.

Q Do you know if there is a Seventh Day Adventist Hospital in United's territory?

A Not specifically, no.

Q Okay. I want you to assume that Sprint Metropolitan has requested collocation and has been provided collocation with United under the terms of United's published tariffs, okay?

A Okay.

Q I want to ask you, would collocation enable Sprint Metropolitan networks to interconnect with United actually on the physical premise of a Seventh Day Adventist Hospital in Orlando?

A Yes.

Q It would?

A Yes.

Q How?

A It would be operating as an alternative access vendor.

Q Thank you. Under your usage sensitive rate Option B, how does United Centel propose that those charges be assessed? Would that be weekly, or monthly, or how?

A Monthly.

Q And you testified, I believe, that that rate

is over and above the TSLRIC cost of furnishing interconnection; is that correct?

A Which rates are you referring to?

Q The rate in Option B.

A Which one?

Q In the interconnection agreement between Intermedia and United/Centel.

A Laura, I haven't done a price/cost check, okay? And we discounted those rates rather substantially. But recognizing that we did have some contribution in those rates, it would be possible that maybe somebody ordering a single port as a tandem could potentially be below cost. I don't know whether they are or not.

But in many cases rates are set in that manner. You don't set -- every price doesn't necessarily cover costs, but you look at things in the aggregate. And if these folks are going to be in the marketplace and they are going to generate sufficient traffic to have a port and to have multiple ports, with the contribution that we had in the rates, I believe in the aggregate they will exceed the cost.

Q But haven't you stated that United/Centel must recover certain costs in order to remain financially profitable?

A Where are you now?

Q I would direct you to your testimony of February 6, Page 8.

A What line?

Q Lines 1 through 5 and 24 through 25.

A I'm sorry, you said Page 8?

Q Yes. Testimony of February 6.

A Yeah.

Q Okay.

A Yeah. That doesn't mean that every single individual service has to be above cost. It says "in the aggregate."

Q Okay. But the rate -- the usage sensitive rate that you are proposing in this proceeding contains a contribution to shared or joint costs and overhead costs; isn't that correct?

A Yes.

Q Okay. And isn't it your testimony that these types of costs are incurred as a result of the fact that United/Centel must serve -- must provide more services in its territory and must stand ready to serve all customers regardless of the costs they impose upon United/Centel?

A Where did you pick that -- I don't disagree with what you are saying but I'm afraid to just take

something out of the context of how I meant it.

Q Okay. I'd refer you to your testimony of February 6 at Page 10, Lines 20 through 25.

A Yeah. And I guess that's a good point as to why I'm saying you have to be careful not to take things out of context. In this scenario here --

Q Yes.

A -- excuse me. And I guess I'm getting confused when you are going back and forth to the stipulation and this.

You see, in the stipulation, we had an arrangement whereby we would have a port-for-port match of services; so that to the extent that I give them a discount, they give me a discount. And I think you have to factor that into the equation.

Q Okay. For purposes of my question, I would like to talk to you only about the usage sensitive Option B charge that you are proposing in this proceeding.

A Okay.

Q Okay? And isn't it true that that charge contains a fair share of contribution to United/Centel's shared or joint or overhead costs?

A Well, it contains some contribution. Now I don't know -- again, this is an interim agreement.

I'm not sure that I would say it is necessarily fair at this point in time. But it was in, again, trying to reach a compromise for an interim agreement.

Q Okay. And those shared joint and overhead costs, are those incurred as a result of the fact that United/Centel must stand ready to serve all of the customers in its territory regardless of the costs that they impose upon United/Centel?

A I would say some of them probably are, but I --

Q Is United Centel's obligation to stand ready to serve, is that what is commonly referred as to the carrier of last resort obligation?

A I think to stand ready to serve ubiquitously throughout its franchised service territory would probably be the carrier of last resort obligation, not necessarily standing ready to serve in Winter Park. I think you stand ready to serve in Winter Park because it is a very lucrative market.

Q Okay. So you are asking the Commission to approve a usage sensitive rate that contains a share of contribution to enable United/Centel to maintain its carrier of last resort objectives, are you not?

A That is not what I have testified to.

Q What have you just testified to?

A That's not it.

Q Okay, would you explain it for me.

A I said that that may include some contribution -- there may be some contribution in there. However, to necessarily equate the contribution, the small contribution, that is in these rates to covering that obligation is the difference between a gnat and an elephant.

Q To the extent that there is some contribution in these rates, wouldn't that contribution be used to assist you in maintaining your universal service and carrier of last resort obligations?

A If local interconnection rates were to make a contribution to the same extent that I get from interexchange access charges or that I get from custom calling features or that I get from other vertical services or that I get from intraLATA toll, then you might be able to argue that yes, there's some contribution to universal service and carrier of last resort. But the contribution margin that we're talking about for these particular services relative to what we are charging other customers doesn't make that leap.

Q So is the answer that you don't know,

Mr. Poag?

A No. The answer is not that I don't know. The answer is the answer I just gave you.

Q Okay, but it was a yes-or-no question, so is your answer yes?

A I answered your question no, originally.

MS. WILSON: I have no further questions.

COMMISSIONER DEASON: Mr. Crosby?

MR. CROSBY: Commissioner Deason, may I be permitted to ask my questions after Mr. Melson?

COMMISSIONER DEASON: Is that in the interest of saving time?

MR. CROSBY: Yes, sir.

COMMISSIONER DEASON: You may. Mr. Melson?

CROSS EXAMINATION

BY MR. MELSON:

Q Mr. Poag, I'm Rick Melson, representing MCI Metro. Could you turn to your February 6 direct testimony, Page 8?

A Yes.

Q My recollection is that during your deposition you indicated that you intended to make some changes to that testimony when it was offered today and I didn't hear those this morning. Is that oversight or have you decided it was not necessary to

make the change?

A No, I didn't realize I had to do it twice. That's my mistake.

Q Okay.

A But the changes should be made. I thought that if you made them at the deposition they would make them.

Q Just for the benefit of the Commission and the record, could you tell us what changes you would make to Page 8 of your February 6th testimony?

A Yes. On Line 17, strike the words "the SS7 network" and replace that with "air conditioning." And then to Line 18, beginning at the end of the line where it begins, "It is," strike that line through the word, "efficiently," at the beginning of Line 20.

Q Right. And do you have any other changes to your prefiled testimony that you had indicated during the deposition that were not made this morning?

A I don't believe so, Rick. I think I made some other changes but I think those were in the 984 docket.

Q All right. Could you turn for a minute to Exhibit 42. It is one of the Staff's Exhibits, FBP-5. I would ask you to turn to the page that is Bates stamped No. 6.

A Yes.

Q Looking at this exhibit, is it fair to say or is it correct to say that the residential -- average residential rate for United is $8.76 per month and the average residential rate for Centel is $9.08 per month?

A I'm sorry. I'm either on the wrong page, or --

Q Okay. The Bates stamp is 6; the page number is 14; and the interrogatory is 11.

A Okay. I think I removed that page in anticipation of your asking me a question. I'm sorry, it is on the back side. Yes, I have that now.

Q All right. And it is correct that United's average R1 rate is $8.76 a month and Centel's is $9.08?

A Yes. And if I may do a clarification on that? That is excluding the subscriber line charges.

Q And the subscriber line charges for a residential line is $3.50 a month?

A That's correct.

Q Now, if you will turn to the next page. Page 7. In that question we asked you, "What were the average minutes of use per month of local calling for residential access line?" And based on October 1986

information you said 305 local minutes. Do you have a more current number?

A Yes. And as we discussed, those have been filed in the case. I don't have those in front of me; but there are more current numbers and I can't give them to you off the top of my head, though.

Q Would you agree that close to 500 minutes a month would be a better current number?

A Yeah. That's for residential usage, okay?

Q Okay.

A And let me make a clarification on that, too, Rick. That's conversation time minutes, that's not the same as local interconnection minutes.

Q Would local interconnection minutes be higher or lower?

A I'm not sure. Excuse me, be higher.

Q All right. Let's turn to Confidential Exhibit 43, then, FBP-6?

A Yeah.

Q And let's turn to the last page of that exhibit, which looks like it's Bates stamped No. 19?

A Yeah.

Q I don't believe -- and in the middle of that page you see it shows residence, shows the number of minutes; then it shows business, and it shows the

number of minutes.

A Yes.

Q I don't believe -- you tell me. I don't believe those minute numbers are confidential, are they?

A No, I have no problem with providing that.

Q Okay. Just so the record would be clear, it is fair to say that your current estimate of residential minutes of use would be 492 minutes as opposed to 305?

A Yes.

Q Okay. And then in the next interrogatory I had asked you for a number of business minutes of use and you had indicated 379. Would you agree with me that the 934 minutes is more representative current number?

A Yes.

Q I believe I had also asked you -- and again this is a number that appears in Exhibit 42 -- what the average holding time, average call duration for a local call was. And you had told us 3.79 minutes. Would you agree that more current information would indicate that that number is higher?

A Yes. The current number that we have been using is 4.9375.

Q And the 4.9375 is weighted average of business and residential, is it not?

A Yes.

Q I turn in Confidential Exhibit 43 to the preceding page, Page 0018.

A Yes.

Q Does Line 8 of that, the two numbers that are circled over under --

A I'm sorry, what page are you on?

Q I'm sorry, Page 18.

A Okay.

Q Does that indicate that at least in your large rate groups, Rate Groups 7 through 9, on Line 8 of that, that you're -- well, let me ask you. Do you regard the two numbers circled at the end of Line 8 as confidential? It is the average minutes per message.

A No.

Q All right. So is it fair to say that 5.36 minutes per message is a better number than the one in your prior interrogatory answer?

A To the October 6 data? Is better than the October 6 data?

Q The October 1986 data?

A I'm sorry, 19, thank you.

Q The 5.36 minutes is a better number?

A Yeah, that's for residence.

Q Okay. And 3.67 minutes for business?

A Correct.

Q And that also would be a better number than the two minutes, roughly two minutes, contained in your earlier interrogatory answer?

A Correct.

Q Okay. Can you tell me how many business access lines United Telephone has?

A Yes. Our average per business for 1995 was 307,283. And for residence, it was 992,248.

Q And what would the comparable numbers be for Central Telephone Company?

A Business would be 125,759 and residence would be 224,974.

Q And under business are you including pay phones and CENTREX as well as 1FB lines?

A I'm not sure, but I think so.

Q And would you -- and again I believe, while I've got some numbers here in a confidential document, I believe you agreed with me the other day that these particular numbers were not confidential.

Would you agree that if you are looking just at business one party rotary PBX that the number of business lines for United would be 276,097 --

A I'm sorry, what are you giving me now?

Q This number, Mr. Poag, is in a document you produced to us that has not been identified as an exhibit. I believe your counsel is putting a copy in front of you.

Would you agree with me that for United Telephone Company if you are looking just business one party rotary and PBX that the number of access lines for United would have been 276,097?

A Yes.

Q And then turn to Bates stamp Page 136. The comparable number for Centel would have been 54,186?

A 54,186?

Q Yes, sir.

A Correct.

Q Thank you. Now I've got some of the boring part out of the way.

Would you turn back to the exhibit that you were looking at with Ms. Wilson, which was Exhibit 40. And I want to go back for a minute to Attachment B, Option B, which was Bates stamped No. 24.

A Yes.

Q Now, did I understand correctly that these are the per minute rates that Sprint proposes to charge for local interconnection in this proceeding?

A Yes. And I need to caution you about something, okay? When we are doing our own internal traffic, we don't go through the access tandem. We could go through a local tandem or we could go direct to end office.

So you need to understand that when you are looking at those kinds of minutes in these end office access tandem numbers, either the costs or the price, that you don't have apples-to-apples, you have apples and oranges to the extent that there are differences in the way we route traffic internally.

This is the point that we made when we answered the Staff's interrogatory. We were very specific at the time we answered that. They asked us what the cost of terminating the call was, and we showed it as an interoffice. The reason we showed it as an interoffice is because that's a trunk side connection to an end office versus a line side connection to an end office. And there are very different functions associated with the end office on the line side versus the trunk side.

When it is on the tandem side, it comes in on the local tandem, not on the access tandem. You can actually have three switches involved, and go from one end office, to the local tandem, to the third end

office.

Then you have got the mix of traffic -- how much traffic terminates internally within an office as line side terminations versus how much goes into our office as trunk side and then how much switches are involved.

I just want to be sure if you are going to come up with some sort of an exhibit that you understand what you have and whether or not you can apply this to that exhibit.

Q Okay. Well, I don't have an exhibit, you have some exhibits. I'm just going to ask you some questions about them. And if I get to a point where you think I'm comparing's apples to oranges, let me know. Because I would like to get an apples-to-apples comparison and I think I can do it.

A Okay.

Q But tell me if I head wrong. Are you with me now on Page 24 of Exhibit 40?

A Yes.

Q All right. I believe you said, in answer to a question from Ms. Wilson, that the proposed price for local interconnection was 1.882 cents per minute of use. Let me ask you, did you get that number by taking the 1.979 cents that appears on this exhibit

and subtracting the DS-1 local channel entrance facility that's shown as the first number there?

A Yes. The number was .01882, I believe. I don't think that's what you said.

Q I said 1.882 cents. I was just trying to put it in cents rather than dollars.

A Okay, that's correct.

Q Okay. And did I also understand that you propose effective October 1 of this year to reduce that by another .00790 cents that represents the line termination?

A Yes, sir.

Q And so the proposed rate after October 1, am I correct, would be .01092?

A I think so. It would be the .01882 less the .0079.

Q Okay. And I'm probably going to refer to that as 1.09 cents per minute.

A Okay.

Q I just round it off just a skosh.

A That's fine, thank you.

Q Now, at about 500 minutes of use per month per residential customer, would you agree with me that that 1.092 cents that would be effective in October comes out to about $5.50 a month?

A Yes.

Q And that $5.50 would be over half of either the United local rate or the Centel local rate that we looked at earlier?

A The basic rate excluding the subscriber line and the vertical features that generally come with those lines.

Q Okay. What I want to do is compare that proposed rate of 1.092 cents to the cost. I guess to do that, if you would turn with me to Confidential Exhibit 44? Before we start, when was the cost study that is contained in confidential Exhibit No. 44 completed?

A Probably Saturday or Sunday night.

Q I guess it says, "Revised 3-11-96," which is Monday of this week. Is that when it was made available to the Staff and to the parties?

A Okay, this revised stuff was made available Monday morning, I believe.

Q All right. Could you turn to it is about the second page of that exhibit, it is Bates stamped No. 166.

A Yes.

Q If I looked at Line 3 of this exhibit, it says, "Access tandem." And I've got a cost figure

next to it. That cost figure is TSLRIC; is that correct?

A There are three components underlying that. Two of them are -- one is the end office switching, one is the access tandem. I'm pretty confident that their total service is the transport piece, and I can't remember whether that is or not. But for purposes of -- I'm willing to concede that is the total service, but it's a possibility it may not. But I don't think it would be significantly different.

Q Your answer describes it as current TSLRIC, and I'm just trying to confirm that that's what you believe it to be.

A That's what I believe it to be.

Q Okay. And earlier when I was asking you about price, you gave me a little discussion about cost and the difference between interoffice and line side and trunk side. Would the number on Line 3 be the cost if I wanted apples-to-apples comparison that I ought to compare to your proposed rate of 1.882 cents today or 1.092 cents in October?

A For a local interconnection.

Q All right. So this is -- Line 3 where it says "Access Tandem" would be the local interconnection minute of use cost?

A Yes, sir.

Q Okay. And I don't want you to give me that specific number, but could you give me a range that we could use simply to characterize it for discussion purposes?

A Less than a penny.

Q Okay. Let me ask you a question that I believe your counsel has agreed I can properly ask you without disclosing a number. Can we say it is more than half a cent a minute and less than three-quarters of a cent a minute?

A Yes.

Q And that number is the number we would compare to United's -- excuse me, to GTE's cost of less than two-tenths of a cent per minute?

A I can't speak to GTE's cost.

Q All right. And the pages following Bates stamp 166 are the, I guess, from 166 through 173, that is the backup to the cost study?

A Yes.

Q Okay. Turn with me a minute to Page 172.

A Okay.

Q And I guess that is the page where you take this total number that is between a half a penny and three-quarters a penny per minute. And at the bottom

of that page you break it out into the various components, the switching cost, the transport of local switching; is that correct?

A Yes, sir.

Q Okay. If Sprint were handling what we talked about earlier as intermediary traffic, which I would define as a local call, say from an MCI Metro customer to a Time Warner customer, that transited your access tandem to get from one ALEC to the other, can you tell me from looking at this page -- I don't want you to give me the number, but which line item or line items we would look at to get the cost of performing that transit function?

A There are potentially two elements to that. There would be the switching element and then the transport element. Those would be Lines 20 and 21.

Q All right. And if I added those two together, I would come up with your cost of providing that function?

A I am hesitating. And the reason that I'm hesitating is that I think that that transport cost there is not -- there's a difference, and the actual cost would be a lot less than the number that you see here. And what I'm trying to point to is it depends on what that distance is, okay?

And I think this has an average distance built into it of 14.75 miles.

Q And if they were both connected to the same access tandem, you would charge, what, the minimum of one mile? Or is it even less than that?

A It would probably be the one mile minimum if they were both sitting right there.

Q Okay.

A Okay. So it would be somewhat less than that number.

Q Okay. And can you tell me -- I believe you indicated that for that function you proposed to charge a price that was two-tenths of a cent --

A Correct.

Q -- plus some other rate elements. Could you go back to Exhibit 40 and tell me which other rate elements it would be if I was trying to build up the price?

A I can do that on this Exhibit 44, on Bates stamp 175.

Q All right.

A Okay. On Line 2, that would be the transport mileage rate and cost. And on Line 3, that would be the fixed facilities termination cost for transport.

And then on Line 4, our original rate that we had requested there to cover access tandem switching was a .00399. But for interexchange access and what we agreed to in the ICI we reduced that number to .00088. And those would be the three elements with the one I identified as No. 2 being distance sensitive. So that would be those elements in addition to the two-tenths of a cent.

Q Okay. So if I added Line 2 plus Line 3 plus .00088 --

A That would give you the rate column.

Q -- plus two-tenths of a cent I would get --

A Okay.

MR. MELSON: Just so there's no confusion, Commissioners, I understand the rate numbers on this Page 75 were not confidential, it is only the cost numbers in the right-hand column that had been confidential.

A Yeah. The rate numbers are in the tariff. Except the .00399, I think. All of them there.

Q (By Mr. Melson) When you performed this TSLRIC cost study, did you use exclusively forward looking costs --

A Yes.

Q I'm sorry.

A Yes.

Q Okay. Can you show me in your backup material where I find the costs detailed to be able to try to figure that out?

A We don't anywhere say what the technology is. For the switching, we used the DMS-100, which is our forward-looking switch technology. For the transport, we used fiber optics, light terminal equipment fiberoptic cable.

Q And where in this backup does it show me the backup for the switching costs, for example?

A On the Bates stamp Page 171, you have the --

Q Yes, I do. And I guess I have seen cost studies where people identified switching investment and then identified cost factors and so forth. And it was just difficult in looking at Page 171 to see where you have identified an investment.

Is there a number on that page that represents an investment? And again, don't blurt out the number, just give me a line reference or something.

A On Line 1 represents your setup cost of investment. That's at GSC, general startup costs. And that is factored by the processor utilization for tandem trunking, times an annual charge factor, times

a busy hour factor, divided by the annual business days, to give you a monthly recurring cost.

Q Okay. And anywhere in this cost study is there a derivation of any of those five numbers you have just identified for us?

A We use the switching cost information system model. The switching cost information system model is a Bellcore product which is a confidential model. The algorithms within that model are confidential. That has been audited by the FCC -- not by the FCC, excuse me, I may not have this exactly right. It has been audited by a Big Five accounting firm, found to be reasonable.

Those records are available to you if you would like to sit -- I think they are, we'll have to check the legal folks. But if you would like to sit down and review that cost model, I will be glad to have you do so.

I can tell you that, I forget the exact numbers here, but I think something like 35 offices go into that; there are 162 inputs for each of the 35 -- up to 162 inputs for each of the 35 offices; and there are a large number of remotes; and there is approximately 60 inputs for each of the remotes.

The information that goes into that model is

from our engineering folks. It has to do with the access lines per remote. It has to do with the busy hour per remote. It has to do whether a residence. It has to do with the amount of equipment that's invested in it. It has to do with the discounts that we get from manufacturers. It is a rather extensive model.

We use it, Bell Telephone uses it, General Telephone uses it. I'm not sure what you are getting to, but I think it might be worthwhile to -- you are probably getting to the fact you have some question about our costs. And I might be able to shed some light on your concerns.

There is a book that's published --

Q I guess, Mr. Poag, all I was asking is, is there anything in the backup that shows us the inputs? And I guess the answer is no.

A It does not show the inputs.

Q Okay. And are inputs to the cost model proprietary under any Bellcore agreement or just the algorithm?

A With the model -- I don't believe the inputs are proprietary.

Q Okay. And you indicated that you had a large number of remotes and switches and so forth.

For a total service long-run incremental cost study, did you put all that data into the model or did you use just a single switch type to represent your current efficient switch?

A No, we only did the DMS-100s. We had 12 10s, we have DMS-10s, and we have 5 ESSes. We only used the DMS-100.

I might point out to you that we didn't load all of that information into this model just to do the local interconnection study. That information is already loaded. We have to go through the process of updating that information throughout the year or once annually as we get the information from the engineers.

We use that model for developing costs other than local interconnection. We use it for developing CLASS and custom calling features and other types of studies that use the processor and use the memory of those switches.

Q But that input data has not been provided to parties or the Staff in response to any discovery that was done in this docket?

A They have not asked for it.

Q Do you measure traffic on EAS trunks 24 hours a day, 365 days a year?

A I don't know.

Q I believe in response to an earlier question -- well, let me withdraw that.

What studies of traffic on EAS trunks did you look at in preparing your testimony about traffic balance over those EAS trunks?

A Well, and I just looked -- I looked at that study that I presented in response to a document request. And I don't remember specifically which one it was, but it was just the study results between us and Bell, us and General, us and ALLTEL, us and Vista United, and it has been provided in this docket in response to a document request, I think.

But what I was referring to earlier was information that I had used in negotiations with Time Warner. I called one of my traffic engineers, and I said, "Hey, I need some traffic data." And I said, "I don't need busy hour, I need total day and I need it for a whole month."

And he faxed it to me in about an hour. And some of the data went back as far as 1980 -- excuse me. Some of the data went back as far as September 1994. And the reason that it went back that far is because he needed -- he was doing either not busy -- busy season/busy hour and off peak busy hour data. So he was actually able to give me the same trunks for

busy season and nonbusy season.

And I just thought it was unique that I asked for that information -- well, let me see. It is dated 9-1-95; and some of it is dated 8-25 because he supplemented some of the information. But this particular document that I'm looking at is showing the dates 9-1-94 through 9-30-94. And it provides the CCS usage which you can divide out and divide that by the number of working trunks and come up with the number of minutes of usage that you can get across a trunk group.

The one I'm looking at now involves as many as 11 -- and they take some of these lines out and use them for other purposes. But this particular one has 11.7 trunk groups in it, and that's the equivalent of 11.7 ports. That's a high volume trunk group. The minutes of use over that high volume trunk group is 345,430. Much higher than the 216 that we used in some of the other information.

Q Okay. Mr. Poag, would you say that it was -- I understood that data was gathered because of a special study that your engineering group was doing?

A It wasn't gathered because of a special study they were doing. It was information that they provided to me to do a special study.

Q But they had gathered that information -- okay.

A They did not have to go gather the information, they had the information there. I asked for it one day; and they either faxed it to me the next -- I think they faxed some of it the same day and gave me the whole package the next day.

I have only got a few of the sheets here. I have about three or four times more and I would be glad to have you look at them.

Q I guess I'm not asking to look at them, I'm trying to ask why that information exists.

I believe you told us it was because your engineering group had been doing a special study where they wanted to look at busy season and nonbusy season and that was the reason the information was collected.

A I just asked them for the information and they said, "Here it is."

Q All right. Is it true that today your measurement systems do not have the ability to jurisdictionally separate local traffic and toll traffic?

A On the terminating side.

Q And we're talking -- this proceeding is about local termination. So for the type of traffic

we're talking about in this proceeding, you do not today have the ability to separate local and toll; is that correct?

A As in -- correct.

Q Okay. Now I believe in your testimony you indicated that you are adding some new software to upgrade your measurement capability; is that correct?

A Yes, sir.

Q That new software won't give you the ability to separate toll from local traffic, though, will it?

A No, sir.

Q So is it fair to say that if the Commission ordered compensation be paid on a per minute of use basis you would, in today's environment and even with the new software you are adding, have to rely on percentage local usage factors reported to you by the company that originates the traffic?

A I have to do that whether they order it or not. If they order bill and keep, I still have to figure out how much traffic is toll and how much traffic is local.

Q And you still have got to rely on the PLU, that's not something you measure yourself?

A Correct. And I still have to audit it.

Q I believe you said during your summary

something to the effect -- and correct me if I get it wrong -- that if the Commission were to set local interconnection charges equal to TSLRIC that Sprint would either have to forgo profits or would have to increase prices for other services. Did I get that right?

A Yes, sir. To maintain the same financial status.

Q Would a third option be that you could become more efficient and reduce your costs?

A Certainly. And we're trying to do that. And we're trying to do it for our competitive and our noncompetitive services.

Q I guess I'll try to ask questions faster.

(Laughter)

CHAIRMAN CLARK: Or just let him answer the questions he wants to.

MR. MELSON: I have been doing that.

(Laughter)

Q (By Mr. Melson) You also, in your -- the first point in your summary, you were discussing the residual interconnection charge and why it ought to go to Sprint. And I believe you told me that in a remote call forwarding environment the access tandem actually got used twice because the call had to go down to the

end office, and had to go back to the access tandem, and had to go somewhere else. Do you recall that?

A Yes.

Q You do have an approved charge for remote call forwarding that recovers the cost of that second tandem switching, don't you? That's a yes or no.

A I don't remember, okay? When we did that study, I tried to leave out anything that was going to be covered in local interconnection. And you may recall that we had the lowest remote call forwarding cost numbers of any of the companies that presented that data.

Can I consult with one of my costing managers?

Q If you don't know the answer, saying you don't know is a fair answer.

A Yeah, I don't recall.

Q And finally, your position on directory information pages. It is my understanding that it is Sprint's position that whether an ALEC got to put any information pages in the directory is an issue between itself and your publishing affiliate, not an issue between the ALEC and Sprint; is that right?

A I'm not sure I made that exact a split in my summary, but that would be fine with me. I would just

as soon see them go ahead and handle that directly with the publishing company.

Q Let me ask you, I don't want to put words in your mouth. What is your position about an ALEC having information pages in a Sprint directory?

A Well, I think they should deal directly with the publishing company on that. And if there are any charges associated with that, then they would deal directly with the publishing company regarding that.

Q Sprint does get free pages, free information pages, in that directory; does it not?

A I don't know whether I would characterize them as free or not. It is a packaged deal where there are financial, non-inkind payments that are made between the two companies. And I don't have intimate details of those. I --

Q Is it fair to say you pay no explicit -- you make no explicit payment for 32 pages, information pages, in a directory published by your affiliate?

A I can't -- it is my understanding that there are some pages that we get as part of the deal. Whether it is 32 or so, I don't know. You have more information about that than I do.

Q I think it may have come from your deposition.

A God, if I said 32 in my deposition, I was really getting bad. I hope it was somebody else.

MR. MELSON: It could have been. My memory is faulty at this point. That's all I have. Thank you, Mr. Poag.

CHAIRMAN CLARK: Ms. Dunson?

MS. DUNSON: No questions.

CHAIRMAN CLARK: Mr. Horton?

MR. HORTON: No questions.

CHAIRMAN CLARK: Ms. Butler? Mr. Cohen?

MR. COHEN: Thank you.

CROSS EXAMINATION

BY MR. COHEN:

Q Am I correct that you earlier agreed with the principle that carriers cannot be allowed to act anticompetitively?

A Yes, sir.

Q Is service order processing one of those operational issues that still must be resolved in connection with furnishing interconnection?

A Yes, sir.

Q Will Sprint-United personnel be performing service order processing and other operational functions for Sprint Metro?

A Yes. When you say -- they will be

performing it for a lot of different companies. In other words, what we plan to do is have that company, what we call our NASC -- national account service center, I believe -- and that's where all our interexchange orders come in, as well as -- what we've done is we've kind of set up separate organizations that are dealings with competitive type services so that it is not into the rest of the organization.

Q So Sprint-United personnel will perform these services for Sprint Metro as well as for other ALECs?

A Yes, sir.

Q Does Sprint-United have one account manager for all ALECs?

A I'm not positive. I don't know.

Q Do you know whether the account manager for the ALECs includes Sprint Metro as one of those ALECs? I think what I'm getting at is Sprint Metro kept separate from the other ALECs or is it in with all the others in terms of services Sprint-United provides?

A I do not know -- I'm having a little bit of a problem with the account manager scenario. I do not know specifically whether they have the same account manager as somebody else.

I think the individual doing negotiations

with them from Kansas City also does negotiations for several other ALECs as well. Kansas City is where our corporate headquarters is located.

Q What steps should be taken or are being taken at Sprint-United to prevent the sharing of confidential ALEC business with Sprint-United's marketing department?

A The same steps that are taken with regard to all of the other folks we have interfaced with.

We have a very elaborate code of ethics and that has been published throughout the Company. Employees have been asked to read it, they have been asked to sign it. We have a code of ethics reporting hot line.

We go to the extreme to try to ensure and protect information and to be sure there is no discrimination and we are playing fair.

Q Am I correct that Sprint-United sales personnel represent Sprint Metro products and services to customers inside or outside the franchise areas of Sprint-United?

A Repeat that one, I want to be sure. I lost a little bit at the front end.

Q Sure. Am I correct that Sprint-United sales personnel represent Sprint Metro products and services

to customers both inside and outside the franchised areas of Sprint-United?

A I'm not aware. I'm not that close to that operation.

Q You have also agreed in your testimony to the principle of nondiscrimination, or nondiscriminatory --

A Yes, sir.

Q -- treatment? Does Sprint-United have any wire line transmission facilities connecting it with Sprint Metro?

A Repeat it again?

Q Does Sprint --

A My problem is Sprint Metro, Sprint --

Q Does Sprint-United have any wire line transmission facilities that are connected with Sprint Metro?

A I'm not sure whether they do or not. And let me qualify that, okay? They could be connected as an alternative access vendor today; but we don't have a local interconnection agreement with them and we are not interconnected with them on a local interconnection basis.

Q How about any wireless transmission facility?

A I'm not familiar with wireless.

Q Or satellite, microwave?

A I've probably gone way beyond my knowledge.

Q You have given a lot of testimony, been asked a lot of questions about the intermediary function. I'll try to just focus in on a couple areas that maybe expand a little on some of the questions that Mr. Melson previously asked you.

Now, you have already testified, am I correct, that the switching element and the transport element are two items that will go into the cost for the -- of providing the intermediary switching?

A Yes, sir.

Q And if both ALECs are located in adjacent stalls, what elements in price would apply? Would it be the same as you described to Mr. Melson?

A Okay. If you are talking switched or are you talking about dedicated?

Q Switched.

A If they are switched, I guess -- if there's -- if they are both collocated in our building, then what elements would apply as far as switched connection between the two?

Q Correct.

A Okay. There would be the transport; and in

this case -- and I don't remember exactly how the tariff reads on this, it could be zero or one mile, because they are right there. So it may not -- potentially may not be a transport element. I wouldn't swear to that without reading the tariff.

There would be the switching element, the tandem switching rate element that's in the existing interexchange access tariff. And then the additional two-tenths of a cent is that would go in to help recover some of the shared and common costs.

And again, that goes back to since we don't charge the local -- the RIC on the local interconnection stuff, it's some additional costs there that are recovered in the RIC that aren't covered in this situation.

Q And if the ALECs were, say, five stalls apart, would the charges be the same except the transport charge would be increased?

A Yes, sir, if it applied.

Q Is it your intent that these charges would apply to the connection between an ALEC and a private telephone, a private pay phone provider served by Sprint-United?

A Anyone using that same functionality.

Q Including an STS provider?

A Shared tenant service provider? Yes.

Q Now you are familiar, are you not, with the idea of the tandem hotel?

A No, sir. I was visualizing some things, but not a tandem hotel.

Q I think what I'm thinking about is probably not as exciting as you may be visualizing.

A Seriously, that's the first time I have heard that term.

Q Sure. When you in your testimony you say that you will make direct connections through your facility that without -- that there will be instances in which you make direct connections through your facility with outgoing through the switch. Is that correct?

A Yes, sir. If they want to connect from one ALEC to another ALEC, we will allow that. And just --

Q Okay.

A -- and I'm sorry.

You know, we have offered three different options. We have offered the collocation; we have offered bringing facilities to them the same as we would an interexchange carrier at a POP; and we have offered to do meet point. So what I'm trying to propose to you is I think we are being very, very

flexible in the way that we are trying to say that we will work with you and that we'll get this process in place. We just want the rates to be right.

Q If the connection is made directly without going through Sprint-United's switch, how will the charge be made for that?

A Okay. Generally speaking, what you have is what is called a cross-connect. And that element is tariffed. And I don't -- I have never done it for an ALEC to an ALEC; but to the extent that we hand off to an ALEC, then we charge that, what was it, $1.30 rate for like a voice grade circuit for doing the cross-connect work, okay?

Now if that other ALEC is within the immediate area, there may not be any -- that jumper or that cross-connect might be able to give us the capability to get to them. But I think more often than not, you know, if you envision this going down the road, suppose we have five ALECs, okay? All right. When we get five ALECs, and here's one, and one, two, three, four, and five. And one wants to connect to five, they're not right next to each other. Or two wants to connect to four, they're not right next to each other.

And again, this Commission ordered

checkerboarding. So even if there's just two, they might not be right next to each other.

And the only point I'm trying to make is let us charge you per our tariff for whatever facilities are required to make that connection.

Q Let me back up a step to a question about the PATS provider, a private pay telephone provider. Why would the transit function apply to that provider who is really a reseller of Sprint-United's local service?

A Are you talking about the dedicated cross-connect?

Q No. The transfer of the switching between an ALEC and a private pay telephone.

A I don't think a private pay telephone provider would go through the access. If it is originating in my service territory from one of my private pay telephone providers, he wouldn't pay that function. It is only when they are collocated or they are going directly from each other, not when they are going through my normal process.

Q Am I correct that Sprint-United has proposed a toll default mechanism?

A Yes.

Q Are you aware that a provision of Chapter

364.16 requires that a company may not knowingly terminate a call for which terminating or toll access charges would apply over a local interconnection arrangement?

MR. FONS: Objection to the form of the question. It calls for a legal --

CHAIRMAN CLARK: Mr. Fons, your mike is not on.

MR. FONS: I've been caught.

CHAIRMAN CLARK: If you are over there mumbling, that's all right. (Laughter) If you want to file an objection --

MR. FONS: Never mind. It is already answered.

WITNES POAG: You knew your microphone wasn't on.

Q (By Mr. Cohen) And without, of course, providing any legal conclusions here, are you aware that that same statute in the following provision provides a process that states a course of action to take in the event a company believes someone is violating this section? Charging an improper toll.

A Yeah. My recollection of that section of the statute -- and I'm not real close to it, but my recollection is I didn't see a whole lot of teeth in

that provision.

Q In the area of directory assistance, directory listings, you testified about that a little bit. Does Sprint list other LECs in its directory assistance data base today?

A Yes.

Q What does Sprint charge other LECs for those listings?

A I don't know.

Q Do you know how that the charge structure is put together?

A No. But whatever it is that we are doing with them, we'll do with you.

Q Does Sprint-United receive remuneration from its directory publishing company for use of its directory listings?

A Yes.

Q Do you know approximately how much that was for 1995 or 1994?

A No, sir, I don't. It is a per listing amount and it is in cents. I don't remember; I don't want to guess at the exact amount.

Q Does Sprint-United have a tariffed offering for sale of its DA listings?

A No, sir, I don't believe so.

Q Do you offer either directory assistance or directory listings under contract?

A We don't have -- I'm sorry, your question was, come on back. Your question about whether we had a tariffed offering, you said for directory listings, not assistance?

I'm sorry, I'm just getting confused.

Q Okay. Well, directory assistance or for directory listings.

A Okay. We have an end user tariff for directory assistance, and I think we have some rates in our interexchange access tariffs for interexchange carriers.

Q What --

A I think.

Q What about to directory providers and other DA providers?

A They're not in the directory. We will provide the listings to other publishers based on that rate that we provide them to our publishing company.

Q What's the price structure?

A I'm not familiar with the details.

Q Do you know whether the value of those services increases based upon having more listings in a directory?

A That's not clear to me.

Q From a customer's perspective, would you agree that it is more convenient to have all the customers in a given geographical area in one directory regardless of who the local provider is?

A As long as they are all within the same local calling area.

Q Am I correct that a White Page listing is part of the definition of services included in the basic local exchange service?

A I hadn't looked at that in a long time. I think that's correct. I'm hesitating because there are some other things in there but they are not necessarily included in the basic service rate. But I believe in that situation the primary listing would be.

Q Does the Florida PSC regulated Sprint-United's directory publishing affiliate?

A No.

Q Does Sprint-United's directory publishing affiliate have any obligation to follow directives of the Commission, to the best of your knowledge?

A There was some statutory language that got revised in this last revision; and to the best of my knowledge, I don't think there is any connection.

Q Isn't it possible that Sprint-United's directory publishing affiliate could refuse to carry Time Warner's requested information pages or even its White Page listings?

A I'd sue them if they did that to me.

Q Is that a yes, it is possible, or?

A I don't think it is very likely. Because they want to publish a high quality telephone book and they want to sell advertising.

Q What was the amount of growth in your service area last year?

A Access line growth?

Q Yes.

A Probably between 5% and 7%.

Q What was your rate of churn?

A What?

Q Churn, like a butter churn.

A Define "churn."

Q Let me ask you for you to define how you calculate churn. In versus out in terms of?

A The end-to-gain-one ratio?

Q Right.

A Oh, that churn. What was our churn rate? Oh, God, I don't know. It was probably in the range of 7 or 8. It's been lower than that in prior years;

in more recent years, that churn rate has gone up, I think.

Q Has Sprint-United run any promotional for a second residential line if the home?

A Promotions?

Q Correct.

A Yes.

Q Did you sell extra lines as a result of that promotion?

A I believe so.

Q Am I correct that there are factors that maybe a company -- that would help assist a company in influencing by its marketing that would have an effect on access line growth?

A Absolutely.

Q You testified at great length, I think, on TSLRIC and your forward-looking cost study. Am I correct that you used your most efficient technology in terms of that study, was it your DMS-100 and fiber optics?

A I'm sorry, I could not -- did you say "great testimony" or "great length"? (Laughter)

I'm sorry. What was the question again?

Q Am I correct that in terms of your TSLRIC's cost study that you used the most efficient technology

for purposes of conducting that study?

A Well, we used our -- we used the technology that we project is what we would use when we do replacements or when we put in for new growth. And our current now for switching is the DMS-100.

Q And that's what you meant by it was forward-looking?

A Yes. And you made me think of something I think is real important that I probably ought to bring out now.

You know, today --

Q As long as it is responsive to the question, please.

A I'm sure the Commissioners would want to hear this. I mean, you were going to talk about total service long-run incremental costs, and this is my point, okay?

That today my technology is the DMS-100. Now, if another technology comes out tomorrow and that technology is the DMS-4000; and when I put that DMS-4000 in, it is super efficient, all at once, what happened to my total service long-run incremental cost with this forward-looking technology? The bottom fell out.

I've got a new total service long-run

incremental cost. And if I price interconnection at that, what happened to all those DMS-100s out there that I still have to recover revenue requirements on? What happens to that investment?

It is another reason, thank you, why you don't use total service long-run incremental cost for local interconnection pricing.

Q Now back to the question that was posed -- or there hasn't been a question posed yet.

Am I correct that, even though you look at -- it was a forward-looking study and you employed the best technology you had at your disposal looking forward, that currently Sprint-United does not have in place in Florida that most efficient technology in all instances?

A Correct.

Q And that there is a gap between the cost of providing the digital switching, or this more efficient switching technology, with the cost of providing the older and less efficient technology?

A Okay.

Q There is a gap, there is a difference?

A Yeah.

Q The older, less efficient is more expensive than the newer, more efficient?

A Yes, sir.

Q And the RIC, the residential or the residual interconnect charge, should be picked up by the new entrants or should be contributed to, at least, by the new entrants; is that correct? In your testimony.

A You said the RIC should be contributed, I think, by the new entrants?

Q Correct.

A To? I'm confused. I don't understand, I don't think I understand your question.

Q The difference between -- let me rephrase it.

The difference between the cost of providing the older technology, and the efficiencies of the older technology, and the efficiencies gained in the newer technology should be picked up or should be contributed to by the new entrants into the market, the ALECs?

A I think that they should make a contribution to those shared and common costs similar to the builder-to-developer situation that I pointed out and why that's necessary.

Q Okay. And that's because you as the incumbent have made that investment in the other technology. They are getting -- the new entrants are

getting the benefit of that investment that you have made and should have to pay for some of it?

A Well, they're going to be using it.

Q Right. They're receiving the benefit?

A Correct.

Q Didn't Dr. Beauvais testify in these proceedings that no competitor should be responsible for the financial viability of an incumbent LEC?

A I don't think I'm asking you to be responsible for my financial viability. I'm saying that I shouldn't give you the benefits of all my investments for nothing.

Q So you are not saying that your financial viability will be -- you will not be financially viable without the contribution from the ALECs?

A Let me -- I'm confused by your question.

I'm not depending on you to keep me financially viable.

Q Just briefly, in terms of your developer scenario, Commissioner Deason asked you some questions, kind of extended your analogy a little bit and looked at the two developers. You had Developer One who was developing -- spent $5 million in startup costs and then priced his lots at $50,000 to recoup the $5 million. Is that correct?

A Yes.

Q And then Developer Two was going to extend the road that went through maybe Developer One's subdivision and then sell these lots at a price lower than Developer One. Is that correct?

A Developer One was going to extend the road into an area so that Developer Two could get some lots. And he was going to develop those. He was going to spend $25,000 a lot to put that other developer in business, assuming he sold them to him at incremental cost. Yeah, I'm not sure that's exactly what you said.

Q But Developer One made that decision to sell to Developer Two at $25,000 a lot?

A That was before I did my analogy.

Q In your analogy, there was no public regulation of the sale of those lots, was there, in terms of how they would be priced?

A No, there wasn't. But the key element there is that there's an essential element and that's land. And that somewhat represents the scenario that we're in today, and that is interconnection.

Q If Builder B or the second builder didn't want to pay the price that Builder A was asking for the land, he could have gone and bought land somewhere

else; is that not true?

A Yes, that's correct.

Q And that's not the case with someone who has an incumbent local exchange carrier who can't go to somebody else.

A Well, that's --

Q It's a different situation.

A You're right. And what I tried to use is I tried to use something that I felt comfortable with.

The basis for my analogy was something that Dr. Baumol had written in his book. And in Dr. Baumol's book, he used the railroad track. And he said that you would have an incumbent provider who goes from A to B --

Q Excuse me for interrupting. But we have one analogy, I know we would like to keep the record --

CHAIRMAN CLARK: Mr. Cohen, he is entitled to give his explanation.

But I would ask you, Mr. Poag, to keep it brief. I'm beginning to regret not working last night, because I have found that the length of the cross examination has certainly expanded beyond what was represented to me last night. So if you would keep your answers short. You are entitled to give an explanation.

WITNES POAG: I have more yes and no answer than anybody else that has been up here.

CHAIRMAN CLARK: Good.

WITNES POAG: And as a percentage, too.

CHAIRMAN CLARK: Did you have anything else to add to the answer to that question?

WITNES POAG: Well, thank you.

The railroad situation in Dr. Baumol's book is more consistent with the pricing of inputs in the telephone business that are considered essential services. Because the probability that the guy can build another railroad track and get the right-of-ways and the investments and everything else.

But I can assure you that, to the best of my limited economics knowledge, there's a very good analogy there. And the book is about, "Toward Competition in Local Telephony."

MR. COHEN: Thank you. Nothing further.

MR. CROSBY: Madam Chairman, I asked Commissioner Deason in your absence if he would permit me to follow Mr. Melson in my cross examination, and he was gracious enough to grant me that privilege.

CHAIRMAN CLARK: Do you have any cross examination?

MR. CROSBY: Yes, ma'am.

CHAIRMAN CLARK: Go ahead.

CROSS EXAMINATION

BY MR. CROSBY:

Q Mr. Poag, I'm Don Crosby with Continental Cablevision.

Can I direct your attention to Exhibit No. 40. And a part of it that I would like for us to discuss has a Bates stamp of 027, it's in the back, and it's in connection with the ICI stipulation with United/Centel. And it is Attachment D.

A Attachment D?

Q Yes, sir.

A Yeah. I have that.

Q The listing there of the rate elements. Do you have that?

A Yes, sir.

Q These are your intrastate switched access rates; is that correct?

A Yes, sir, with one minor exception. And that is that that DS-1 local entrance facility is something that we added to facilitate another option for interconnection on the local side. It is not currently in our tariff.

Q All right. But those numbers that are shown there, I see a note above United referring to the date

February 6, 1996?

A Yes, sir.

Q Could you tell me when those rates were originally established?

A Some of the -- some of those rates were established, gosh, many, many years ago. What I was trying to reflect there was that we had changes in rates that were going into effect in February as a result of the local transport restructure tariffs that we had filed as a result of the proceedings we had in 1995.

Q Would you agree with me that they were established after 1984 but some time right around there?

A Subject to check, yes.

Q And they probably -- have they been in place for ten years?

A Well, not those, necessarily, those specific rates. There have been some changes to the rates over time, but basically those rate elements.

Q Have they gone up or down?

A I think in the most part they have gone down.

Q These rates, if we may turn back now to three pages before, to Option B? Option B represents

the local interconnection rate elements and rate levels. It is on Bates stamp 024.

A I'm sorry, what page are you on again?

Q 024. Has a No. 1 at the bottom and a handwritten No. 60.

A Thank you.

Q It is Attachment B.

A Yes, sir.

Q Is that Option B that you have made available to ICI for its interconnection with your companies?

A Yes, sir, I believe that's the same.

Q And that is the usage rate that we have been discussing in these proceedings?

A Yes, sir. It is not clear to me which -- whether they will take that or the port option, but I think we have made both available to them.

Q The port option is the Page 4, is it not, Option A?

A Yes, sir.

Q Now on Option B, the usage rates, certain elements appear on that option that were taken from the switched access rates. And for convenience, they are listed there on two pages over, 027, are they not?

A Yes, sir.

Q So it is true that not all of the rates that are listed there on Page 027 appear on 024, but a selection of them do; is that correct?

A Yes, sir.

Q And the rates that are associated with those elements are identical on both pages?

A There's a transitional rate applicable on interexchange carriers, and that doesn't go to local interconnection. But other than that, you know, for those rates within that section, they appear to be the same.

Q Your answer is yes, apparently?

A Yes.

Q Now, sometime between 1984 and today when this Commission established these switched access rates, the Commission was operating in Florida then under Florida and federal laws that are no longer in place; isn't that true?

A Yes, sir.

Q The switched access rates that appear there were set back under rate base rate-of-return regulation, weren't they?

A Yes, sir.

Q At that time, switched access rates were set above costs in order to subsidize residential

services; isn't that true?

A What's your definition of cost?

Q The cost that -- the cost studies that were filed in this that case, do they represent the cost to your Company?

A Sometimes you just have to give longer answers than other times.

Q Well, let's see if I can speed it up, then.

A Okay.

Q Did you file cost studies in the case that set your access charge rates that appear here?

A I do not recall filing cost studies. My recollection is that these rates were based on revenue neutrality. Revenue neutrality, not cost. But they did come back to some level of overall revenue requirement which was in an authorized rate-of-return range that was in the jurisdiction of the Commission under rate base rate-of-return regulation.

Q Is revenue neutrality, the term that you just mentioned, is that in any way related to revenue requirements?

A In that particular situation that I just gave you, I believe it was.

Q Now, in your direct testimony, at Page 10, of the January -- January 5, Mr. Poag?

A January 5, Page 10?

Q Yes, sir.

A Yes, sir.

Q Lines 11 through 14?

A Yes, sir.

Q You mentioned the term "contribution" there. Would you tell me what you meant by that term.

A It is generally considered the differential between the cost and the revenues. And when you refer to that term -- or at least when I refer to it -- I refer to contribution to the costs associated with your shared and common investments.

Q But when I ask the question if that subsidized -- if the switched access rates were set so as to subsidize residential, was it contribution that you were referring to?

A I haven't done a service-by-service analysis. It is my opinion that basic residential local service rates are below their incremental cost. And as a result of access charges, intraLATA toll and other services there is, in fact, a cross-subsidy or -- to basic residential service.

Q So in order for United and Centel to meet their revenue requirements, nonbasic services, like switched access rates that we see here, were priced to

produce a subsidy, weren't they?

A Yes, sir. I don't mean to try to dance on you and that's not what I'm trying to do. What I'm trying to do is I don't think you can take a single service and flow those unique revenues to another unique service. There's a pot out there, and everybody gets made whole in that pot.

Q In that process the principal concern of the Commission at the time was to set access rates high enough to assure a sufficient subsidy toward those unassumed unrecovered -- those assumed unrecovered costs of residential service that you just mentioned, weren't they?

A No, sir. My recollection is that it was a revenue neutral scenario; cost was not an issue.

Q You don't believe any attempt was made in that proceeding to keep access rates low so significant interexchange competition could develop, do you?

A Would you repeat that, please?

Q You don't believe any effort was made in the proceeding to set access rates for your company, to keep those access rates low so that significant interexchange competition could develop?

A Those rates were set to make the companies'

revenues the same after the elimination of the division of revenues processes that had been in place when we were in partnership with the long distance and other local exchange companies in pooling toll services revenues.

Q Well, as an example, the Commission wasn't promoting low rates for long distance customers, were they?

A It wasn't a rate proceeding for long distance rates.

Q It was a rate proceeding for IXCs to pay United and Centel; is that correct?

A It was a proceeding to establish those rates which would establish revenue neutrality for the local exchange companies when they went from pooling to access charges.

Q But the objective in that proceeding was to protect United and Centel's ratepayers, principally the subscribers to basic residential service, by making the IXCs pay a sufficient subsidy; isn't that correct?

A It's been a long time and I have had a lot of dockets in between. That may have been in there. I'm sorry.

Q Now you're aware, are you not, that the

regulatory environment has changed rather substantially since the switched access rates were set?

A Yes, sir.

Q Of course, I'm referring to changes in Florida and federal law with respect to competition, of which you are aware, are you not?

A Yes, sir.

Q So this Commission will no longer be called upon to set United and Centel's rates except for this local interconnection rate in this proceeding, will it?

A Well, this and any others required by the statute.

Q But no other rate cases will be possible under the statute?

MR. FONS: I object to the question. It's calling for a legal conclusion on the part of the witness.

MR. CROSBY: I'm operating here under the assumption that the witness is not a lawyer, but for over 30 years has served in various capacities dealing with regulation.

CHAIRMAN CLARK: I'll let him answer it as not being a lawyer. But, you know, it's been a long

day.

MR. CROSBY: Yes, ma'am.

CHAIRMAN CLARK: Go ahead Mr. Poag.

WITNESS POAG: Would you repeat the question, please?

Q (By Mr. Crosby) Will your companies have any more rate cases before this Commission?

MR. FONS: Would you please define what you mean by "rate case"?

MR. CROSBY: General rate case to establish R-1 and B-1 rates for residential and business customers.

CHAIRMAN CLARK: It's fair to say you don't know if you don't know.

WITNESS POAG: I'm trying to be responsive. The problem is that I don't think the question has got all of the caveats in it that it needs. I think the answer is --

MR. FONS: Take the Chairman's advice, Mr. Poag.

Q (By Mr. Crosby) That's fine, Mr. Poag. Let's move along.

Maybe you know the answer to this question. Your companies are free now to keep all of the money they make, aren't they?

A I'm sorry, please --

Q Your companies are free now to keep all of the money that they make, aren't they?

A Us and the government.

Q By "the government," I assume you mean the IRS, which --

A Taxes.

Q -- is another matter.

A Different governments.

Q Not the Commission ordering you to return any money. That's what I had reference to, under the new laws.

A I'm not -- I don't know -- those are not the areas of the law that I'm the most familiar with and I'd prefer not to give you an opinion on that.

Q All right. Let's get back to rates. That's what you are familiar with, are you not?

A Yes, sir.

Q So within certain limitations your companies are free now to raise your rates or lower your rates with the exception of basic service; is that correct?

A Within the constraints of the statute, yes, sir.

Q But free of regulatory --

A Pardon?

Q Free of any regulatory limitation, though?

A I presume we're still going to file tariffs and there may be some intricacies, but I think as a general statement that's generally true.

Q And then the filing of the tariff would be to revise tariffs that were on file when the law changed. Would that be your understanding?

A Repeat it, please.

Q The filing of tariffs that you mentioned would be to change rates that were established in current -- at the time the law was changed. Would that be accurate? Is that what you meant?

A Can you break that question down or rephrase it?

Q You just testified that you would still -- your companies would still be filing tariffs before this Commission. And I'm trying to ask you if it's your understanding that those tariff revisions would be to tariffs that were in place at the time that your company -- excuse me, at the time that the law was changed.

MR. FONS: I'm going to object to the form of the question. Again, it's going to call for a legal conclusion on the part of the witness, and I think it's mischaracterizing his testimony. And,

finally, I'm not sure where this line of cross examination is going. I don't know that there's anything in Mr. Poag's testimony, his direct or rebuttal testimony, that goes to the filing of tariffs or the rate of return or rate base regulation in a post-change in the law situation.

MR. CROSBY: The point of inquiry, Madam Chairman, is that these rates were established under an old procedure. We're under a new procedure now and I'll be happy to move on.

CHAIRMAN CLARK: Thank you, Mr. Crosby.

Q (By Mr. Crosby) In light of the new regulatory environment and your Company's new earnings and pricing freedoms, why would you choose switched access rates to use in putting together your proposals for local interconnection rates?

A I provided, I believe, four reasons to that in my direct testimony. Do you want me to read them again?

Q No. Just give me the most important one, to you.

A In my opinion probably the most important one would be to maintain the consistency and the integrity of our charges for similar types of services.

Q Would you identify a similar type of service for me?

A Interexchange access charges.

Q Do you believe that to be similar to local interconnection?

A Functionally very similar, yes, sir.

Q But different?

A Functionally very similar.

Q But not functionally similar enough for you to propose the identical switched access rates that are applicable to IXCs?

A I'm not hearing you real well. I think you need to talk a little slower and that would be helpful to me.

Q All right. I would be delighted.

Let's move on to another line of inquiry.

MR. CROSBY: Madam Chairman, Ms. Wilson has handed out a document which is already admitted into evidence in this proceeding, and I believe it might be No. 5. Sorry.

CHAIRMAN CLARK: Number 6.

MR. CROSBY: Exhibit number 6.

CHAIRMAN CLARK: Yes.

Q (By Mr. Crosby) Mr. Poag, do you have that document?

A Yes, I do.

Q Have you seen this document before?

A Yes, sir, I sure have.

Q It's labeled, "Essentially Elements of Local Telephone Competition"?

A Yes, sir, that's correct.

Q In what connection have you seen this document?

A Well, this is a Sprint corporate policy paper which we believe sets some parameters which are designed to foster competition.

Q Okay. And this was prepared by your head-quarters company?

A Yes, sir. Our ownership company, yeah.

Q I believe you refer to that as Kansas City?

A Yes.

Q Okay. On Page 2 there it discusses interconnection and compensation, does it not?

A Yes, sir, it does.

Q And it has a section down there on reasonable compensation for call termination?

A I'm sorry, would you repeat that?

Q That second indented paragraph there, "reasonable compensation for call termination."

A Is that the second paragraph that says,

"Mutual compensation for call termination should be set at a level that encourages the development of competition and interconnection while covering the associated costs"?

Q Yes.

A Yes, that's the one.

Q And the next words are, "Compensation should," and it includes a list of items, does it not?

A Yes, sir, it does.

Q Would you read the fifth item? Starts out "Not be."

A "Not be a source of universal service subsidy." "Should not be designed to produce contribution, subsidies or universal service support."

Q Now, do you think your position is consistent -- your position in this proceeding that there is contribution in the switched access rates and elements that you're proposing and have agreed to with ICI, is that consistent with your Company's position as expressed here in that sentence?

A Okay. You understand that in this position here, this corporate position here, this is different from that other corporate position that you showed me that was dealing with PCS. And in this situation we're not dealing with PCS; we're dealing with local

interconnection.

Q I didn't show you the other one, Mr. Poag. I've only shown you this one.

A I'm sorry, I get confused.

Okay. The lead caption for that is, "Not be a source of universal service subsidy." And we've already gone through that discussion earlier.

Q Maybe I missed it.

You're saying that -- I missed that answer. Could you give me that answer again? With respect to the earlier discussion.

A It was during the discussion with Ms. Wilson.

Q Oh, okay. Let's not go back that far.

Do you take this to mean that in the establishment of an interconnection rate there should not be subsidies of universal service?

A Yes.

Q And do you believe that is consistent with your proposal that the switched access rates with contribution be established by local interconnection?

A Yeah. As I indicated in my summary of my testimony, there should be some contribution to those shared and those common costs. Now, for that to be such a level that would be considered going to

universal services, that would be a big stretch.

Q Doesn't your company's position expressed here make it clear that the place for such a subsidy to be established would be in a universal service protection mechanism and not in the interconnection rate?

A That would be fine. But that would not remove contribution from rates for other services to the joint and shared and common cost of the firm.

Q When you picked switched access charges for this purpose, this purpose being the local interconnection rate, you didn't consider whether they were so high that they would serve as a barrier to the startup of competition, did you?

A I'm sorry, repeat the question.

Q When you picked switched access charges --

A Correct.

Q -- to include in your minutes of use local interconnection rate, you didn't consider whether these switched access charges would make that rate so high that it might serve as a barrier to the startup of competition, did you?

A Yes, I did.

Q And you concluded that it would not?

A That's correct.

Q You use a term in your deposition -- that would be Exhibit 38, at Page 17, on Line 24. I don't mean to take this term out of context, I'd just like for you to explain to me what you meant when you used it there in that context, so please take a moment to read the question that starts on Line 8 or any -- go back as far as you need to understand the context of your answer, which commences on Line 11, and goes on to the next page. The relevant term I'm concerned about appears on Line 24 and that term is "mitigate bypass." And I wonder what you meant there.

A Let me take a minute to read it. (Pause)

That is where my errata should be used on Line 13. Where at the end of the line it says, "You need to look at the" -- it says, "cost of"; that should be "cross-elasticity," not cost of.

Q I'm sorry, what line are you referring to?

A On Page 17, Line 13.

Q Line 13. Okay.

A Yes, remove "cost of," at the very end and replace it with "cross," like in "cross-elasticity."

Q Okay. Was there any other changes to that page?

A I don't recall. I haven't finished reading it. Okay. What is your question?

Q What did you mean when you used the term "mitigate bypass" in that context?

A A better choice of word there would have probably been arbitrage. And what I was trying to point out was maintaining consistency between local interconnection and interexchange interconnection so that there would be less opportunity for people to misreport and try to get around the rates for local interconnection versus the rates for interexchange access since they would be coming over the same facility.

Q So the creation of contribution in your local interconnection rate was not intended to mitigate bypass in the sense that customers would terminate service with you and commence service with an ALEC.

A Well, I think that we would have intended that as well, but I think the time that I was using it here I meant arbitrage, but I wouldn't disagree with what you just said.

Q Then do I correctly understand your answer that you intend to have contribution in the ALEC interconnection rate so that it would mitigate bypass?

A The contribution is not in there to mitigate bypass. That's not what I'm really addressing there.

I'm addressing the setting of the price. I'm not addressing how much a contribution it has in it.

Q Well, the question deals with joint, shared and common cost. Is that not what you explained to me when you said that contribution was additional monies to make sure that the joint, shared and common costs were covered?

A Well, if you read the entire question it's looking for a percentage to joint, shared and common costs, and that suggests to me that you're looking at some percentage that would go to make up a rate.

Q Is it true that any percentage of a subsidy would have that effect of mitigating bypass of customers from your system, from purchasing your services to purchasing the services of an ALEC?

A You use the term "subsidy". I don't think that's an appropriate -- I don't know how that got into the question.

Q Well, we have been talking about subsidy for a while here, and I thought that we had an understanding that subsidy and contribution were, if not identical, at least similar.

MR. FONS: I'm going to object to the question. It mischaracterizes what the witness has been saying about contribution and subsidy.

MR. CROSBY: I think we can move on.

Q (By Mr. Crosby) I'd like to focus on the specific elements that make up your total 1.9 cent per minute usage proposal. Now we're back to Exhibit 40, the Bate stamped Page 024, which is Option B, Attachment B. Do you have that, Mr. Poag?

A Yes. What page were you on?

Q 024.

A Yes, sir, I have that.

Q Comparing your total rate proposal there -- first of all, when you add up the rates here, that is the number 1.9 cents that we've been using in these proceedings as the total of interconnection rate for this usage rate Option B, is it not?

A Yes, sir. And make that same clarification that we did with Mr. Melson, that you really ought to remove that .0097, because that's optional and that would bring the rate level down to .01882 assuming only one mile of transport.

Q I'm sorry. Would you give me that number again?

A .01882. But for talking around purposes, your 1.9 is probably still a good number.

Q Comparing your rate proposal there to those of the Bell stipulation and the GTE stipulation, yours

is about eight-tenths of a penny higher than theirs; is that correct?

A Yes, sir.

Q Are you aware of the three-tenths of a cent rate for an end office that's been set by the Maryland Commission for Bell Atlantic?

A I've heard that number.

Q You've heard it discussed by the witnesses in this proceeding?

A I've heard that number discussed. I don't recall the context. I don't know whether it was an end office number or it was a tandem number, or if there were some other numbers that applied in addition to that as well.

Q Would you accept, subject to check, that the three-tenths of a cent was an end office number in Maryland and the five-tenths of a cent was an access number?

A Yes, sir.

MR. FONS: Access number.

MR. CROSBY: I'm sorry, an access tandem. Excuse me.

MR. FONS: An access tandem or a tandem number?

MR. CROSBY: A tandem.

CHAIRMAN CLARK: Mr. Poag, did you answer that question?

WITNESS POAG: I'm sorry.

CHAIRMAN CLARK: Mr. Crosby, ask that question again so we all understand what he is answering to.

Q (By Mr. Crosby) Would you accept, subject to check, that the Maryland Commission has adopted for Bell Atlantic a usage rate for local interconnection that is at the level of three-tenths of a cent for end office, and a half a cent for a tandem?

A Yes, sir.

Q Are you aware of the interconnection arrangements that other state commissions have adopted?

A No.

Q Have you heard them discussed at this proceeding?

A I don't recall any specifically.

Q So do you have any idea if this Commission adopted your proposed 1.9 cent message -- minute of use rate, that it would be the highest in the nation for interconnection?

A I can't deny or confirm that. I think, though, that you ought to be clear on what we're

talking about here. And this is not a one-way rate. It's a two-way rate, okay?

If you have a tandem and we use the same services that you provide, we pay you. If we meet with you at the end office and you meet with us at the end office, we're exchanging prices. The only time that the real price comes in or the differential of the price comes in is when there's an excess of traffic or an excess of traffic for use of a particular facility not provided by the other carrier.

Q I'm going to come to that, Mr. Poag, in about two pages.

Your rate element there on Attachment B, there's a rate element there labeled, "Line Termination."

A Yes, sir.

Q That has a rate of about eight-tenths of a cent; is that correct?

A Yes, sir.

MR. FONS: Madam Chairman, this is becoming very repetitious. I thought that Mr. Crosby wanted to go following Mr. Melson for purposes of economy of cross examination, but he's beginning to go now over the same areas that were covered by Mr. Melson and, indeed, by Ms. Wilson.

MR. CROSBY: Madam Chairman, I didn't ask any cost questions relative to any confidential documents which is the reason I asked for the ability to go last, or after Mr. Melson.

CHAIRMAN CLARK: Mr. Crosby, how much more do you think you have?

MR. CROSBY: Less than a half hour.

CHAIRMAN CLARK: Less than a half an hour.

Well, Commissioner Johnson had to leave because she had a previous appointment. I likewise am going to have to leave because I have an appointment at the Capitol.

COMMISSIONER KIESLING: Add me to that list.

CHAIRMAN CLARK: I guess we'll just have to plow through this, but this has certainly gone beyond what was represented to me as being the cross examination that would likely take place.

We're going to continue on until five after and then take a break. Would it be helpful to take a break now? Do you think you can eliminate some questions? Mr. Crosby, let me be clear, you have the right to cross examine this witness.

MR. CROSBY: I believe taking the break now would be helpful.

MS. CANZANO: Commissioners, may I ask if I

could ask one question to clarify something prior to the break? It's a question that Mr. Poag responded to Mr. Melson about.

CHAIRMAN CLARK: Do we gain an advantage by you doing that?

MS. CANZANO: Yes, because it's about the discovery.

CHAIRMAN CLARK: Okay. Go ahead.

CROSS EXAMINATION

BY MS. CANZANO:

Q Mr. Poag, please turn to Page 5 of the Confidential Exhibit No. 43. It's our POD No. 1.

A Bate stamp 5?

Q That's Page 5. And I would like you to please read aloud our request for POD No. 1.

A "Please include all relevant backup documentation used in deriving the response to Staff's Interrogatory No. 1, including any switched cost information models, line cost information models, work papers, cost studies, etcetera."

Q Mr. Poag, isn't it correct, then, that United/Centel should have provided all backup information, including input into the switched cost model.

A Yes.

MS. CANZANO: Thank you. That was my question.

CHAIRMAN CLARK: Does that mean you have no cross?

MS. CANZANO: Oh, no. We have cross.

CHAIRMAN CLARK: How much time -- what's your estimate of your --

MS. CANZANO: As I represented to you yesterday, 45 minutes, but I think we've narrowed it down to half an hour right now.

CHAIRMAN CLARK: All right. We'll go ahead and take a break until 10 after 3. I will not be back at 10 after 3. I will be back as soon as I can.

(Brief recess.)

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COMMISSIONER DEASON: Call the hearing back to order. Mr. Crosby.

FURTHER CROSS EXAMINATION

BY MR. CROSBY:

Q Mr. Poag, we were talking about the line termination charge before the break.

Do you have a cost for the line termination charge that you could provide to us?

A No, sir.

Q You do not?

A I have not done a cost for the line termination charge for this.

Q In the TSLRIC studies and the LRIC studies you provided the Commission, you have ignored that, or how have you dealt with that?

A It's not a cost of local call termination. The cost that was asked for was for the elements associated with local call termination. That particular thing is basically the line card on the line side of the switch, and it is not necessary for an incoming call termination to the switch. It uses the line termination card to the extent that it completes a call to a consumer.

Q Have you also ignored the cost of originating traffic; is that what you're telling me?

A Yes, sir.

Q And in your answer about the 105% cap on the ICI stipulation for the minutes of use, you indicated an answer earlier that you thought that probably covered the cost of providing that, and your answer is the same with respect to originating calls, as well?

A Yes, sir.

Q Now, -- and you said that probably -- you probably cover that cost somehow even though you would be paying money in a case where there was an imbalance

going to the ALEC for termination versus coming to United/Centel for origination, for termination.

A That was a very confusing question.

Q Okay. Yet in the bill and keep arrangement you'd never pay anything. But your concern that under the bill and keep arrangement you might not be able to cover your cost, I was wondering if you could explain the logic of that?

A You asked me two questions, the first of which I didn't answer because I was confused. And then you went to a second question. I think your second question combined the first question.

Q All right. I'll stop trying to speed up.

You've testified that under the bill and keep arrangement that's been proposed you might not cover your cost; is that correct?

A Yes.

Q Yet you think you could probably cover your cost in an imbalance, out-of-balance, situation had to pay to an ALEC. And I was just wondering if you could reconcile those two positions? I'm talking about under the ICI deal where you might have to pay to ICI if they are terminating more traffic than you are?

A That's what confused me. Okay.

The assumption is that with the 105% cap in

place there's an imbalance of traffic being terminated to me. And in that scenario, I know that -- I know from the studies that I did on the trunk groups, the ones where I got all of that data, I know that my busy hour traffic is 9%. The busy hour traffic is the predominant cost driver.

Now, the 5% won't cover 9%; but to the extent that I get an appropriate level of contribution in my rates, and I believe I have that in my rates, then I believe I'll cover my cost.

Q Let's turn to the port charge, which is Option A shown on Attachment A of the ICI stipulation. I believe I correctly understand you said you used the number 216,000 minutes per month per DS-1 --

A Yes, sir.

Q -- in calculating that?

A Yes, sir.

Q And you calculated at the rate of $4,032; is that correct?

A That sounds correct.

Q Now, subject to check, would you agree that in applying the Maryland rate of three-tenths of a cent to 216,000 minutes, the port rate in that instance would be -- your port rate here would be 622% less in Maryland at $648?

A That doesn't sound correct.

We're talking the end office rate.

Q Yes, sir. Maybe I misunderstood.

A And we're talking three-tenths of a percent?

Q Three-tenths of a penny, yes.

A Yeah. So if I multiply that by 6.

Q By 216,000.

A You don't have to multiply it up to 216,000, you can do it by the rate. It's .017. I think that would be more like 500%, not 600%.

Q So then the contribution that we have been talking about under that circumstance would be over $3,000?

A We haven't discussed contribution. We've only discussed rates. This has nothing to do with contribution.

Q That was the rate you were discussing, right?

A We were discussing rates.

Q Under this same Option A, do I understand correctly that every trunk that ICI establishes to you you will reciprocate?

A Correct.

Q Is that true for 911 trunks?

A That was not part of the agreement.

Q How about 411 trunks?

A That was not part of the agreement.

Q Operator services?

A That was not part of the agreement. I'm not really familiar with all of the operational details of those.

Q So if you're not reciprocating on these trunk groups, couldn't ICI end up paying you a significant amount of cash under Option A?

A If we provide them a significant amount of services, then I presume they should pay a significant amount for them.

Q And that would be particularly true if they already had the three trunks in the LATA -- or the marketing area, in your instance -- that they were using them for interconnection trunk groups and so they couldn't take advantage of the discounts?

A You're talking about two entirely technically different types of facilities and operations. You're mixing apples and oranges.

Q The apple would be you selling them a trunk to transfer their traffic to 911, 411 or operator services, and you're not purchasing a trunk back from them. That would be an apple-to-apple comparison, wouldn't it?

A They wouldn't be providing me 911 routing. I wouldn't have to purchase a trunk to them.

Q I'm just trying to point out that there would be three trunks that ICI would be buying that you would not be buying from them; is that accurate?

A Well, we provide them, at ourselves for our own customers at a cost to us of providing them. It's an internal cost to us.

Q I was referring to rates, not cost, Mr. Poag. Does that change your answer? They would be paying you for three trunks that you did not pay them for?

A They would be paying me for three trunks to provide services for them that when I provide to my customers I have to install facilities to provide.

Q You testified at your deposition that higher port charges enhance a market entry. Do you recall that?

A Not specifically. Can you refer me to it?

Q Yes. (Pause)

I believe it's on Page 129. I asked a question there at Line 14, that "It would enhance competition, wouldn't it, to allow a choice?" And your answer was "I'm not sure that it would." I think this is in connection with the charges for a port

facility. And having both the minute of use and a port charge, and you were discussing arbitrage.

A And what is your question?

Q Would higher port charges enhance market entry?

A They may.

Q They may?

A Yes, sir.

Q In what way?

A Any time you increase prices you're inviting competition to come in and compete with you if they think there's margin there.

Q Would you agree that having interconnection at multiple offices increases the opportunity for reliability and for recovers in time of a natural disaster?

A Yes.

Q Would you make interconnection available to ALECs at every end office?

A It is available at every end office.

Q Do you have the capability at every end office to measure, for purposes of billing, the terminating interconnecting local traffic?

A It's my understanding that we do.

Q Option B in the stipulation with ICI, for

interconnection at an end office, should an ALEC who wanted to maximize reliability -- is that a real option, for them to connect at an end office with an Option B, minutes-of-use type of interconnection rate?

A I'm going -- I think what you would do is you would interconnect at the end office and overflow through a tandem, and that would give you two ways to get to that end office.

Q What type would that be? Would that be an usage interconnection rate or a port?

A Either.

Q But you don't have the ability to measure for billing purposes at the end office?

MR. FONS: I object to that. The witness has already testified that he does have the ability to measure at the end office.

COMMISSIONER DEASON: Mr. Crosby.

MR. CROSBY: I withdraw the question. I believe I'm finished. Thank you.

WITNESS POAG: Yes, sir.

COMMISSIONER DEASON: Ms. Canzano.

FURTHER CROSS EXAMINATION

BY MS. CANZANO:

Q Good afternoon, Mr. Poag.

A Good afternoon.

Q If requested, will United/Centel provide ALECs with electronic access to its databases used for provisioning E911, directory assistance and directory listings?

A I'm sorry. I'm getting old and my hearing is not as good as it used to be. I'm going to ask you to get a little closer to the microphone.

Q Yes. Is this better?

A Yes.

Q If requested, will United/Centel provide the ALECs with electronic access to its databases used for provisions E911, directory assistance and directory listings?

A I don't believe that we have electronic database access available for those services yet. I know we're working on it for directory assistance; but, you know, as those things become available and as we have security to ensure that our data is protected, I believe we will offer those things to facilitate efficiencies.

Q Next I'm going to refer to the

United/Centel-Intermedia agreement, specifically Pages 29 and 30 in Exhibit 40. And at the bottom of Page 29 there's a heading called "Directory Assistance Services." And under this heading, United/Centel agreed to arrange for Intermedia to have three options for the provision of directory assistance service; specifically, the resale option, the database purchase option and the database access option. Could you please explain what those are?

A Okay. The first option is essentially where they would sell our directory assistance to their end-user customers. In other words, when their customers dial directory assistance, they would route them to us. They would bill the end user and then we would charge them for the use of our operators to provide that service.

The second one is the database option, and that's not available yet.

Q When will that be available?

A I think it's going to be available in the fourth quarter of this year -- I'm sorry, excuse me. The second one is the purchase of the directory assistance database information. Then, I'm sorry, the third one would relate to the electronic access, when it's available.

Q Do you have an idea of when that will be available?

A I think it's in the fourth quarter of this year.

Q And what type of compensation arrangement has United/Centel agreed to for each of these options?

A I don't know the specifics of those.

Q Is United/Centel willing to offer any of the individual elements of this agreement with Intermedia to the ALECs in this proceeding?

A Yes.

Q In the case of emergency or failure of the primary 911 and E911 network, does United/Centel have backup routing systems in place?

A There's some backup trunking. I don't think there's necessarily backup to the switch itself.

Q How would those type of calls be routed in the case of a primary network failure?

A I can't respond to that.

Q In case of a switch failure, would those calls be routed to a secondary switch?

A I'm not positive how it works. I think they would be routed to our operator services folks.

Q Mr. Poag, the next set of questions we're going to ask regard the confidential exhibits that we

have. And I believe they are --

COMMISSIONER DEASON: Let me interrupt.

I think we just lost a quorum. We're either going to have to go off the record, unless all the parties agree to continue with just two Commissioners at that point. Any objection?

MR. FONS: No objection.

MR. MELSON: No objection.

MR. HORTON: No objection.

MR. WAHLEN: We have no objection. Mr. Edgington is out in the hall. Since this is our witness, I'm not sure he would have a dog in that fight.

COMMISSIONER DEASON: I think if he can leave, well, then the Commissioner can leave. Apparently, if he's not here to object, I assume there's no objection. We'll proceed.

MS. CANZANO: Thank you.

Q (By Mr. Canzano) Mr. Poag, could you explain the difference in the nature of the cost provided in the interrogatory responses, the confidential ones, between the original and the revised. Specifically, what does the cost data tell us? Is it LRIC or TSLRIC? What's the difference?

A You need to get me to a specific page.

Q Page 66 on the revised. 166. I'm sorry.

A What exhibit number are you in?

Q I'm on -- that would be the revised copy and that would be exhibit, I believe, Exhibit 44. FBP-7, Page 166. And on the original response, it would be Page 1 of Exhibit 43.

A Okay. And your question is what are the differences?

Q Basically why was it revised?

A Okay. I think there were three things that were revised, at least -- one of them was that when we went back to review the cost data, we found that in the Altamonte Springs office, that there were some SS7 trunks that had been included with the interoffice trunking and those investments had to be removed.

We changed from the -- we changed from what we saw as LRIC to TSLRIC, and we changed the annual charge factors.

Q The next set of questions regard your responses to 64B in both the original and the revised document. That would be Page 3 and Exhibit 43, and then Page 175 in the revised exhibit.

A Those responses that I gave you for the other I think are the same. I think the only difference between the two is that on the first

Interrogatory No. 1, the cost was the complete call termination amount, which was the additive of the elements that we're talking about on 64B.

Q We want to ask some different questions about these pages. We want to compare the cost data for local transport in Docket No. 921074, the local transport restructure proceeding?

A Yes.

Q In that proceeding, cost data was provided for the entrants' facility, switched common transport, facilities termination per MOU and tandem switching; is that correct?

A Yeah.

Q Should the LTR access cost filed in the local transport proceeding match the cost filed in United/Centel's original response to Staff's Interrogatory No. 64B?

A No.

Q Why not?

A Okay. The local transport was a 1993 study. It was, again, I believe using the LRIC versus the TSLRIC, and the annual charge factors were different. And then the other item has to do with the removal of the SS7 trunks.

Q You're right now talking about the revised

response, is that correct, instead of the original response?

A I'm trying to address the difference between the two. I thought that's what you wanted.

Q Right now I'm moving on to comparing them with the LTR numbers.

A That's what the old are.

Q Okay. That answers our question.

A Okay.

Q Now, we can lead you into that revised exhibit that you want to talk about.

Which rate elements differ now -- than in the original? And why?

A Okay. The facilities determination on Line 3, the tandem switching on Line 4, the local switching on Line 5, and there's a minor change on 2, but that's just a rounding.

Q And why do those numbers differ? Could you please explain?

A The original local transport restructure study was a study that was done in 1993. As I indicated earlier, we update the models based on engineering input for each of the offices. It also was a LRIC versus a TSLRIC, and there was also a change in the annual charge factor. And there was

also the problem with the SS7 trunks. That being included that should not have been included as part of the local termination trunking.

Q Would you suggest that this cost data is the appropriate basis upon which to set an interconnection rate, the revised data?

A With my caveat that you don't price at total service long run incremental cost. These are the costs underlying each of the pricing elements.

Q Mr. Poag, could you help us out for a minute here. What exactly did your company do to change them from LRIC to TSLRIC? What methodology did you use?

A Within the SCIS model there are five separate options for providing cost. It's my understanding that we went from SCIS -- it's referred to in the model as from Marginal 1 to Marginal 2, and they are different runs. And it's our understanding our folks talked with Bellcore directly on this. That they were advised that that was the appropriate run to get most-like total service long run incremental cost. SCIS is the acronym for switching cost information system. S-C-I-S.

Q Does Marginal 2 build off of Marginal 1?

A I do not know.

Q Does United/Centel include any type of

return, such as return on capital, in determining the total cost for each component in this 64B?

A Yes.

Q What annual cost factor is used for determining return?

A The 10.5%.

Q And what's the basis for that figure?

A That is our projected overall corporate required return on investment, as produced by our financial people.

Q Does United/Centel believe that the return included in these elements is sufficient contribution to the company for setting an interconnection rate at LRIC?

A Absolutely not.

Q And please explain why not.

A When you're talking about return, I think the simplest way to look at it is it's a return on capital.

If we go to the bank and we borrow $1,000 to make these investments, and it cost us 10% to borrow that money and then we get a return of 10% on that investment, we've got no contribution. You've just covered the expenses associated with the interest charge on your investment.

Q Do you believe that any contribution to shared or joint and common costs should be included above the company's LRIC for these elements for purposes of setting an interconnection rate? A simple yes or no would be great.

A Yes.

Q How should those costs be allocated to the specific elements?

A You don't allocate shared and common costs. You could go through some huge formula to do that. But if you did that, your prices, after you got through with it, wouldn't have a thing to do with what you could do in the marketplace. And you say well, this is interconnection, that's different. It just gets into a complication of who should pay how much and everything else.

What I have proposed is our existing access charges less the RIC and carrier common line. And I'm going to tell you that that is substantially below -- going to go back to my analogy -- charging that builder $50,000 for the lots. It's somewhere between 25,000 and 50,000. So I'm not going to the full efficient component pricing as I've tried to present my analogy.

Q What cost of money did United/Centel use in

determining the cost for each of those elements?

A I believe it was 10.5% for all of them.

Q The next question goes back to that revised exhibit, confidential exhibit, specifically Page 167.

A Yes.

Q Excuse me. Page 175.

You did say that United/Centel did not perform a cost study for its line termination rate element; is that correct?

A That's correct. And let me please clarify, I'm sorry, that you asked us for the cost of call termination and I don't consider that a cost of call termination.

Q Okay. Now, is the cost for the line termination included in the cost of any other rate elements listed on this page?

A It would be included in the studies that we provided you with regard to the business and residential services. And we are working to provide you some cost for port charges in the unbundled docket and it will be included in that as well.

Q I just have a few more follow-up questions to some of the questions that have already been asked regarding your United/Centel Intermedia agreement.

It's correct that, under the MOU charge

scenario, that a local exchange provider should not be required to compensate another local exchange provider for more than 105% of the total minutes of use of the local exchange provider with the fewest minutes of use in each month; is that correct?

A Yes.

Q Isn't it correct then that there is contribution included in the rates in that agreement?

A Yes.

Q Isn't it correct to assume then, that based on the rates in that agreement, that United/Centel may recover its cost of providing interconnection at some point above a traffic imbalance of 105% if the imbalance is in favor of the ALEC?

A When you say imbalance is in favor of the ALEC --

Q Meaning that the ALEC terminates more calls on its network. Say, if it's 106%, and you need to pay the ALEC 5%, that because -- is there enough contribution that you would not be providing interconnection below your cost?

A In that scenario it seems to me I am paying the ALEC.

Q I'm sorry. I have that backwards.

A Okay. In the inverse, if the ALEC is

terminating more -- 106% traffic to me.

Q Let's say 106, it's only 1% -- so it's hovering around that 105%, say.

If you're terminating more ALEC calls for this one month and there's greater than 105% difference in the traffic --

A Correct.

Q -- you are terminating more ALEC calls on your network?

A Correct.

Q And you've just told me there's contribution in that rate that you have established?

A Yes. And that includes the line termination.

Q If it's -- it may be true, is it not, that, say, there's 106%, it's greater than that 5% differential, that United/Centel would still be recovering its cost for providing interconnection --

A Yes.

Q -- under that agreement?

A That's my belief.

Q Isn't it also correct then that if there's a significant imbalance of traffic under that MOU charge in that agreement, that United/Centel will fail to recover its cost of providing interconnection in that

situation?

A I haven't worked the exact numbers. But going back to my earlier explanation, even if they terminate 20% more to me, the real cost driver there is the busy hour. And the busy hour traffic, based on the studies I've done, is basically 9%. So you'd have a differential of 4%. Well, if my contribution exceeds 4%, then I still ought to recover all of my costs.

Q So I'm going to reask my question then.

Isn't it also correct then that if there is a significant imbalance of traffic under the MOU charge in that agreement, that United/Centel will fail to cover its cost of providing an interconnection in that situation?

A And your question is, is there any possibility that we could fail to recover our cost because of the traffic imbalance?

Q Yes.

A Okay. I would say there probably could be a possibility that we would fail to recover.

Q So your answer is yes?

A Yes.

MS. CANZANO: Staff has no further questions.

COMMISSIONER DEASON: Commissioners?

COMMISSIONER DEASON: Redirect?

MR. FONS: No redirect.

COMMISSIONER DEASON: Exhibits?

MS. CANZANO: Staff moves 38 through 45.

COMMISSIONER DEASON: Without objection Exhibits 38 through 45 are admitted.

MR. FONS: Excuse me, I believe there's an exhibit --

MR. FONS: It was Exhibit 45 is not a Staff exhibit.

MS. CANZANO: I apologize. That's FCTA's exhibit.

MS. WILSON: We do not intend to move that exhibit.

COMMISSIONER DEASON: 45 is not moved and, therefore, it is not admitted.

(Exhibit Nos. 38 through 44 received in evidence.)

COMMISSIONER DEASON: I believe we have concluded all witnesses; is that correct?

MS. CANZANO: That's correct.

COMMISSIONER DEASON: Anything we need to take up before we adjourn the hearing?

MR. WAHLEN: I have two real quick things,

Commissioner. One is I wanted to be clear that since Issue 15 was resolved yesterday, there's no need to include a discussion of that in the briefs.

COMMISSIONER DEASON: That's my understanding.

MR. WAHLEN: Okay. And the other thing I wanted to say was that we've done a lot in 120 days, and there have been a lot of opportunities for the parties to disagree and not cooperate with each other and there's been a startling lack of that. Everyone has cooperated real well, the lawyers, the parties, and I wanted to say on behalf of the company that we appreciate that.

COMMISSIONER DEASON: I think that probably goes in all directions, between all of the parties as well as the Commission and the Staff. Any other comments or business we need to take up?

MS. CANZANO: Just the usual, that the briefs are due March 22nd.

COMMISSIONER DEASON: Briefs are due March 22nd. Okay.

Thank you all. This hearing is adjourned.

(Thereupon, the hearing concluded at 3:50 p.m.)

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STATE OF FLORIDA)
: CERTIFICATE OF REPORTERS
COUNTY OF LEON)

We, JOY KELLY, CSR, RPR, Chief, Bureau of Reporting, SYDNEY C. SILVA, CSR, RPR, and ROWENA NASH HACKNEY, Official Commission Reporters, and LISA GIROD JONES, RPR, CMR, and JANE FAUROT, RPR,

DO HEREBY CERTIFY that the Hearing in Docket No. 950985TP was heard by the Florida Public Service Commission at the time and place herein stated; it is further

CERTIFIED that we stenographically reported the said proceedings; that the same has been transcribed under our direct supervision; and that this transcript, consisting of 1435 pages, Volumes 1 through 12, inclusive, constitutes a true transcription of our notes of said proceedings.

DATED this 14th day of March, 1996.

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Docket No. 950985-TP

Staff's List of Orders for Official Recognition

Florida PSC Orders

1. Order No. PSC-95-0034-FOF-TP, issued January 9, 1995, in Docket No. 921074 (Expanded Interconnection Phase II and Local Transport Restructure).

2. Order No. PSC-95-0680-FOF-TP, issued June 6, 1995, in Docket No. 921074 (Expanded Interconnection Phase II and Local Transport Restructure).

Orders from Other States

3. Case No. 94-C-0095, Order Instituting Framework for Directory Listings, Carrier Interconnection and Intercarrier Compensation, issued September 27, 1995, by the New York Public Service Commission.

4. Docket No. 94-10-02, DPUC Investigation into the Unbundling of the Southern New England Telephone Company's Local Telecommunications Network, issued September 22, 1995, by the Department of Public Utility Control, State of Connecticut.

5. Opinion No. 94-25, issued November 10, 1994, by the New York Public Service Commission, in Case Nos. 93-C-0103, Petition of Rochester Telephone Corporation for Approval of Proposed Restructuring Plan, and 93-C-0033, Petition of Rochester Telephone Corporation for Approval of a New Multi Year Rate Stability Agreement.

6. Illinois Bell Telephone Proposed Introduction of a Trial of Ameritech's Customers First Plan in Illinois, Docket No. 94-0096 (Ill. Comm. Comm'n, April 7, 1995).

7. Washington Utilities and Transportation Commission v. U.S. West Communications, Inc., Docket Nos. UT-941464 et al., Fourth Supplemental Order Rejecting Tariff Filings and Ordering Refiling; Granting Complaints in Part (Wash. U.T.C., Oct. 31, 1995).

8. In the Matter of the Application of CITY SIGNAL, Inc. for an order establishing and approving interconnection arrangements with AMERITECH MICHIGAN, Case No. U-10647 (Mich. P.S.C., Feb. 23, 1995).

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO 1
COMPANY/ WITNESS: FPSC
DATE: 3/11/96

CONTINENTAL CABLEVISION, INC.
REQUEST FOR OFFICIAL
RECOGNITION/JUDICIAL NOTICE
DOCKET NO. 950895-TP
MARCH 11, 1996

LIST OF DECISIONS AND ACTIONS OF OTHER STATES AND
THE FEDERAL COMMUNICATIONS COMMISSION

Orders from Other States:

1. Washington Utilities and Transportation Commission v. U.S. West Communications, Inc., Docket No. UT-941464 et al., Fourth Supplemental Order Rejecting Tariff Filings and Ordering Refiling; Granting Complaints, in Part (Wash. U.T.C., Oct. 31, 1995).

2. In the Matter of the Application of CITY SIGNAL, INC., for an Order Establishing and Approving Interconnection Arrangements with AMERITECH MICHIGAN, Case No. U-10647 (Mich. P.S.C., Feb. 23, 1995).

3. Order Instituting Rulemaking on the Commission's Own Motion into Competition for Local Exchange Service, R. 95-04-043 et al., Opinion (P.U.C. of Calif., July 24, 1995).

4. DPUC Investigation into the Unbundling of the Southern New England Telephone Company's Local Telecommunications Network, Docket No. 94-10-02, Decision (Dept. of Public Utility Control, State of Connecticut, Sept. 22, 1995).

Action by a Federal Agency:

5. Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers, CC Docket No. 95-185 et al., Notice of Proposed Rulemaking (F.C.C., Dec. 15, 1995).

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO 2
COMPANY/ WITNESS: CCV
DATE: 3/11/96

Metropolitan Fiber Systems of Florida, Inc.
Docket No. 950985-TP

Request For Judicial Notice of State and Federal Decisions

Metropolitan Fiber Systems of Florida, Inc. requests that the Commission take judicial notice of the following decisions:

Florida Decisions and Other Documents

In re Resolution of Petition(s) to Establish Nondiscriminatory Rates, Terms, and Conditions for Interconnection Involving Local Exchange Companies and Alternative Local Exchange Companies pursuant to Section 364.161, Florida Statutes, Docket No. 950985-TP, Decision (March 5, 1996).

In re Investigation into Temporary Local Telephone Number Portability Solution to Implement Competition in Local Exchange Markets, Docket No. 950737-TP, Order No. PSC-95-1604-FOF-TP (Dec. 28, 1995).

In re Determination of Funding for Universal Service and Carrier of Last Resort Responsibilities, Docket No. 950696-TP, Order No. PSC-95-1592-FOF-TP (Dec. 27, 1995).

Florida PCB UT 95-01D, Revision to Chapter 364, Florida Statutes and amendment of Representative Safley thereto.

Transcript of Meeting of The House of Representatives Committee on Utilities and Telecommunications (April 12, 1995).

Decisions from Other States

California:

Order Instituting Rulemaking On the Commission's Own Motion Into Competition for Local Exchange Service, R. 95-04-043, I.95-04-044, Decision No. 95-07-054 (July 24, 1995); Decision No. 95-12-056 (Dec. 20, 1995); Decision No. 95-12-057 (Dec. 20, 1995).

Connecticut:

DPUC Investigation into the Unbundling of the Southern New England Telephone Company's Local Telecommunications Network, Docket No. 94-10-02, Decision, (Sept. 22, 1995).

DPUC Investigation into the Unbundling of the Southern New England Telephone Company's Local Telecommunications Network, Docket No. 94-10-02, Decision (Jan. 17, 1996).

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO. 3
COMPANY/
WITNESS: MFS
DATE: 3/11/96

Application of the Southern New England Telephone Company, Decision, Docket No. 95-06-17 (Dec. 20, 1995).

Illinois:

Illinois Bell Telephone Comany Proposed Introduction of a trial of Ameritech's Customers First Plan in Illinois, Order at 38-61, 134-35 (April 7, 1995).

Iowa:

In re: McLeod Telemanagement, Inc., Docket No. TCU 94-4, Final Decision and Order (March 31, 1995).

Maryland:

In re Application of MFS Intelenet of Maryland, Inc., Case No. 8584, Order, 152 PUR4th 102 (April 25, 1994).

In re Application of MFS Intelenet of Maryland, Inc., Case No. 8584, Phase II (Md. P.S.C., Dec. 28, 1995).

Michigan:

In the matter of application of City Signal, Inc., for an order establishing and approving interconnection arrangements with Ameritech Michigan, Case No. U-10647, Opinion and Order at 32-63, Ordering ¶¶ C and D (Feb. 23, 1995).

New York:

Proceeding on Motion of the Commission to Examine Issues Related to the Continued Provision of Universal Service and to Develop a Framework for the Transition to Competition in the Local Exchange Market, Case 94-C-0095 (March 8, 1995).

Oregon:

In re Application of MFS Intelenet of Oregon, Inc., CP 14 (Or. P.U.C., Jan. 12, 1996).

Pennsylvania:

In re Application of MFS Intelenet of Pennsylvania, Inc., Docket No. A-310203F0002, Opinion and Order (October 4, 1995); Opinion and Order (December 13, 1995).

Washington:

Washington Utilities and Transportation Commission v. U S West Communications, Inc., Docket No. UT-941464, Fourth Supplemental Order Rejecting Tariff Filings and Ordering Refiling, Granting Complaints, In Part, at 47-53 (Oct. 31, 1995).

Federal Statutes

Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996).

EXHIBIT TTD-8

INTERCONNECTION AGREEMENT

This Interconnection Agreement (Agreement) is entered into by and between the undersigned parties to establish, on an interim basis, nondiscriminatory rates, terms and conditions for local interconnection pursuant to Section 364.162, Florida Statutes; address the establishment of an interim universal service/carrier of last resort recovery mechanism pursuant to Section 364.025, Florida Statutes; address a temporary telephone number portability solution, e.g., Remote Call Forwarding, pursuant to Section 364.16(4), Florida Statutes; and address unbundling and resale of local exchange telecommunications company network features, functions and capabilities pursuant to Section 364.161, Florida Statutes, to the extent identified herein.

The undersigned parties are entering into this Agreement for the purpose of commencing local exchange competition on an expedited basis and avoiding the uncertainty and expense of litigation. It is the intention of the undersigned parties that this Agreement remain in effect for two years beginning January 1, 1996. The undersigned parties understand that this is an interim Agreement for the reasons noted and the parties intend to renegotiate this Agreement at its conclusion. Prices, terms and conditions other than those set forth in this Agreement may be more appropriate upon the expiration of this Agreement in order to send the correct price signals to the market. The parties intend for this Agreement to establish only interim prices, terms, conditions and mechanisms necessary to allow the introduction of local exchange competition, as required by the above-referenced sections of Florida Chapter Law 95-403. However, for the period until January 1, 1996, disputed issues raised by the aforementioned statutes shall be resolved as follows:

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO. 4
COMPANY/ WITNESS: CCV / Schlerden
DATE: 3/11/96

A. Local Interconnection

Section 364.16, Florida Statutes, requires, among other things, that each incumbent local exchange telecommunications company (LEC) provide access to and interconnection with its telecommunications facilities to any other provider of local exchange telecommunications services requesting such access and interconnection at non-discriminatory prices, rates, terms, and conditions established by the procedures set forth in Section 364.162, Florida Statutes. Section 364.162 provides that an alternative local exchange telecommunications company (ALEC) shall have until August 31, 1995, or sixty (60) days, to negotiate with the LEC mutually acceptable prices, terms and conditions of interconnection and for the resale of LEC services and facilities. The statute also provides that if the parties are not able to negotiate a price by August 31, 1995, or within sixty (60) days, either party may petition the Commission to establish non-discriminatory rates, terms and conditions of interconnection and for the resale of LEC services and facilities. The parties were unable to negotiate mutually acceptable prices, terms and conditions of interconnection by August 31, 1995, or within sixty (60) days. After further negotiations, however, the undersigned parties now agree to the following interim prices, terms and conditions for interconnection and the exchange of traffic with GTE Florida Incorporated (GTEFL) through December 31, 1997:

1. "Local interconnection" is defined only for purposes of this Agreement as including the delivery of local traffic to be terminated on each company's local network, the LEC unbundled network features, functions and capabilities contained in Attachment D, and temporary telephone number

portability to be implemented pursuant to Section 364.16(4), Florida Statutes. While the parties have endeavored in good faith to resolve the issues relating to local interconnection, the parties recognize that they are unable to foresee and account for every issue that may arise as this Agreement is implemented. Thus, to the extent that the prices, terms and conditions for local interconnection are not specifically established herein, the additional prices, terms and conditions shall be established pursuant to negotiation or set by the Commission, upon request, as required by Section 364.161(6), Florida Statutes. If the Commission does not render its vote within 120 days, then the parties agree that the Commission's decision will be retroactive to the 120th day after a petition is filed.

2. The delivery of local traffic between each undersigned ALEC and GTEFL shall be reciprocal and compensation will be mutual. The parties will pay each other GTEFL's terminating switched access rate, exclusive of the Residual Interconnection Charge and Common Carrier Line elements of the switched access rate, on a per minute of use basis for terminating local traffic on each other's network within GTEFL's existing franchise area. The parties shall not route local traffic through the tandem switch unnecessarily to generate revenues. Examples of these rate elements and prices are identified on Attachment A, which is incorporated herein by reference. If it is mutually agreed at some future date, the parties may exchange local

traffic on an in-kind basis, foregoing compensation in the form of cash or cash equivalent.

3. On an interim basis, a local exchange provider shall not be required to compensate another local exchange provider for more than up to one-hundred-five percent (105%) of the total minutes of use of the local exchange provider with the lower minutes of use in the same month. This cap shall apply to the total local minutes of use calculated on a company-wide basis in the State of Florida. For example, if in a given month GTEFL has 10,000 minutes of local traffic terminated on an ALEC's local exchange network and the ALEC has 15,000 minutes of local traffic terminated on GTEFL's local exchange network, the ALEC would be required to compensate GTEFL for local interconnection on the basis of 10,500 terminating minutes (10,000 mins. X 105% = 10,500 mins.) and GTEFL would compensate the ALEC for 10,000 terminating minutes. Seven additional examples are contained on Attachment B, which is incorporated herein by reference. In order to determine the amount of local traffic terminated on each local provider's network, each local provider will report to the other provider the amount of local traffic terminated. Connectivity shall be established at each and every point where the facilities of GTEFL and the ALEC perform the physical function of delivering local traffic to be terminated in the other company's network. Such interconnecting facilities shall conform, at the minimum, to the telecommunications industry

standard of DS1 (Bellcore Standard No. TR-NWT-00499). Neither party shall construct facilities in order to necessitate the other party building unnecessary facilities. STP (signal transfer point) SS7 (Signalling System 7) connectivity is also required. The parties recognize that various aspects of the interconnection process (including physical interconnection arrangements (i.e., collocation, midspan meet) technical requirements, trouble reporting and resolution, billing processes, resolution of operating issues, provisioning, ordering, deadlines, performance standards, recording of traffic, including start and stop time, reporting and payment, dispute resolutions, rounding measurements, financial penalties for late payments, and the provision of inter-carrier clearinghouse functions are not resolved in this document, and the parties agree to cooperatively work toward resolution of these issues no later than March 31, 1996, and that either party may petition the Commission for resolution should unresolved issues remain on March 31, 1996. If the Commission does not render its vote within 120 days of the petition, then the parties agree that the Commission's decision will be retroactive to the 120th day after a petition is filed. The parties agree that resolution of these issues will ultimately result in additional written documents with which the parties will comply.

4. The parties stipulate and agree that the exchange of traffic on GTEFL's Extended Area Service, Extended Calling Service and other local calling routes shall be considered local traffic. The parties will therefore

compensate each other for such traffic pursuant to paragraphs 2 and 3 above.

5. The parties further agree that no traffic for which terminating access services charges would otherwise apply shall be carried through a local interconnection arrangement without paying the appropriate charge for such terminating access services as set forth in Section 364.16(3)(a), Florida Statutes. GTEFL agrees to provide ALECs with a sufficient quantity of numbering resources to enable ALECs to comply with this requirement,

6. Either GTEFL or an ALEC will provide intermediary tandem switching and transport to connect the end user of a local exchange provider to the end user of another ALEC, a LEC other than GTEFL, another telecommunications company (e.g., pay telephone provider, operator services provider), or a wireless telecommunications service provider for the purpose of making a local call. The local exchange provider performing this intermediary function will bill a $.002 per minute charge over and above its appropriate local interconnection rate elements as shown on Attachment A.

7. When GTEFL or an ALEC provides intermediary functions for network access, i.e., between an IXC and an ALEC, the ALEC and GTEFL will each provide their own network access service elements on a meet-point basis.

Each carrier will bill its own network access service rate elements to the IXC.

8. The delivery of intrastate toll traffic between each undersigned ALEC and GTEFL shall also be reciprocal and compensation will be mutual. Each undersigned ALEC and GTEFL shall pay each other identical rates for terminating the same type of traffic on each other's network. The parties will pay each other GTEFL's intrastate switched network access service rate elements on a per minute of use basis for originating and terminating intrastate toll traffic as appropriate within GTEFL's franchised area. For example, when an ALEC customer places a toll call to a GTEFL customer and the ALEC serves as the toll carrier, GTEFL will charge the ALEC terminating network access charges, the price of which will vary depending upon whether the call goes through a GTEFL tandem or is directly routed to the GTEFL end office. If the ALEC is serving as the GTEFL customer's presubscribed IXC, or the GTEFL customer uses the ALEC on a 10XXX basis, then GTEFL will charge the ALEC the appropriate originating network access charges. Likewise, if GTEFL is serving as the ALEC customer's presubscribed IXC, or the ALEC customer uses GTEFL on a 10XXX basis, the ALEC will bill GTEFL the appropriate originating network access charges. Examples of these network access rate elements and prices are identified on Attachment C, which is incorporated herein by reference.

The prices, terms and conditions of local interconnection agreed to herein are deemed transitional in nature. The parties deem them acceptable only in the interest of compromise to enable the introduction of local exchange competition to Florida's consumers beginning January 1, 1996.

The undersigned parties stipulate and agree that because the local interconnection and traffic arrangements agreed to herein are considered transitional, the agreements shall be renegotiated with the new provisions becoming effective after two years. Accordingly, by no later than June 1, 1997, the undersigned parties shall commence negotiations with regard to the terms, conditions and prices of interconnection arrangements to be effective beginning January 1, 1998. If the parties are unable to satisfactorily negotiate new interconnection terms, conditions and prices within 90 days of commencing negotiations, any party may petition the Commission to establish appropriate interconnection arrangements. The parties will encourage the Commission to issue its order by no later than December 31, 1997. In the event the Commission does not issue its order prior to January 1, 1998, or if the parties continue to negotiate the interconnection arrangements beyond January 1, 1998, the parties stipulate and agree that the terms, conditions and prices ultimately ordered by the Commission, or negotiated by the parties, will be effective retroactive to January 1, 1998. Until the revised interconnection arrangements become effective, the parties shall continue to exchange traffic on a reciprocal basis pursuant to the terms of this Agreement.

B. Unbundling and Resale of Local Exchange Telecommunications Company Network Features, Functions and Capabilities

Section 364.161, Florida Statutes, requires each LEC, upon request, to unbundle each of its network features, functions and capabilities, including access to signaling data bases, systems and routing process, and offer them to any other telecommunications provider requesting such features, functions or capabilities for resale to the extent technically and economically feasible and at prices that are not below cost. The statute also requires that the parties first negotiate the terms, conditions and prices of any feasible unbundling request. If the parties cannot reach a satisfactory resolution within 60 days, either party may petition the Commission to arbitrate the dispute and the Commission shall make a determination within 120 days.

The undersigned parties have now satisfactorily resolved the terms, conditions and prices of those network features, functions and capabilities that are technically and economically feasible of unbundling as set forth in Attachment D, which is incorporated herein by reference. It is understood by the parties that the list of network features, functions and capabilities is not exhaustive and the parties commit to cooperate in the negotiation of additional network features, functions and capabilities as the parties' future needs require.

GTEFL contends that the unbundled price of a local loop should be computed under economically efficient pricing models and should not be equated with existing special access tariff rates. However, in the interest of compromise and for the sole purpose of establishing unbundled loop prices for the State of Florida and given the time requirements of Chapter 364 of the Florida Statutes, GTEFL has agreed to utilize a rate that is the same as its existing special access rate. By agreeing to utilize such rates in

this settlement, GTEFL does not waive its right to change such rates as permitted by law, propose and advocate use of different pricing models in other proceedings involving the same or other parties or upon conclusion of the two years of this Agreement. The parties agree that the issue of imputation of LEC unbundled service prices into its retail rates is not addressed by this Agreement, and that the ALECs reserve their right to further address imputation for these services, including unbundled local loops.

C. Universal Service/Carrier of Last Resort

The parties agree that Section 364.025, Florida Statutes, contains a legislative finding that each telecommunications company should contribute its fair share to the support of the local exchange telecommunications company's universal service/carrier of last resort ("US/COLR") obligations. For a transitional period, the Commission is required to establish an interim US/COLR mechanism for maintaining universal service and funding carrier of last resort obligations, pending the implementation of a permanent mechanism. This interim mechanism is to be implemented by January 1, 1996, and applied in a manner that ensures that each alternative local exchange company contributes its fair share to the support of the local exchange telecommunications company's US/COLR obligations. The interim mechanism shall reflect a fair share of the LEC's recovery of investment made in fulfilling its COLR obligations and the maintenance of universal service objectives. The statute further provides that the Commission shall ensure that the interim mechanism, which is to remain in effect, if necessary, until the implementation of a permanent mechanism, but not later than January 1, 2000, ensures the maintenance of universal service through a carrier of last resort, but does not impede

the development of residential consumer choice or create an unreasonable barrier to competition.

The parties stipulate and agree to the following interim mechanism to assure the provision of universal service through a carrier of last resort. The undersigned parties stipulate and agree that GTEFL will guarantee the provision of universal service as the carrier of last resort throughout its territory until January 1, 1998.

Notwithstanding the foregoing, if GTEFL subsequently believes that competition is in any way undermining its ability to provide universal service during the duration of this agreement, it may petition the Commission to commence a proceeding to quantify the amount of support, if any, needed to maintain universal service and seek a contribution from ALECs. The amount of support needed, if any, and related issues are matters of proof on a case-by-case basis. Moreover, the parties in no way waive their right to petition the Commission pursuant to Section 364.025(3), Florida Statutes.

The parties urge the Commission to open a separate docket to investigate and recommend to the Legislature what the Commission determines to be a fair and reasonable resolution of the issues surrounding a permanent universal service mechanism pursuant to Section 364.025(4), Florida Statutes. The undersigned parties also agree to use their best efforts to persuade the Commission and the Legislature to resolve the issues surrounding the establishment of a permanent US/COLR recovery mechanism at the earliest possible date; provided, however, that such efforts shall not be construed or used as an admission by the undersigned parties concerning the existence of or need for a subsidy, the necessity for a permanent US/COLR recovery

mechanism, or the appropriate methodology for determining a provider's fair share of contribution, if any, under a permanent mechanism.

D. Temporary Telephone Number Portability

At the Commission's regular agenda conference held on September 12, 1995, the Commission approved the Agreement of the parties to Docket No. 950737-TP, which addressed every issue relating to the implementation of a temporary telephone number portability solution, except the price to be charged for the temporary telephone number portability solution, the advantages and disadvantages of Remote Call Forwarding, and the treatment of terminating access charges on a ported call. The undersigned parties agree that the Commission-approved Stipulation and Agreement shall be incorporated herein by reference and be attached to this Agreement as Attachment E.

With regard to the price to be paid for remote call forwarding between carriers, which is the temporary telephone number portability solution to be implemented by January 1, 1996, the undersigned parties agree to pay a recurring charge as follows: $1.25 per line per month per residential customer for one path and $1.25 per line per month per business customer for one path. For additional paths, the undersigned parties agree to pay $.50 per month per additional path per residential customer and $.50 per month per additional path per business customer, with no additional nonrecurring charge if the additional path is ordered at the same time as the first path. The undersigned parties further agree to pay a nonrecurring charge of $5.00 per order for multiple lines placed for single end user customers in a single exchange.

The temporary number portability charges listed above shall also apply whenever a GTEFL customer switches to an ALEC and changes his/her location within the same GTEFL central office. The same charges will apply when an ALEC customer switches to GTEFL and changes his/her location within the same ALEC central office.

For that terminating toll traffic ported to the ALEC which requires use of the GTEFL tandem switching, the access arrangement should be for GTEFL and the ALEC to bill the traffic in accordance with meet-point billing arrangements. However, GTEFL is currently not technically capable of providing this access arrangement because it is unable to identify or provide the necessary access records to permit the ALECs to bill the IXCs directly for terminating access to ported numbers. The parties agree to work cooperatively to develop a mutually agreed upon surrogate method to approximate the access minutes, and a settlement process which permits the ALEC to recover those access revenues due to it as a co-provider of access services to IXCs. During the interim, until a surrogate can be mutually developed by the parties, GTEFL will bill the IXC full terminating switched access charges and remit the local interconnection revenues to the ALEC. If a GTEFL intraLATA call is delivered to the ALEC, GTEFL will pay the ALEC terminating access rates. The arrangement described in this paragraph shall work on a reciprocal basis.

E. Resolution of Disputes

The undersigned parties agree that if any dispute arises as to the interpretation of any provision of this Agreement or as to the proper implementation of any of the matters agreed to in this Agreement, the parties will petition the Commission for a

resolution of the dispute. However, each undersigned party reserves any rights it may have to seek judicial review of any ruling made by the Commission concerning this Agreement.

F. Duration

This Agreement is effective as of January 1, 1996, and remains in effect until each of the matters and issues addressed herein has been implemented or resolved as contemplated by the undersigned parties or as modified by mutual consent of the parties. This Agreement shall still remain in effect for the undersigned parties in the event that the Commission orders GTEFL to impose different rates for other ALECs or carriers.

G. Representations

Each person signing this Agreement represents that he or she has the requisite authority to bind the party on whose behalf the person is signing. By signing this Agreement, each undersigned party represents that it agrees to each of the stipulations and agreements set forth herein. In the event there are parties to the aforementioned dockets that do not sign this Agreement, the comprehensive resolution of the issues set forth in this Agreement shall, nonetheless, be binding upon the undersigned parties. The parties further request the opening of a separate docket in the Commission's effort to satisfy the Legislature's mandate to research the issue of a permanent US/COLR mechanism and recommend what the Commission determines to be a reasonable and fair mechanism for providing to the greatest number of customers basic local exchange telecommunications service at an affordable price.

H. Limitation of Use

The undersigned parties understand and agree that this Agreement was entered into to resolve issues and matters which are unique to the State of Florida. The undersigned parties further agree that this Agreement was the result of compromise and negotiation and was entered in order to avoid the expense and uncertainty of trying and appealing these issues before the Commission and the Courts. The undersigned parties therefore agree that none of the agreements and stipulations contained herein shall be proffered by an undersigned party or any of its affiliates in this or any other jurisdiction as evidence of any concession or as a waiver of any position taken by another undersigned party or affiliate in that jurisdiction or for any other purpose.

I. Waivers

Any failure by any undersigned party to insist upon the strict performance by any other entity of any of the provisions of this Agreement shall not be deemed a waiver of any of the provisions of this Agreement, and each undersigned party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Agreement.

J. Indemnity

The undersigned ALECs agree to forever indemnify and hold harmless GTEFL, its affiliates and any third-party provider or operator of facilities involved in the provision of services under this Agreement (collectively, the "Indemnified Parties") from and against any and all damages, losses, claims, actions, liabilities, demands, charges, suits, penalties, assessments or payments which any ALEC end user may assert against an

Indemnified Party arising out of or relating to the services provided in this Agreement. The ALEC shall further indemnify and hold harmless each Indemnified Party from and against any and all damages, losses, claims, actions, liabilities, demands, charges, suits, penalties, assessments or payments which any Indemnified Party may incur or which any Indemnified Party may be subjected to, arising out of, or otherwise based upon, actual or alleged defamation, libel, slander, interference with or misappropriation of any contract, proprietary or creative right or any other injury to any person or property arising out of the content transmitted by the ALEC or an end user, or any other act or omission of the ALEC or an end user. Any such indemnification shall include all costs and expenses (including, but not limited to, court costs and attorneys' fees).

K. Limitation of Liability

GTEFL's liability, whether in contract, tort or otherwise, under this Agreement shall be strictly limited in accordance with the limitation of liability provisions of its existing access tariff (attached hereto as Attachment F), regardless of whether the rates, terms and conditions of this Agreement are tariffed by GTEFL. Under no circumstance shall GTEFL be responsible or liable for indirect, incidental, or consequential damages to anyone resulting from this Agreement or from any failure on the part of GTEFL to perform under this agreement. Further, except as specifically provided in this Agreement and related tariffs, GTEFL makes no representations or warranties concerning the specific quality of any services provided under this Agreement. GTEFL disclaims, without limitation, any warranty or guarantee of merchantability or fitness for a particular

purpose, arising from course of performance, course of dealing, or from usages of trade.

L. Governing Law

This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Florida, without regard to its conflict of laws principles.

M. Purposes

The undersigned parties acknowledge that this Agreement is being entered into for the purposes of allowing the introduction of local exchange competition; complying with the requirements of Florida Chapter Law 95-403 with respect to negotiating the matters at issue under that Act; and in order to avoid the expense and uncertainty inherent in resolving the matters at issue in Docket No. 950696-TP. Neither this Agreement nor any action taken to reach, effectuate or further this Agreement may be construed as, or may be used as an admission by or against any party. Entering into or carrying out this Agreement or any negotiations or proceedings related thereto, shall not in any event be construed as, or deemed to be evidence of, an admission or concession by any of the undersigned parties, or to be a waiver of any applicable claim or defense, otherwise available, nor does it indicate that any party other than GTEFL believes that a universal service "subsidy" exists or is necessary.

N. Arm's Length Negotiations

This Agreement was executed after arm's length negotiations between the undersigned parties and reflects the conclusion of the undersigned that this Agreement is in the best interests of all the undersigned parties.

O. Joint Drafting

The undersigned parties participated in the drafting of this Agreement and, therefore, the terms of this Agreement are not intended to be constructed against any undersigned party by virtue of draftsmanship.

P. Single Instrument

This Agreement may be executed in several counterparts, each of which, when executed, shall constitute an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, this Agreement has been executed as of the ___ day of _____, 1996, by the undersigned representatives for the parties hereto.

Florida Cable Telecommunications Association, Inc.

By: _____
Authorized Representative

GTE Florida Incorporated

By: _____
Authorized Representative

Intermedia Communications Inc.

By: _____
Authorized Representative

Time Warner AXS/Digital Media Partners

By: _____
Authorized Representative

MCI Metro

By: _____
Authorized Representative

ATTACHMENT A

GTE FLORIDA SWITCHED ACCESS RATE ELEMENTS AND RATE LEVELS AS OF JANUARY 1, 1996

Rate Elements	Rate Levels[3] as of January 1, 1996
Transport[1]	
DS1 Local Channel - Entrance Facility[2]	$.0012037
Switched Common Transport per minute of use per mile	$.0000135
Facilities Termination per MOU	$.0002686
Access Tandem Switching	$.0007500
Local Switching	$.0089000
	$.0111360

[1] Assumptions:
- Tandem Connection with Common Transport
- No Collocation
- DS1 local channel @ 9000 minutes per month and 24 voice grade equivalents
- Zone 1 charges (Zones 2 and 3 rates are as contained in GTEFL's intrastate access service tariff)

[2] Rate shown for first system. Rate for additional system is $.0006019. Total rate would be $.0105342.

[3] Rate levels shown in this example will vary based upon purchaser's requirements for specific network arrangements.

ATTACHMENT B

EXAMPLE OF "5% CAP"

Case 1:

GTEFL terminates 10,000 min. to ALEC X	ALEC X bills GTEFL for 10,000 min.
ALEC X terminates 15,000 min. to GTEFL	GTEFL bills ALEC X for 10,500 min (10,000 + 5%)

Case 2:

GTEFL terminates 15,000 min. to ALEC X	ALEC X bills GTEFL for 10,500 min (10,000 + 5%)
ALEC X terminates 10,000 min. to GTEFL	GTEFL bills ALEC X for 10,000 min.

Case 3:

GTEFL terminates zero min. to ALEC X	ALEC X bills GTEFL zero
ALEC X terminates 10,000 min. to GTEFL	GTEFL bills ALEC X zero

Case 4:

GTEFL terminates 10,000 min. to ALEC X	ALEC X bills GTEFL zero
ALEC X terminates zero min. to GTEFL	GTEFL bills ALEC X zero

Case 5:

GTEFL terminates 10,000 min. to ALEC X	ALEC X bills GTEFL for 10,000 min.
ALEC X terminates 10,200 min. to GTEFL	GTEFL bills ALEC X for 10,200 min. (difference is less than cap)

Case 6:

GTEFL terminates 10,200 min. to ALEC X	ALEC X bills GTEFL for 10,200 min. (difference is less than cap)
ALEC X terminates 10,000 min. to GTEFL	GTEFL bills ALEC X for 10,000 min.

Case 7:

GTEFL and ALEC X both terminate 10,000 min. to each other	ALEC X and GTEFL both bill each other 10,000 min.

ATTACHMENT C

GTE FLORIDA - INTRASTATE SWITCHED ACCESS

Rate Elements	Rates[3] as of January 1, 1996
Carrier Common Line	
Originating	$.0251000
Terminating	$.0382000
Transport[1]	
DS1 Local Channel - Entrance Facility[2]	$.0012037
Residual Interconnection	$.0134362
Switched Common Transport per minute of use per mile	$.0000135
Facilities Termination per MOU	$.0002688
Access Tandem Switching	$.0007500
Local Switching 2	$.0089000

[1] Assumptions:
- Tandem Connection with Common Transport
- No Collocation
- DS1 local channel @ 9000 minutes per month and 24 voice grade equivalents
- Zone 1 (Zones 2 and 3 rates are as contained in GTEFL's intrastate access service tariff)

[2] Rate shown for first system. Rate for additional system is $.0006019.

[3] Rate levels shown in this example will vary based upon purchaser's requirements for specific network arrangements.

ATTACHMENT D

UNBUNDLED NETWORK FEATURES, FUNCTIONS AND CAPABILITIES

The parties to the Agreement have negotiated the following additional terms, conditions and prices relating to unbundled network features, functions and capabilities:

(1) Access to 911/E911 Emergency Network.

For E911 service, the ALEC will connect the necessary trunks to the appropriate E911 tandem, including the designated secondary tandem. If a municipality has converted to E911 service, the ALEC will forward 911 calls to the appropriate E911 primary tandem, along with ANI, based upon the current E911 end office-to-tandem homing arrangement as provided by GTEFL. If the primary tandem trunks are not available, the ALEC will alternate route the call to the designated secondary E911 tandem. If the secondary tandem trunks are not available, the ALEC will alternate route the call to the appropriate Traffic Operator Position System (TOPS) tandem.

In order to ensure the proper working of the system, along with accurate customer data, the ALEC will provide daily updates to the E911 data base. GTEFL will work cooperatively with the ALEC to define record layouts, media requirements, and procedures for this process.

In some instances GTEFL is responsible for maintenance of the E911 data base and is compensated for performing these functions by either the municipality or the ALEC - for maintaining the ALEC's information. In no event, however, shall GTEFL be entitled to compensation from both parties for the same function.

(2) Directory Listings and Directory Distribution.

GTEFL will include the ALECs' customers' primary listings in the white page (residence and business listings) and yellow page (business listings) directories, as well as the directory assistance data base, as long as the ALECs provide information to GTEFL in a manner compatible with GTEFL's operational systems. GTEFL will not charge the ALECs to (a) print their customers' primary listings in the white pages and yellow page directories; (b) distribute directory books to their customers; (c) recycle their customers' directory books; and (d) maintain the Directory Assistance data base. GTEFL will work cooperatively with the ALECs on issues concerning lead time, timeliness, format, and content of listing information.

(3) IntraLATA 800 Traffic.

GTEFL will compensate ALECs for the origination of 800 traffic terminated to GTEFL pursuant to the ALECs' originating switched access charges, including the data base query. The ALECs will provide to GTEFL the appropriate records necessary for GTEFL to bill their customers. The records will be provided in a standard ASR/EMR format for a fee of $0.015 per record. At such time as an ALEC elects to provide 800 services, the ALEC will reciprocate this arrangement. Should GTEFL be permitted to provide interLATA 800 services prior to the expiration of this Agreement, GTEFL will be responsible for compensating the ALEC for the origination of such traffic as well on the same terms and conditions as described above.

(4) Number Resource Administration.

GTEFL agrees to work with any ALEC which makes a request and assist the ALEC in obtaining RAO codes from a regional bell operating company and any other billing and accounting codes necessary for the provision of local telephone numbers within GTEFL's jurisdiction.

(5) Busy Line Verification/Emergency Interrupt Services.

GTEFL and the ALECs shall mutually provide each other busy line verification and emergency interrupt services pursuant to tariff.

(6) Network Design and Management.

GTEFL and the ALECs will work cooperatively to install and maintain reliable interconnected telecommunications networks. A cooperative effort will include, but not be limited to, the exchange of appropriate information concerning network changes that impact services to the local service provider, maintenance contact numbers and escalation procedures. The interconnection of all networks will be based upon accepted industry/national guidelines for transmission standards and traffic blocking criteria. GTEFL and the ALECs will work cooperatively to apply sound network management principles by invoking appropriate network management controls, i.e., call gapping, to alleviate or prevent network congestion. It is GTEFL's intention not to charge rearrangement, reconfiguration, disconnect, or other nonrecurring fees associated with the initial reconfiguration of each carrier's interconnection arrangements. However, each ALEC's interconnection reconfigurations will have to be considered individually as to the application of a charge.

(7) CLASS Interoperability.

GTEFL and the ALECs will provide LEC-to-LEC Common Channel Signalling (CCS) to one another, where available, in conjunction with all traffic in order to enable full interoperability of CLASS features and functions. All CCS signalling parameters will be provided including automatic number identification (ANI), originating line information (OLI), calling party category, charge number, etc. All privacy indicators will be honored, and GTEFL and the ALECs will cooperate on the exchange of Transactional Capabilities Application Part (TCAP) messages to facilitate full interoperability of CCS-based features between their respective networks.

(8) Network Expansion.

For network expansion, GTEFL and the ALECs will review engineering requirements on a quarterly basis and establish forecasts for trunk utilization. New trunk groups will be implemented as dictated by engineering requirements for both GTEFL and the ALEC. GTEFL and the ALEC are required to provide each other the proper call information (i.e., originated call party number and destination call party number, CIC, OZZ, etc.) to enable each company to bill accordingly.

(9) Signaling.

In addition to CLASS interoperability, as discussed above, GTEFL will offer use of its signaling network on an unbundled basis at tariffed rates. Signaling functionality will be available with both A-link and B-link connectivity.

(10) Local Loop.

The price of a GTEFL unbundled local loop shall be the same as the price set forth in GTEFL's Special Access Tariff.

ATTACHMENT E

STIPULATION AND AGREEMENT

Chapter 364.16(4), Florida Statutes, requires the Florida Public Service Commission to have a temporary service provider number portability mechanism in place on January 1, 1996. The statute further requires industry participants to form a number portability standards group by September 1, 1995 for the purpose of developing the appropriate costs, parameters, and standards for number portability. Negotiating the temporary number portability solution is one task that the group is to perform. This standards group was formed on July 26, 1995, and consists of the members listed on Attachment A to this agreement. If parties are unable to come to agreement on the temporary solution, the Florida Public Service Commission has reserved dates for an evidentiary proceeding under Chapter 120.57, Florida Statutes.

As a result of workshops held by the members of the standards group, an agreement has been reached as to the methods of providing temporary number portability. This Stipulation is entered into by and between the undersigned parties to Docket No. 950737-TP, Investigation into a Temporary Local Telephone Number Portability Solution to Implement Competition in Local Exchange Markets.

The parties agree that Chapter 364.16(4), Florida Statutes, requires a service provider temporary number portability solution. Service provider number portability allows an end user at a given location to change service from a local exchange

company (LEC) to an alternative local exchange company (ALEC) or vice versa, or between two ALECs, without changing local telephone numbers.

The parties further agree that a temporary service provider number portability mechanism that can be implemented in most LEC central offices at the present time is Remote Call Forwarding. With Remote Call Forwarding, a call to the old telephone number is first sent to the switch of the former local service provider, and then forwarded (ported) to the switch of the new local service provider. This is a temporary mechanism that can be implemented using existing switch and network technology. While remote call forwarding is not an appropriate solution to the issue of permanent number portability, the parties agree that it can be used as a temporary number portability mechanism.

The parties therefore agree that the LECs shall offer Remote Call Forwarding to certificated ALECs as a temporary number portability mechanism, effective January 1, 1996. Likewise, the parties agree that ALECs shall offer Remote Call Forwarding to LECs as a temporary number portability mechanism, effective on the date they begin to provide local exchange telephone service. All parties agree that the provision of reliable end user access to emergency services such as 911/E911 is necessary to protect the public health, safety and welfare. This stipulation is entered into with the understanding that Remote Call Forwarding does not provide technical impediments to the availability and reliable transfer of relevant information to 911/E911 systems.

All parties shall work together and with the 911 coordinators to successfully integrate the relevant ALEC information into the existing 911/E911 systems. The recurring price for Remote Call Forwarding will be on a per-line per-month basis and will be uniform throughout an individual LEC's existing service territory. The price charged by an individual LEC for Remote Call Forwarding shall not be below the costs of that LEC to provide Remote Call Forwarding for purposes of providing temporary number portability. The price charged for Remote Call Forwarding offered by an ALEC will mirror the price charged by the LEC.

The parties recognize that there are other related compensation issues that are not addressed in this agreement, including compensation for termination of ported calls and the entitlement to terminating network access charges on ported calls. These items will be negotiated by the parties, or resolved by the Commission, as local interconnection issues under Chapter 364.162.

The parties further agree that Flexible Direct Inward Dialing is an alternative temporary number portability mechanism. With Flexible Direct Inward Dialing, the number is routed to the switch of the former local service provider, which translates it to look like a direct inward dialed call terminating in the switch of the new local exchange provider. The parties recognize that Flexible Direct Inward Dialing involves certain technical and administrative issues that have not yet been fully addressed.

The parties agree that the LECs will continue to negotiate with the ALECs who desire to utilize Flexible Direct Inward Dialing as a method of providing temporary number portability to resolve any technical and administrative issues and to establish the prices, terms and conditions upon which Flexible Direct Inward Dialing will be offered. In the event the parties are unable to satisfactorily negotiate the price, terms and conditions, either party may petition the Commission which shall, within 120 days after receipt of the petition and after opportunity for a hearing, determine whether Flexible Direct Inward Dialing is technically and economically feasible and, if so, set nondiscriminatory rates, terms and conditions for Flexible Direct Inward Dialing. The prices and rates shall not be below cost.

Nothing in this Stipulation shall preclude the use of other feasible options for temporary number portability that may be developed in the future.

The parties further agree that the work of the number portability standards group will continue, under Chapter 364.16(4), Florida Statutes, to investigate and develop a permanent number portability solution.

(SIGNATURES BEGIN ON FOLLOWING PAGE)

IN WITNESS WHEREOF, the parties have executed this Stipulation and Agreement as of the 30th day of August, 1995.

BELLSOUTH TELECOMMUNICATIONS, INC. D/B/A SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY

By: Nancy H. Sims

GENERAL TELEPHONE COMPANY OF FLORIDA, INC.

By: _____

SPRINT/UNITED TELEPHONE COMPANY OF FLORIDA

By: _____

SPRINT/CENTRAL TELEPHONE COMPANY OF FLORIDA

By: _____

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC.

By: _____

MCI METRO ACCESS TRANSMISSION SERVICES, INC.

By: Rico O. [illegible]

IN WITNESS WHEREOF, the parties have executed this Stipulation and Agreement as of the 30th day of August, 1998.

BELLSOUTH TELECOMMUNICATIONS, INC. D/B/A SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY

By: _____

GENERAL TELEPHONE COMPANY OF FLORIDA, INC.

By: _____

SPRINT/UNITED TELEPHONE COMPANY OF FLORIDA

By: _____

SPRINT/CENTRAL TELEPHONE COMPANY OF FLORIDA

By: _____

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC.

By: _____

MCI METRO ACCESS TRANSMISSION SERVICES, INC.

By: _____

IN WITNESS WHEREOF, the parties have executed this Stipulation and Agreement as of the 30th day of August, 1995.

BELLSOUTH TELECOMMUNICATIONS, INC. D/B/A SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY

By: _____

GENERAL TELEPHONE COMPANY OF FLORIDA, INC.

By: _____

SPRINT/UNITED TELEPHONE COMPANY OF FLORIDA

By: F.B. Bog

SPRINT/CENTRAL TELEPHONE COMPANY OF FLORIDA

By: F.B. Bog

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC.

By: _____

MCI METRO ACCESS TRANSMISSION SERVICES, INC.

By: _____

IN WITNESS WHEREOF, the parties have executed this Stipulation and Agreement as of the 30th day of August, 1995.

BELLSOUTH TELECOMMUNICATIONS, INC. D/B/A SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY

By:_____

GENERAL TELEPHONE COMPANY OF FLORIDA, INC.

By:_____

SPRINT/UNITED TELEPHONE COMPANY OF FLORIDA

By:_____

SPRINT/CENTRAL TELEPHONE COMPANY OF FLORIDA

By:_____

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC.

By:_____

MCI METRO ACCESS TRANSMISSION SERVICES, INC.

By:_____

TIME WARNER AxS

By: _____

DIGITAL MEDIA PARTNERS

By: _____

FLORIDA CABLE TELECOMMUNICATIONS ASSOCIATION, INC.

By: _____

AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC.

By: _____

FLORIDA PUBLIC TELECOMMUNICATIONS ASSOCIATION

By: _____

INTERMEDIA COMMUNICATIONS OF FLORIDA, INC.

By: _____

SPRINT COMMUNICATIONS COMPANY, LIMITED PARTNERSHIP

By: _____

TIME WARNER AxS

By: _____

DIGITAL MEDIA PARTNERS

By: _____

FLORIDA CABLE TELECOMMUNICATIONS ASSOCIATION, INC.

By: _____

AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC.

By: _____

FLORIDA PUBLIC TELECOMMUNICATIONS ASSOCIATION

By: _____

INTERMEDIA COMMUNICATIONS OF FLORIDA, INC.

By: Patricia A. Kurlinski

SPRINT COMMUNICATIONS COMPANY, LIMITED PARTNERSHIP

By: _____

TIME WARNER AxS

By:_____

DIGITAL MEDIA PARTNERS

By:_____

FLORIDA CABLE TELECOMMUNICATIONS ASSOCIATION, INC.

By:_____

AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC.

By:_____

FLORIDA PUBLIC TELECOMMUNICATIONS ASSOCIATION

By:_____

INTERMEDIA COMMUNICATIONS OF FLORIDA, INC.

By:_____

SPRINT COMMUNICATIONS COMPANY, LIMITED PARTNERSHIP

By: Jay H. Nay

MCCAW COMMUNICATIONS OF FLORIDA, INC.

By: _____

2. GENERAL REGULATIONS (T)

2.1 Undertaking of the Telephone Company

2.1.1 Scope

(A) (Reserved for Future Use)

(B) The Telephone Company does not undertake to transmit calls or offer a telecommunications service under this tariff.

(C) The Telephone Company shall be responsible only for the installation, operation, and maintenance of the services which it provides.

(D) The Telephone Company will, for maintenance purposes, test its FIA only to the extent necessary to detect and/or clear troubles. Testing beyond normal parameters will be done as described in Section 6 following.

(E) FIA are provided twenty-four hours daily, seven days per week.

(F) The Company has the authority to disconnect the end user's service for nonpayment of the IC charges billed to the End User by the Company.

2.1.2 Limitations

(A) The customer may not assign or transfer the use of FIA provided under this tariff except that, where there is no interruption of use or relocation of the FIA, such assignment or transfer may be made to:

(1) another customer, whether an individual, partnership, association or corporation, provided the assignee or transferee assumes all outstanding indebtedness for such FIA, and the unexpired portion of the minimum period and the termination liability applicable to such FIA, if any; or

(2) a court appointed receiver, trustee or other person acting pursuant to law in bankruptcy, receivership, reorganization, insolvency, liquidation or other similar proceedings, provided the assignee or transferee assumes the unexpired portion of the minimum period and the termination liability applicable to such FIA, if any.

In all cases of assignment or transfer, the written acknowledgment of the Telephone Company is required prior to such assignment or transfer which acknowledgment shall be made within 15 days from the receipt of notification. All regulations and conditions contained in this tariff shall apply to such assignee or transferee.

The assignment or transfer of FIA does not relieve or discharge the assignor or transferor from remaining jointly or severally liable with the assignee or transferee for any obligations existing at the time of the assignment or transfer.

(B) The emergency provisioning and restoration of FIA shall be in accordance with Part 64, Subpart D, Paragraph 64.401, of the FCC's Rules and Regulations, which specifies the priority system for such activities. Section 13.4 describes the service arrangement.

(C) (Reserved for Future Use)

(D) The Telephone Company does not warrant that its facilities and services meet standards other than those set forth in this tariff.

2.1.3 Liability (D)

(A) The Telephone Company's liability, if any, for willful misconduct is not limited by this tariff. With respect to any other claim or suit by a customer for damages associated with the installation, provision, termination, maintenance, repair or restoration of FIA, and subject to the provisions of (B) through (J) following, the Telephone Company's liability, if any, shall not exceed an amount equal to the proportionate charge for the FIA for the period during which the provision of FIA was affected. This liability for damages shall be in addition to any amounts that may otherwise be due the customer under this tariff as a credit allowance for a provision of FIA interruption. (T)(D)

Certain material on this page formerly appeared on Page 2.

2. GENERAL REGULATIONS

2.1 Undertaking of the Telephone Company (Continued)

2.1.3 Liability (Continued)

(B) The Telephone Company shall not be liable for any act or omission of any other carrier or customer providing a portion of a service, nor shall the Telephone Company, for its own act or omission, hold liable any other carrier or customer providing a portion of a service.

(C) (Reserved for Future Use)

(D) The Telephone Company shall be indemnified, defended and held harmless by the IC or end user against any claim, loss or damage arising from the use of FIA offered under this tariff. The foregoing indemnity shall issue on the IC or the end user separately, each being responsible for its own acts and omissions, involving:

(1) Claims for libel, slander, invasion of privacy, or infringement of copyright arising from any communications;

(2) Claims for patent infringement arising from combining or using the FIA furnished by the Telephone Company in connection with facilities or equipment furnished by the IC or end user; or

(3) All other claims arising out of any act or omission of the IC or end user in the course of using FIA provided pursuant to this tariff.

(E) The Telephone Company does not guarantee or make any warranty with respect to its FIA when used in an explosive atmosphere. The Telephone Company shall be indemnified, defended and held harmless by the IC or end user from any and all claims by any person relating to the FIA so provided. The foregoing indemnity shall issue on the IC or the end user separately, each being responsible for its own acts and omissions.

(F) Except in the case of willful misconduct, under no circumstances whatever shall the Telephone Company be liable for indirect, incidental, special or consequential damages; and this disclaimer shall be effective notwithstanding any other provisions hereof.

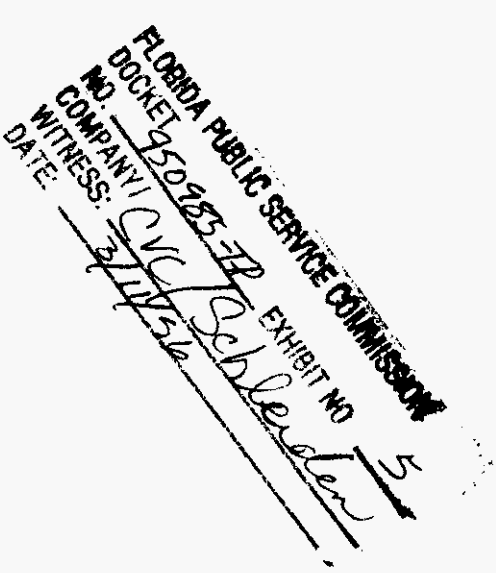
(G) No license under patents is granted by the Telephone Company to the customer or shall be implied or arise by estoppel in the customer's favor with respect to any circuit, apparatus, system or method used by the customer in connection with FIA provided under this tariff. With respect to claims of patent infringement made by third persons, the Telephone Company will defend, indemnify, protect and save harmless the customer from and against all claims arising out of the use by the customer of FIA provided under this tariff.

(H) The Telephone Company's failure to provide or maintain FIA under this tariff shall be excused by labor difficulties, governmental orders, civil commotions, acts of God and other circumstances beyond the Telephone Company's reasonable control, subject to the interruption allowance provisions of following.

(I) The Telephone Company shall reimburse the customer for damages to premises or equipment of the customer resulting from the provision of FIA by the Telephone Company on such premises, or by the installation or removal thereof, caused by the negligence or willful act of the Telephone Company.

(J) Should any federal, state or local jurisdiction determine that sales, use, gross receipts or any other taxes (including interest, penalties and surcharges thereon) are due by the Company as a result of the Company's purchase of accounts receivable, the Company will advise the customer and the customer shall be liable for any such tax, interest, penalties and surcharge, and the customer shall immediately reimburse the Company the amount of such tax, interest, penalties and surcharge paid by the Company. If the customer disagrees with the Company's determination that any taxes are due by the Company or disagrees with an assessment of any tax, penalty, surcharge and interest due by the Company as a result of the Company's purchase of accounts receivable, the customer shall, at its option and expense (including immediate payments of any such assessment), have the right to seek a ruling as to the inapplicability of any such tax or to protest any assessment and participate in any legal challenge to such assessment, but shall be liable for any tax, penalty, surcharge and interest ultimately determined to be due.

Certain material on this page formerly appeared on Page 3.


FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950965-EI
COMPANY/ WITNESS: OVC / Schleder
DATE: 3/14/96
EXHIBIT NO 5

ALBERT RICHARD SCHLEIDEN
818 Tournament Road
Ponte Vedra Beach, FL 32082
904-273-6018

Work Experience

1993 - Present	General Manager for Continental Fiber Technologies, Inc. d.b.a. AlterNet and several Continental Telecommunications Companies including Continental Florida Telecommunications, Inc. Manager of all the disciplines of the telephone companies. As GM of AlterNet in the AAV business, developed a team of professionals getting a dynamic start in IXC carrier access and private line services. Prepared AlterNet for entrance into the competitive dial tone business. Deployed an all fiber SONET MAN in Jacksonville providing the highest quality and reliable service in the industry. Managing an annual capital budget of over $10M and an expense budget of approximately $5M and 30 personnel.
1990 - 1991	Director of Sales for Intermedia Communications of Florida, Inc. Management of Sales personnel and corporate marketing responsibilities. Managed and trained a sales force of six. Brought two new services to the marketplace in first five months. Increased monthly recurring revenues $60,000 in the same time period.
1988 - 1989	Account Executive through voluntary redeployment to Major Markets Sales. Managed the redeployment/new hiring effort of the Tampa Major Markets Sales Office. Thirteen people were relocated to Tampa, trained and organized into an effective sales team. Account Executive duties include selling the entire AT&T product line, focusing on network applications. Sales include very large competitive winbacks.
8/86 - 8/88	District Manager, Product Manager for DATAPHONE^{R} Digital Service. Directly managed a marketing team of about 10 people developing sales and marketing strategies and tactics for this 1/2 billion dollar product. Matrix managed a corporate product team of about 100 for the implementation of the annual product plan. This premier data networking product is used exclusively by major business customers for highly reliable data transport. Product enhancements to prolong the growth stage of life cycle management was our thrust. It was showing a robust growth of about 22% annually. I interacted daily with customers, sales

personnel and other AT&T line entities to keep in touch with the realities of the marketplace.

4/86 - 7/86 — District Manager Parsippany (NJ), Business Sales and Support Center (BS&SC). This office was similar in size and scope to the one in Pittsburgh. One notable difference was an international organization managing all orders from Canada and Mexico.

2/84 - 3/86 — District Manager, Pittsburgh Business Sales and Support Center (BS&SC). I directed three sub-organizations - Primary Account Sales Center (PASC) - Service Order Entry Center (SOEC) and Account Inquiry Center (AIC) and several smaller support organizations. The force of 200 manages 250,000 accounts and $150 million revenue on a budget of $5.6 million. The PASC is a reactive and proactive state of the art telemarketing center. The SOEC processes orders on the most sophisticated widely distributed order entry system in the nation. The AIC handles claims, collection, credit management and sales (referrals) while maintaining a positive image with our customer base. The strengths of the organization are order quality and timeliness with an eye toward productivity increases (SOEC); aggressive marketing and sales techniques (PASC); and innovative problem solving (all) through excellent personnel management.

10/82 - 2/84 — Staff Manager of a Headquarters District of 25 persons and a budget of 1.6M. This organization of subject matter experts supports the National Sales Force (NSF) of National Account Managers (NAMs) and Intercity Service Group (ISG). The support includes systems, order procedures, special billing, claims, collections, measurements and other sales and administrative support. This support requires extensive interfunctional interface with other headquarters organizations on company policy and procedures. Late in 1982, I reduced 2nd level manager groups from 12 to 7 while enhancing their managerial positions. During this period, we managed the NSF through the Computer Inquiry (CI) II transition. I integrated this organization into AT&T-C Headquarters Sales Operations for divestiture.

7/82 - 10/82 — Market Manager - Served as Certification Manager and Certification Board Manager. Acted as NAM consultant for Business Services Segment on Account Management, Business Function Systems Selling and Certification.

1979 - 1982	National Account Manager - Automatic Data Processing, Inc. (ADP) with total Bell billed revenue of approximately 35 million dollars (a 94% increase over the 3 years). Established the National Account Team and developed to an organization of 25 on a budget of $1.2M. Positioned the NAM and appropriate team members with the highest executive levels in ADP and each of its divisions. Managed improved service results through the operations department and Bell Operating Companies at executive levels. Personally sold and tutored sales personnel in large sales including data terminals and telemarketing. Detailed account planning with the team and BOCs. Performance took account team to the President's Club for two successive years (1981-1982). Certified Industry Consultant (IC) along with five of six subordinate Account Executive (AEs).
7/76 - 8/79	Staff Supervisor of Product Marketing in Product Management at Long Lines Headquarters, July 1, 1976, to August 1, 1979. Developed sales stimulation packages for selected data products (DATAPHONE Service, DDS, Network Control Systems, ACS, DSAS, and low speed terminals) from brochures to multi-media productions. Directly supported field sales personnel in seminars and client presentations and proposals. Managed direct marketing program.
1974	Sales Staff Data Specialist - Interpret tariffs and provide technical expertise on all data matters to sales organization.
1972	Basic Plans Engineer - Staff Supervisor - Long range engineering - Managerial responsibilities for a two-state area.
1971	Personnel Assessment Center - Assess vocational personnel for management potential.
1969	Engineering intercompany Services Coordinator - Administer methods and controls for implementing private line telephone, telegraph and data services.
1968	Engineering Staff Supervisor - Administrative responsibilities associated with the design engineering of telephone and data services.
1967	Electronic Data Processing Staff Supervisor - Supervising the implementation of new engineering data processing systems.

1965	Plant Network Manager - Administrative duties dealing with the serviceability of several large national accounts.
1964	Transmission Supervisor - Coordinating the installation of interstate private line telephone services.
1963	Transmission Supervisor - Administrative and supervisory responsibilities with regard to installation and maintenance of private line telephone services.
1962	Telegraph Service Supervisor - Administrative and supervisory responsibilities with regard to installation and maintenance of private line telegraph services.
1958 - 1962	Vocational technician and Engineering Assignments.

Employment prior to AT&T
Bell Telephone Company of Pennsylvania - Accounting
Methodist Publishing House

Florida House of Representatives

PETER RUDY WALLACE, SPEAKER OF THE HOUSE

COMMITTEE ON UTILITIES & TELECOMMUNICATIONS

SCOTT W. CLEMONS
CHAIR

SHARON J. MERCH
VICE CHAIR

August 17, 1995

Susan Clark, Chairman
Public Service Commission
Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Dear Chairman Clark:

I am pleased to learn of the plans the Public Service Commission has made to implement Chapter 95-403, the telecommunications act. For Florida to realize competition as quickly as the Legislature intended, a rather ambitious schedule was included in the act's framework. And, the PSC was tasked with a variety of responsibilities to make the January 1, 1996, starting date for competition a realistic one. It appears that your agency is striving to meet that schedule.

Having worked closely with the Legislature during the development of the telecommunications legislation, you are aware of the law's two important goals: protecting consumers and encouraging competition. And, you know that the Legislature believes that in the final analysis competition will prove to be the ultimate consumer protection.

The Legislature has passed the law, thus clearly stating our intent that in the near future Floridians should have a choice in local telephone service. It now falls to the PSC to determine if our hopes for a quick emergence of competition will become a reality. In short, we will be observing the PSC's efforts to change its mission from the previous one--being the surrogate for competition--to its new role as the catalyst of competition.

For example, the Legislature's concern for both consumer protection and the development of competition was evidenced in the act's provisions for universal service. In this issue the consumer benefits are self-evident, however, the Legislature also evidenced a concern about its impact on competition. The act refers specifically to the PSC's determining a *mechanism* to provide for universal service. Legislators knew that after considering various mechanisms, the PSC might eventually decide that a fund is necessary. However, they were concerned that a fund could prove to be anti-competitive and so desired the consideration of a variety of options

Based on a review of the actual list of staff-identified issues provided at a July meeting, the commission appears not to be limiting itself to a fund; however, the title of the proceeding is "Determination of *Funding* for Universal Service and Carrier of Last Resort Responsibilities," and the use of the word "funding" may signal a conflict with the notion of considering other options as well.

Another issue before you that could have an impact on the rapid development of competition requirement that ALEC's file tariffs for all services. Legislative intent provides that the Commission is to encourage competition through "flexible regulation" and "by allowing a transitional period in which new entrants are subject to a lesser level of regulatory oversight." know the tariff issue will be a difficult one to resolve, and I do not presume to recommend to you which way you should decide. I write only to emphasize that the impact of your decision on the pace of the growth of competition must be weighed heavily.

Other issues I understand the PSC will face are the charges assessed payphone operators by incumbent LEC's and the timing of establishing payphone operators' eligibility to subscribe to flat-rate, single-line business local exchange services, as called for in the law. As before, I do not presume to tell you what to decide in these cases. However, I do request that you consider how your decision will aid in fostering competition

A final example provided to illustrate my interest in stimulating competition and in recognition of the complex nature of the issues you will face regards access to poles, conduits, rights-of-way and other facilities--access which is required pursuant to the law Section 14 of ch. 95-403, Laws of Florida, does not explicitly provide for the parties to address the PSC should they fail to mutually agree on rates and conditions of access. However, in other similar circumstances, pursuant to the law parties may petition the PSC to bring about a legislatively-mandated agreement The absence of a means of bringing the PSC into the process may have an impact on a party's ability to compete in a timely fashion This should be considered when deciding the issue of access to poles, conduits, rights-of-ways, and other facilities

I am confident that under your leadership the PSC can meet the challenge of transforming itself from the substitute for to the catalyst of competition I am comfortable relying upon your and your colleagues' judgement and expertise I write and offer these examples to assure you that I am cognizant of the complexity of your challenges and to emphasize the legislature's keen desire that competition--the biggest consumer protection encompassed in the new law--be encouraged with all deliberate speed

Sincerely,

Scott W. Clemons
Chairman, Commission on Utilities &
Telecommunications

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that copies of the Notice of Submission of the Direct Testimony of A.R. (Dick) Schleiden dated December 22, 1995, by Continental Cablevision, Inc., were furnished by hand delivery (*) or by mail (**) this 22th day of December, 1995, to the following:

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By: Donald L. Crosby
DONALD L. CROSBY

ESSENTIAL ELEMENTS OF LOCAL TELEPHONE COMPETITION

1. FRANCHISES AND ENTRY REQUIREMENTS

Federal, state or local restrictions that limit or prohibit competitors from offering a full range of local telephone services and regulatory requirements that unreasonably restrict market entry must be abolished. Specifically:

No Exclusive Franchises – No firm should have an exclusive franchise, license or certificate to provide local telephone service.

No Need to Prove Existing Services are Inadequate – No new market entrant should have to prove that the incumbent's service is inadequate as a prerequisite to offer competing local telephone service.

No Discrimination Against New Market Entrants – No laws or regulations should impose more onerous requirements on new market entrants than apply to incumbent telephone companies or discriminate against new market entrants. However, that does not mean that new market entrants should be subject to the same regulatory requirements as the incumbent local telephone company (see below).

Equal Access to Rights of Way – Any exclusive or preferential treatment of pole, conduit and rights-of-way of the incumbent local telephone company must be eliminated so that new entrants have access to those rights of way on the same rates, terms and conditions as the incumbent.

No Unreasonable Requirements for Market Entry – Entry into a local telephone market should not be artificially restricted by unreasonable requirements imposed on new market entrants (*e.g.*, requirements to offer facilities-based service to 100% of a given geographic area, excessive performance bonds, extended certification processes).

Quid Pro Quos should not be a Condition of Market Entry – Entry into a local telephone market should not be contingent on actions of the incumbent local telephone company or unreasonably delayed by lengthy, cumbersome regulatory proceedings concerned with ill-defined, open-ended issues (*e.g.*, no local competition authorized until and unless the incumbent local telephone company realigns its current rates, or no local competition until and unless a comprehensive universal service protection/subsidy replacement plan has been developed, debated and adopted by regulators).

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO 6
COMPANY/ WITNESS: Schlender
DATE: 3/11/96

DOCUMENT NUMBER-DATE
01035 JAN 29 96
FPSC-RECORDS/REPORTING

2. INTERCONNECTION & COMPENSATION

Interconnection of local telephone networks at reasonable rates is critical to local telephone competition. Competing networks should be interconnected so that customers can seamlessly receive calls that originate on another carrier's network and place calls that terminate on another carrier's network without dialing extra digits, paying extra, or doing anything out of the ordinary. New market entrants should be interconnected with incumbent providers in a manner that gives them seamless integration into and use of local telephone company signalling and interoffice networks in a manner equivalent to that of the incumbent local telephone company.

Reasonable Compensation for Call Termination – Mutual compensation for call termination should be set at a level that encourages the development of competition and interconnection while covering the associated costs. Compensation should:

Be economically viable – not set at a level that makes provision of competing local service uneconomic (*e.g.*, set at a level greater than the market price of local service);

Be administratively efficient and minimize carrier conflicts – structures that are simple and easy to verify (*e.g.*, flat rate charges);

Create incentives for competitive infrastructure development – reward greater investment in infrastructure development by local telephone company competitors;

Minimize competitive distortions – not discourage entry into all segments of the market;

Not be a source of universal service subsidy – should not be designed to produce contribution, subsidies, or universal service support;

Promote competitive innovation – not tied to existing local telephone company price structures so as to force new market entrants to mimic existing pricing structures; and,

Not mirror existing access charges levels – compensation based on current access charges will be uneconomic.

Uniform Standards and Administrative Interconnection – Basic network functions must be provided in a nationally uniform manner, and conform to quality and interoperability standards. The incumbent must cooperate in ordering, billing, circuit provisioning, maintenance and repair.

Service Unbundling – The incumbent local telephone company's services should reflect an unbundling of service components so that a new market entrant is not forced to purchase services that it does not want in order to obtain essential telecommunications capabilities. Unbundling should be performed in response to a *bona fide* request.

Collocation – Collocation of facilities to achieve interconnection should reflect two characteristics:

Collocation at aggregation points – collocation should be made at the local telephone company's primary aggregation points (*e.g.*, tandems, central offices, serving wire centers); and,

Physical or virtual – collocation can either be physical collocation or virtual collocation that is economically and technically equivalent to physical collocation from the perspective of the interconnector.

3. NUMBERING RESOURCE ISSUES

Non-discriminatory access to numbering resources is critical. The following numbering resource issues are critical:

Access to Telephone Numbers – New entrants should have non-discriminatory access to sufficient blocks of telephone numbers (*i.e.*, access to NXXs) to offer service.

Number Portability – Customers must be able to change service providers and retain the same local telephone number at the same location (service provider number portability) without having to dial extra digits or be burdened by "special" actions in order to achieve number portability. Interim number portability mechanisms, such as remote call forwarding, are an inferior form of number portability that impairs a new market entrant's service, and such impairment should be reflected in interconnection charges.

Access to and Inclusion in DA, LIDB, AIN, 800 and Other Databases and Telephone Directories – Competitive local service providers should be allowed to have their customers' telephone numbers included in telephone directories, directory assistance, LIDB, AIN, 800 and other databases and have access to such resources equal in price, functionality and quality as do incumbent local telephone providers.

Access to 911, TRS and Local Operator Services – Competitive local service providers should have access to 911, relay services and operator services provided by the incumbent local telephone company on the same terms and conditions as enjoyed by the incumbent local telephone company.

Number Administration – Numbering policy must be broadly developed and administered in a competitively neutral manner. The local exchange carrier must not be able to control the administration and assignment of numbering resources. NPA assignments must be handled in a neutral and non-discriminatory manner.

4. UNIVERSAL SERVICE SUPPORT & EMBEDDED SUBSIDIES

Competition and Universal Service. Local service competition enhances universal service. Competition for access services and competition in the local service market may well stimulate the development of new products, stimulate demand and produce higher revenues and earnings for the incumbent local telephone company just as competition in the interLATA long distance market did for AT&T.

Embedded Subsidies Should be Transitioned Away. In order to encourage efficient competition in all market segments, it is important to eliminate uneconomic/non-competitive subsidies embedded in telecommunications pricing structures over a reasonable transition period (*e.g.*, reduce access charges that are priced substantially above costs and raise those rates that are substantially below costs.)

Explicit Subsidies. Subsidies to preserve universal service should have the following characteristics:

Explicitly Identified. If subsidies are required, they should be explicitly identified rather than embedded in various prices;

Needs Based Targeting. If subsidies are required, they should be needs based either on a showing of low income by consumers or based on service to high cost areas;

Broad-Based Support. If subsidies are required, all telecommunications service providers should contribute to such subsidies in a competitively neutral manner based on their telecommunications revenues net of payments to intermediaries;

Neutral Administration. Collection and distribution of subsidies should be done by a neutral administrator;

Only Basic Residential Telephone Service Subsidized. Only basic residential telephone services should be subsidized, limited to (1) single party local service, (2) access to touch tone dialing, (3) access to carriers of choice, (4) access to operator services; and, (5) access to emergency (911) services.

Competitive Access to Subsidies. If subsidies are required, then all competitive local telephone service providers should have the opportunity to receive such subsidies when selected by an eligible customer.

5. REGULATION OF INCUMBENTS AND NEW MARKET ENTRANTS

Differential Regulation of Incumbents and New Market Entrants. As long as there is not parity in the marketplace, there should not be parity in regulation. Regulation of local telephone providers should be a function of market power as well as the incumbent telephone company's ability to leverage its control of essential facilities. As long as the incumbent local telephone provider possesses substantially more market power than new market entrants, it is appropriate to subject the incumbent to greater regulatory oversight.

Elimination of Rate Base Regulation. Traditional rate-base regulation should be abandoned and replaced with appropriately designed price and service regulation to provide the appropriate incentives as competition emerges. Traditional rate-base, rate of return regulation creates a regulatory predisposition to avoid actions that could affect the incumbent's revenues/earnings (*e.g.*, rules that prohibit competitive entry into local telephone markets) and seek out mechanisms to ensure revenue neutrality for the incumbent (*e.g.*, "make whole" compensation mechanisms in intraLATA toll markets to recover competitive revenue losses). Traditional rate-base regulation also contributes to uneconomic infrastructure investment incentives and discourages efficient pricing and cost reductions. Instead, appropriately styled price and service regulation, with pricing rules to transition rates to more efficient levels, enables local telephone companies to respond to emerging competition, and prevents cross-subsidization and abuse of market power.

Imputation In determining the price floor for their competitive services, incumbent local telephone companies should impute in the aggregate the same charges for essential network services and functionality as are paid by their competitors to them for the same services and functionality plus the costs of other services and functionalities actually used by the incumbent telephone company.

Resale & Sharing. Telecommunications services and functions should be provided without any restrictions on resale and sharing, provided that resale is of the same class of service (*e.g.*, should not be able to repackage and resell local residential services as business services).

Provider of Last Resort In a competitive market, there is no provider of last resort, only competitors, all seeking to provide services to customers. Because incumbent local telephone companies typically have universal coverage, even though competitors are entering the market, regulators should continue to restrict incumbent telephone companies from exiting markets or market segments until competitive alternatives become available (*i.e.*, being the carrier of last resort). However, restrictions on market exit should diminish as competition develops.

EXHIBIT NO. _____

DOCKET NO: 950985-TP

WITNESS: A. R. SCHLEIDEN

PARTY: CONTINENTAL

DESCRIPTION:

3/1/96 DEPOSITION TRANSCRIPT WITH EXHIBITS:
EXH 1 - BELLSOUTH AND FCTA AGREEMENT;
EXH 2 - UNITED/CENTEL AND INTERMEDIA AGREEMENT.

PROFFERING PARTY: STAFF

I.D. # ARS-2

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO 7
COMPANY/ WITNESS: Schleiden
DATE: 3/11/96

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Resolution of petition (s) to establish nondiscriminatory rates, terms, and conditions for interconnection involving local exchange companies and alternative local exchange companies pursuant to Section 364.162, Florida Statutes	DOCKET NO. 950985-TP

DEPOSITION OF:	A. R. "DICK" SCHLEIDEN
TAKEN AT THE INSTANCE OF:	THE STAFF OF THE FLORIDA PUBLIC SERVICE COMMISSION
PLACE:	GERALD L. GUNTER BUILDING ROOM 362 2540 SHUMARD OAK BOULEVARD TALLAHASSEE, FLORIDA
TIME:	COMMENCED AT 9:30 A.M. CONCLUDED AT 11:20 A.M.
DATE	MARCH 1, 1996
REPORTED BY:	NANCY S. METZKE, RPR, CCR C & N REPORTERS POST OFFICE BOX 3093 TALLAHASSEE, FLORIDA 32315

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ALSO PRESENT:

MIKE REITH, FPSC Staff.

LANS CHASE, FPSC Staff.

MARY ROSE SIRIANNI, FPSC Staff.

JILL BUTLER, (by phone) Time Warner.

BEN POAG, Sprint United Telephone-Florida.

* * * *

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STIPULATION

IT IS STIPULATED that this deposition was taken pursuant to notice in accordance with the applicable Florida Rules of Civil Procedure; that objections, except as to the form of the question, are reserved until hearing in this cause; and that reading and signing was not waived.

IT IS ALSO STIPULATED that any off-the-record conversations are with the consent of the deponent.

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P R O C E E D I N G S

MR. EDMONDS: Okay. This is the deposition of Mr. Schleiden in Docket Number 950985-TP, the interconnection docket. And can we first get, let's just get a roll call of the people that are on the line so we know.

MR. EDGINGTON: Eric Edgington with GTE Florida, Incorporated.

MS. BUTLER: Jill Butler with Time Warner Communications.

MR. RINDLER: Rich Rindler for MFS and Telenet.

MR. CROSBY: This is Don Crosby with Continental Cablevision.

MS. WILSON: Laura Wilson representing the Florida Cable Telecommunications Association.

MR. WAHLEN: Jeff Wahlen of the McFarlane, Ausley law firm on behalf of Sprint-United and Sprint-Centel.

MR. EDMONDS: Scott Edmonds on behalf of Commission staff.

I assume everybody has reached the usual stipulations?

MR. WAHLEN: Sure.

MR. CROSBY: Uh-huh.

Whereupon,

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A. R. "DICK" SCHLEIDEN

was called as a witness by the Commission staff and, after being first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. EDMONDS:

Q Okay. Mr. Schleiden, could you go ahead and state your name and business address for the record, please?

A My name is Albert Richard Schleiden. I go by my nickname Dick. My address is 7800 Belfort Parkway, Suite 270, Jacksonville, Florida.

Q And have you prefiled testimony in this docket?

A I have.

Q Do you have any changes or corrections you need to make or would like to make?

A I don't think so, no.

Q Okay. Staff just has a few questions for you this morning. First, does Continental currently have any interconnection agreements with LECs, any LECs in Florida?

A In Florida?

Q Yes.

A Yes.

Q And who has Continental signed agreements with in

Florida?

A We have signed the BellSouth stipulation.

Q Okay. And the BellSouth stipulation, what sort of interconnection compensation arrangement does that provide for? Is it for instance bill and keep or minute-of-use charge?

A The agreement -- by the way, all of the contracts with BellSouth have not been signed, but the stipulation has been agreed to. The stipulation gives us interconnection, technical interconnection interfaces as well as a minute-of-use rate and structure.

Q Okay. Now with respect to GTE and United-Centel, isn't it your testimony that Continental promotes a bill and keep arrangement for interconnection?

MR. CROSBY: Excuse me, we have withdrawn GTE from our petition, so our petition is only with United and Centel.

MR. EDMONDS: Right, my mistake, I'm sorry.

BY MR. EDMONDS:

Q With respect to United and Centel, are you promoting a bill and keep or mutual traffic exchange arrangement?

A That's correct.

Q Okay. Could you state why with BellSouth a per-minute-of use charge is appropriate but Continental

sees that mutual traffic exchange would be appropriate with United-Centel? What is the difference?

A Well, since we signed the stipulation with Bell through the FCTA, we have undergone a lot of changes. When I say we, I mean the environment. The environment for the industry has changed tremendously, particularly with the passage of the federal law.

Q Your testimony that advocates mutual traffic exchange, was that filed before the federal law was passed?

A I don't remember.

Q Okay. Well, that's something we can find out. We'll just move on.

Are you, is Continental currently in the process of negotiating interconnection agreements with any LECs in Florida?

A Are we currently negotiating any?

Q Yes.

A Yes, we have been discussing the matter with Sprint United-Centel.

Q Okay. And are you aware of any interconnection agreements that United-Centel has signed with any ALECs in Florida?

A I'm aware of one.

Q And which one is that?

A The one with ICI.

Q Okay. Have you had a chance to review that agreement?

A I have skimmed it.

Q And could you tell us what your understanding of what that agreement provides for in terms of interconnection?

A As I understand it, it provides for an option. The option, there is an Option A that allows for minutes of use and an Option B that allows for flat-rated port charges.

Q Okay. Now if I could refer you to Page 13 of your direct testimony and specifically at the bottom of the page starting with Line 20 where in that testimony you state that there are several other states that have adopted a bill and keep method. To your knowledge, are those states that have adopted the bill and keep, is that a permanent arrangement?

A My understanding is it's an interim arrangement.

Q Okay. Now you stated in the agreement that United-Centel has signed with ICI that it provides for an option of either a per-minute-of-use charge or port charge. Now as far as Continental's position, hypothetically speaking, if there were not a possibility of a bill and keep arrangement, which would Continental prefer between those two options, either per-minute-of-use or port

charge?

A Our preference would be port charge; however, the port charges should be cost based, not revenue based.

Q Now if I could I would like to refer you to Page 9 of your rebuttal testimony and specifically looking at Lines 8 through 14. And in that testimony you state that Continental has given the port charge proposal serious consideration but that the level is highly excessive and that if it were set at a vastly lower level that the port charge arrangement may be acceptable to Continental. What rate would Continental consider acceptable as a port charge?

A First of all, we think it ought to be cost based, and being cost based, we think somewhere in the range of three to five hundred dollars.

Q Does Continental believe that the rate should contain any contribution?

A Are you talking about -- What kind of contribution?

Q Well, for the port charge rate, you say it should be cost based, but should it include any sort of contribution towards common costs or --

A You're talking about toward common costs, not revenues? I want a clarification. Not profit?

Q Well, let me break it down into both aspects.

First, should there be any contribution towards joint and shared costs?

A I think each company ought to be able to recover their own costs.

Q And should there be any contribution towards revenue?

A No.

Q Do you believe that the company's LRIC cost includes contribution towards common and joint costs?

A Yes.

Q And when you said that you believe the port charge rate should be three hundred to five hundred dollars, would that be for a DS-1?

A Yes.

Q Okay. Now if United-Centel's proposal of a per-minute-of-use charge were adopted, what interconnection rate would be acceptable to Continental?

A I think one comparable to the stipulation that was approved by the Commission, both in terms of rate and structure.

Q Now does Continental, do you believe that the interconnection rate should be based strictly on United-Centel's LRIC for switched access elements less the RIC and the CCL charges?

A Yes.

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Q Okay.

A I might also add to that less the line termination charge.

Q Right. Thank you.

Is it your understanding that in the stipulation that United-Centel has that the rate that was approved by the Commission there is not LRIC based?

MR. CROSBY: I'm confused by that question.

Q Okay. Let me try to rephrase it. Okay. Let's go on.

If I could refer you to Mr. Poag's direct testimony, and there are a couple of different versions. I want to make sure we're --

MR. CROSBY: Can you hold on just a minute?

MR. EDMONDS: Sure.

MR. CROSBY: Scott, can you tell me which --

MR. EDMONDS: The one I'm looking at is January 5th.

MR. CROSBY: January 5th?

MR. EDMONDS: Yes.

MR. CROSBY: Okay. We've got that.

MR. EDMONDS: Okay.

BY MR. EDMONDS:

Q If you could refer to Page 29, starting with Line 10, I believe Mr. Poag describes how the exchange of 800

traffic should be handled. Are there any details that you're aware of that United-Centel would handle these services that would keep Continental from agreeing to this issue?

A What kind of issues are you referring to?

Q It's Issue Number 4 on the docket.

MR. CROSBY: Okay, let me grab that.

Q I've got it right here too if you want it.

A Would you restate the question, please?

Q Okay. Are you aware of any details in how United-Centel proposes to handle these services that would keep Continental from stipulating to the issue, from coming to an agreement with United-Centel on the issue?

MR. CROSBY: Can I ask for clarification, are you asking him to compare the position that Mr. Poag expresses here to our position to see if there is agreement?

MS. SIRIANNI: Uh-huh.

MR. CROSBY: So you would compare what Mr. Poag here proposes in this answer to this question to what your position is.

A The only exception that I would take would be based on the ALEC's tariffed rates. I'm not sure that we would have tariffed rates. It would be under contract rather than tariffed.

Q Okay. Now on Mr. Poag's testimony still, if I could refer you to page, on the next page, on Page 30. At the top of the page he states that United-Centel and the ALECs shall mutually provide each other busy line verification and emergency interrupt services pursuant to the tariff. Now if I could ask you the same thing with respect to this issue, that is, are you aware of anything -- or compared to your position on this issue is there anything that would keep you from coming to agreement with United-Centel?

(WITNESS REVIEWED DOCUMENTS)

A In my testimony on the issue, I think we answered that we ought to be able to recover our costs for such a service, and if that were agreed to, then certainly a stipulation should be -- we should be able to agree to a stipulation.

One of the things that I want you to understand is that we are focused on the reliability factor on the telephone network and not just maintaining the status quo on the public switch network but improving the reliability factor in the public switch network. And on these kinds of issues I think you will find, particularly from a technological perspective, that we will have the latest state-of-the-art elements in our network that will guarantee both the highest quality and the highest

reliability.

Q Now if I could refer you to Page 3 of Mr. Poag's testimony. I'm sorry to keep flipping you back and forth here.

MR. CROSBY: Would that be rebuttal testimony?

MR. EDMONDS: Of direct.

MR. CROSBY: And we are still in the January 5th?

MR. EDMONDS: January 5th, yes.

MR. WAHLEN: I'm sorry, what page?

MR. EDMONDS: Page 3.

BY MR. EDMONDS:

Q And starting at the top of the page and going down to about Line 16, he refers to the statute and how interconnection rates shall not be below cost, and I believe he makes some statements that the bill and keep mechanism is flawed because it does not allow for a cost recovery for terminating local calls. Could you comment on that or respond to his statements?

A Well, we think bill and keep does allow for cost recovery from the charges that are made to their individual customers. It's just as appropriate for their customers to try to reach our customers as ours to reach theirs, and so we think a recovery for cost would be in that arena.

Just one note aside, it's interesting to me that with the five-percent cap which would likely cause

Sprint-United to pay the ALEC monies should there be an unbalance in traffic flows, how that recovers costs and bill keep does not.

Q Okay. One more flip, if I could refer you to Page 2 of your rebuttal testimony.

A There are some errors on that page, typographical errors.

Q Okay.

MR. CROSBY: Do you want him to point out the errors on that page?

MR. EDMONDS: Sure.

A Okay, it should read, starting at Line 3, "First his testimony makes reference to the stipulation and agreement entered into by Continental." It should read, and BellSouth, comma, as well as various other parties to this proceeding.

At Line 7, at the end of Line 7, "An issue relating to BellSouth." It should be instead Sprint United-Centel.

And on Line 11 it should read, Continental, slash, BellSouth solution, not Sprint United-Centel.

In that same rebuttal testimony on Page 7, Line 12 it should read, It certainly does not appear to me that such pricing would stimulate, et cetera. The word "to" should be taken out of there.

BY MR. EDMONDS:

Q Okay. Thank you.

A Uh-huh.

Q Now if the Commission sets the rates, terms and conditions in interconnection, should United-Centel file tariffs?

A I really don't have a strong position on that one way or the other.

Q Okay. With regards to Issue 9 in this docket, which is -- Issue 9.

MR. CROSBY: Okay. In the docket?

MR. EDMONDS: Yes.

MR. CROSBY: Okay. Let me find the prehearing statement.

BY MR. EDMONDS:

Q And that's the issue for the provision of billing and collection services. What is Continental's position on this issue?

A On the provision of billing and collection services between Continental and Sprint United-Centel for credit card, collect, third party? Is that your question?

Q Yes.

A There is an industry clearing house that is referred to as Centralized Message Distribution Services, CMDS, and I believe we ought to be allowed to participate

in that forum.

Q And have you been negotiating with United-Centel on this issue?

A No, we have agreements. We are working on agreements with other parties.

Q Okay. Are you close to reaching those agreements?

A Within, I would say, 30 to 60 days.

Q If I can refer you to Issue 13 on this docket, and that's an issue for other operational issues. Is it your position that other operational issues that cannot be negotiated should be resolved by the Commission through an expedited complaint procedure?

A If they cannot be negotiated satisfactorily between the parties, yes.

Q Okay. And what do you mean, what is your understanding of expedited complaint process?

A 30 days.

Q One last reference, it's Issue 14, and that regards the assignment of NXX codes. Could you explain your position on the assignment of NXX codes?

A Well, NXX codes are a valuable national resource, and as such they need to be handled extremely carefully. I don't believe that they should be administered by an incumbent local exchange company as they are today.

Q Are you aware of the recent federal legislation that is attempting to give the assignment of NXX codes to an independent party?

A I'm not real familiar with that part of the law, no.

Q Okay.

MR. EDMONDS: Okay. That concludes staff's questions. Thank you.

MR. WAHLEN: Am I next?

MR. EDMONDS: I believe you are up.

EXAMINATION

BY MR. WAHLEN:

Q Okay. Mr. Schleiden, I'm Jeff Wahlen. I'm a lawyer for Centel and United and I've got -- I'm not going to say a few questions because I have more than a few.

Have you ever been deposed before?

A I have.

Q Okay. So if you don't understand any of my questions, you'll ask me to rephrase it so the question is clear?

(WITNESS NODDED HEAD AFFIRMATIVELY)

Q Is that yes?

A Yes.

Q Are you a lawyer?

A I am not.

Q You have a working knowledge of the statutes and rules that regulate telephone companies, don't you?

A You talking about the Florida statutes?

Q Yeah, Chapter 364.

A I have a working knowledge.

Q But Mr. Crosby is the person in your company that tells you what the law is and what the law means, right?

A That's correct.

Q And the company doesn't rely on you for legal advice?

A That's correct.

Q They rely on Mr. Crosby for that. Now if I ask you any questions today that sounds like I'm asking for a legal opinion or a legal conclusion, I want you to know that I'm not asking for a legal conclusion, I'm just going to ask you for your kind of walk around working knowledge of the statute, which may or may not be right, is that okay?

A That's fine.

Q Okay. Good.

On whose behalf are you testifying in this case?

A Continental Cablevision.

Q And the corporate entity is Continental Cablevision, Inc.; is that correct?

A That's correct.

Q And its affiliated companies is what your direct testimony says here.

A Right.

Q You're employed by Continental Fiber Technologies, Inc. which does business as AlterNet?

A That is one of the companies I manage, yes.

Q Is that the ALEC?

A That is a certified ALEC in the State of Florida, yes.

Q What is the difference between Continental Fiber Technologies, Inc. and Continental Florida Telecommunications, Inc.?

A They are two separate telephone companies both certified. We don't have the certificate yet on Continental Florida Telecommunications.

Q But it's intended to be an ALEC?

A It is.

Q Does it have any certificate at this time from the Public Service Commission of Florida, if you know?

THE WITNESS: We don't have the certificate yet, do we?

MR. CROSBY: The Commission has voted to grant this company a certificate, and the order has been put out, a PAA has been put out. The period for protest has not lapsed, so I guess it would be fair to say we

have been granted a certificate subject to protest during the PAA period.

Q Okay. Does Continental Fiber Technologies, Inc. have its certificate, or is it in the same position?

A No, it does.

Q It does. Okay. So you have two ALECs, one of which has a certificate and one of which has a certificate pending subject to protest; is that correct?

A That's correct.

Q Now are there any other affiliates on whose behalf you are testifying in this docket?

A No.

Q So it's just those two. Will both of them operate under the fictitious name AlterNet? When I say both of them, I mean Continental Florida Telecommunications, Inc. and Continental Fiber Technologies, Inc.?

A No.

Q Okay. What is Continental Florida Telecommunications, Inc. going to do business as?

A It has yet to be determined.

Q Okay. Do you anticipate that they will do business in different areas of Florida?

A Different geographic areas?

Q Different geographic areas of Florida.

A Yes, but there will be some overlap.

Q Okay. I don't want to get into a lot of proprietary market planning or anything like that, but I just would like to know your general business plan for both of these ALECs, and when I say that, I mean generally what geographic areas are you going to operate in?

A Well, first of all, let me say that all of the plans have not been, are not resolved.

Q Okay.

A But in general terms, they will operate in the same territories where Continental Cablevision is currently in place; that is, Continental Florida Telecommunications will operate in those areas. AlterNet at the moment will only operate in the Jacksonville area, general area of Jacksonville.

Q Okay. And Continental Cablevision, Inc. generally operates in Jacksonville, Florida?

A It operates in Jacksonville, in Broward County.

MR. CROSBY: Let me get a clarification. Your question was --

MR. WAHLEN: Cable company.

MR. CROSBY: You said CCI; is that right?

MR. WAHLEN: Continental Cablevision, Inc., yes.

MR. CROSBY: Right.

BY MR. WAHLEN:

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Q Where does it operate cable?
A In Florida?
Q Yes.
A In the general vicinity of Jacksonville.
Q Okay.
A In Broward County.
Q Okay.
A In Lee and Collier Counties.
Q Okay.
A And in Hialeah.
Q Okay.
A To the best of my knowledge, that's the extent of the properties today.
Q Okay. And these two ALECs that we are talking about here are going to provide local exchange telephone service in those same general areas, that's the general plan?
A No.
Q No?
A Continental Florida Telecommunications will. The response to that question is yes.
Q Okay.
A AlterNet or Continental Fiber Technologies will operate, the current plans are to operate only in the Jacksonville area.

Q Okay. All right. I'm sorry, I'm a little slow.

Okay. So I guess your plans for interconnection with United or Centel will be in Lee and Collier County?

A Those are the current locations, yes.

Q Okay. Anywhere else?

A Not currently.

Q Not with United and Centel. Do you plan to be up and operating in those counties before October 1st of 1996, which is this year?

A I don't think I can answer that question. I don't know.

Q You don't know? Do you intend to have interconnection arrangements in place so you can begin operating in Lee and Collier Counties before October 1st, 1996?

A What was the first part of that question?

Q Do you plan to have interconnection arrangements in place with United so that you can begin operating in Lee or Collier County before October 1st of '96?

A We still don't have -- the plans still aren't that far along.

Q Okay. Well, would it be safe to say that you are probably not going to be doing a lot of business in Lee and Collier County until sometime after October 1st, 1996?

A When you say a lot, yeah, that's true.

Q You may just be starting down there but you will not have a vigorous business going down there as of October 1st, 1996?

A That's probably true.

Q Okay. Do you intend to market primarily business or residence, or are you going to market both? Do you have a preference?

A In Lee and Collier County?

Q Sure.

A Yes, we intend to market both.

Q Okay. Have you started marketing down there?

A We have not started selling.

Q Okay. Let me refine the phrase "marketing." Have you started advertising?

A No.

Q Okay. Have you started promoting telephone service with your cable customers, making them aware of the fact that you may be offering telephone service?

A Yes.

Q So you do plan to market local exchange telecommunication services in conjunction with your cable television?

A Yes.

Q Would you agree with me that that could be perceived as a marketing advantage?

A Might be, yes.

Q And one of the reasons it might be a marketing advantage is because you already have relationships with customers down there, right?

A Yes, might be.

Q In fact the reason you are going down there to begin marketing there first where you have customers is because it's probably going to be harder to market in areas where you don't have cable systems and you don't have an existing customer base, would that be a fair statement?

A Well, first of all, we are not going there to market first, and when I say there, I'm referring to Lee and Collier Counties.

Q Okay.

A So that would not be a correct statement.

Q Okay. You are going to market generally in areas where you have existing cable service before you go into areas that don't have existing cable service because you have existing customers and it will be easier to market there than it will be in other places?

A That's not the primary reason, but it certainly is a secondary one.

Q It's a consideration. Is Continental Cablevision a monopoly cable provider in Lee or Collier County, the only cable provider?

A No.

Q Okay. Is it your intent to provide local exchange service in rural areas first or metropolitan areas first, or do you have a preference?

A We don't have a preference.

Q Okay. Are you actually providing local exchange service anywhere right now?

A I'm not.

Q Okay. Do you expect -- when you begin, do you expect the amount of local traffic terminated on your network from other LECs will be about equal to the amount of local traffic terminated by you on their networks?

A Absolutely.

Q So in the terminology that has been used in the docket, you expect that the traffic will be in balance?

A I do.

Q Have you all done any studies, empirical studies on that?

MR. CROSBY: Studies of what?

Q On whether the -- let me rephrase the question.

Have you done any empirical studies which will predict or serve as the basis for supporting your assertion that the traffic will be in balance between your ALECs and the LECs with which they interconnect?

A We have not.

Q What is your basis for that statement then?
A Over 40 years of experience in engineering telephone systems throughout the nation, both long distance and local.
Q So would it be fair to say that you would be very surprised if the traffic is significantly out of balance?
A I would be.
Q Okay. Do you have business plans that estimate the amount of local traffic you expect to be terminating on Centel or United's network in any particular period of time, a month, a year, anything like that?
A No, sir.
Q Plans haven't developed that far?
A No, sir.
Q Do you have a guess? Would it be in the thousands of minutes or millions of minutes?
A I do not -- I suspect if you look at the demographics of the territory we are talking about, it would be very cyclical, but other than that, the degree I don't know.
Q Meaning that because it's a retirement area some months you'll have a lot of traffic and other months you won't?
A That's correct.
Q You testified that you've entered into an

agreement with BellSouth for interconnection and that's part of the comprehensive settlement in that docket; is that right?

A That's correct.

Q Is this a copy of the agreement that you signed?

(WITNESS AND COUNSEL REVIEWED DOCUMENT)

A Without going over every page it looks like.

MR. WAHLEN: Could I have this marked as Deposition Exhibit 1, please?

(SO MARKED)

Q And I think I understood your testimony correctly to say that you are currently in the process of negotiating with Sprint and Centel -- or United and Centel; is that correct?

A We are.

Q What are your general business goals when you negotiate an interconnection agreement with a local telephone company?

A Minimize our risk.

Q Okay. Anything else?

A Well, I think there are several others. We certainly want to optimize our network.

Q Okay.

A And we want to be certain that we optimize the reliability factor of the network.

Q Okay. Anything else?
A I think those are our primary goals.
Q Price isn't an important factor to you?
A Certainly price is an important factor, but I think that's where the risk element comes in.
Q Okay. So you include price under risk.
Do you have a business goal to make sure that the agreements that you enter into with other local exchange companies are basically the same?
A I wouldn't say that it's a business goal, but I would think that it's a worthy goal.
Q It would be your preference to do that?
A Not necessarily my preference, no.
Q But it would be a worthy goal?
A Uh-huh.
Q Is there any, and this is one of those questions where I'm not asking you for a legal conclusion, but is there any legal requirement which you're aware of that says that the agreement that you enter into with, for example, Southern Bell, needs to be similar to the agreement you enter into with General Telephone Company?
MR. CROSBY: We have withdrawn General.
MR. WAHLEN: I understand, I'm just asking a hypothetical question.
A No.

BY MR. WAHLEN:

Q Okay. What role have you played in the negotiations between Continental and BellSouth?

A On several occasions I visited BellSouth in Atlanta, Georgia.

Q Okay.

A I was involved in a number of telephone conferences over the same subject.

Q So you're familiar with the terms and conditions in the stipulation and agreement that has been identified as Exhibit 1?

A I am.

Q Okay. Tell me about your role in negotiations with United and Centel. What role did you play? Is it similar to the role you played in negotiations with BellSouth?

A Yes, Jack Burge and John Clayton visited us in Jacksonville, and we have had several conference calls with, primarily with Jack Burge.

Q Okay. Is it safe to say that those meetings have been foregoing and the parties are bargaining in good faith?

A Yes.

Q Okay. What is your relationship with the Florida Cable Telecommunications Association, you are a member?

A We are a member.

Q What role has the Florida Cable Telecommunications Association played in the negotiations between United and Centel and your company?

A I think that --

MR. CROSBY: To the extent that he knows.

Q To the extent he knows, sure.

A I was going to say I would think that that question would be best addressed to the FCTA.

Q Well, I'm just wondering if you have any knowledge of their role.

A I have not been involved in their negotiations.

Q Okay. Are they negotiating on your behalf with United and Centel?

A Yes, to the degree that we are members.

Q But you make your own business decisions, independent business decisions about whether or not to enter into an agreement?

A That's correct.

Q So you're not obligated to take whatever deal they serve up to you, they being the FCTA?

A That's correct.

Q Okay. In the agreement that United and Centel have signed with Intermedia, ICI, are you aware that the company has agreed to reduce or eliminate the line

termination switched access element effective October 1st, 1996?

A I am aware of the fact based on the discussions that we've had with United that they would remove that element but that the fees, the rates would be shifted to one of the other elements.

Q And do you know what other elements they would be shifted to?

A I'm not sure, no.

Q If I told you that they would be shifted to the CCL and RIC, is that consistent with what you've heard?

A Again, I'm not -- I don't recall the United representative telling us to which elements that would be shifted.

Q Is it your understanding that once the line termination charge is shifted that you might still have to pay it or that you wouldn't have to pay it?

A It would depend on whether or not our negotiations would include the RIC and CCL in the interconnection agreement.

Q Okay.

A I presume it would not. Now if they moved it to the RIC and CCL, then obviously we would be much closer to agreement.

MR. CROSBY: Clarification, you are talking about

local interconnection?

MR. WAHLEN: Yes.

MR. CROSBY: Not any kind of toll?

MR. WAHLEN: Correct.

MR. CROSBY: Okay.

BY MR. WAHLEN:

Q I would like to show you a document and have the court reporter mark that as Exhibit 2, please.

(SO MARKED)

MR. CROSBY: Was this the document that was provided as part of a document request?

MR. WAHLEN: Yes, that was included in response to staff's second request for production of documents, Item Number 3, and it has now been marked as Exhibit 2.

MR. CROSBY: Okay.

BY MR. WAHLEN:

Q Could you look at that document for me please for a minute.

(WITNESS COMPLIED)

Q And in particular, Page 4, Paragraph C, and the part I'm focusing on is the sentence that reads, "Sprint United-Centel will propose to apply the five-percent reduction to the line termination rate and spread the balance of the line termination rate element

proportionately to the originating and terminating carrier common line rate elements effective October 1st, 1996." Do you see that?

A Uh-huh.

Q Were you aware of that provision in this agreement?

A I only saw the ICI agreement for the first time yesterday.

Q Okay.

A And I only skimmed it, so --

Q Sure, okay.

A Well, let me ask you a question, will the five percent cover the line termination charge?

Q I'll tell you what, I'll let Mr. Poag answer that after the deposition is over. How is that?

A Okay.

Q Us lawyers have an aversion to answering questions under oath.

You mentioned in a response to a question from staff that industry conditions have changed since you entered into the agreement with BellSouth. Can you explain a little bit more about what you mean there?

A I'm not even sure how dramatic the change is just yet because I'm not real familiar with the federal legislation, but in the interim federal legislation has

passed, and I think it casts some different shadows upon the regulatory scene.

Q Any other significant environmental changes besides the federal legislative changes?

A I think that's the primary one. Of course you probably have heard about the merger between Continental and U. S. West, so that's certainly a significant change.

Q Okay. Any others?

A Not that I can think of.

Q Okay. I would like to talk with you about the BellSouth agreement which is Exhibit 1. It's the one that you are familiar with because of your role in negotiating it. That's the agreement that the Public Service Commission approved in the BellSouth part of this docket, isn't it?

A Uh-huh.

Q Did I ask you if it was your signature on that agreement or not yet?

A You didn't ask me, and it is not.

Q Okay. But it's someone who signed on behalf of your company?

A That's correct.

Q Do you think the BellSouth agreement at the time it was entered into was a pretty good deal, all things considered?

A It was the best we could negotiate at the time.

Q Okay. You thought it was fair and reasonable at the time?

A It was the best we could negotiate at the time.

Q Okay. Does it include interconnection provisions that are economically viable and technically efficient for a new entrant like your company?

A Technically, yes. Economically viable, I don't know.

Q So you entered into an agreement that you did not know, knowing -- not knowing whether it was economically viable?

A That's the risk factor.

Q Okay. All right. That's fair enough.

I would like to talk with you about the agreement, and I just want to summarize some of the key points to it; and these are not intended to be trick questions because what I want to do is compare that to the United agreement later on.

Would you agree with me that the BellSouth agreement is a comprehensive agreement that addresses interconnection, interim universal service, interim number portability and unbundling and resale, generally?

A For all those items? That's not comprehensive, no.

Q Okay. But it does address all those items?
A It does.
Q Does it provide that delivery of local traffic between the ALEC and the LEC will be reciprocal and compensation will be mutual?
A It does.
Q Does it provide that the parties will pay each other BellSouth's terminating switched access rates exclusive of the RIC and carrier common line elements on a per-minute-of-use basis?
A It does.
Q Does it contain a provision under which one local exchange provider will not be required to compensate another local exchange provider for more than 105 percent of the total minutes of use in the same month?
A It does.
Q Is the purpose of that cap to protect the parties in the event traffic is not in balance?
A That is a purpose, yes.
Q And are there others?
A I think there are.
Q And what are they?
A Market skewed -- or skewed marketing by either party.
Q Okay. But that still boils down to whether or

not the traffic will be in balance, doesn't it?

A That's right. I think there is the opportunity to market in such a way that you can have an imbalance in the traffic.

Q And if that happens, this 105-percent cap will protect against that?

A That's correct.

Q Causing one of the other parties harm. Does it provide for a reciprocal connectivity?

A It does.

Q Does it provide for intermediary tandem switching and transport at a .002 per-minute charge over and above the appropriate local interconnection rate element?

A As an intermediate tandem, I don't believe. I think it's .002 cents. I don't believe it's over and above the termination, switched termination charges.

Q I would refer you to Page 7, Paragraph 6, last sentence, Page 7, Paragraph 6.

A Page 7, Paragraph -- Oh, six, I'm sorry. I'm on the wrong paragraph. Yes.

Q Okay. Does it provide that when the LEC or ALEC provides intermediary functions for network access the ALEC and LEC will each provide their own network access service elements on a meet-point basis?

A It does.

Q Does it include an attachment, I think which is identified D, that sets forth the terms, conditions and prices of those network features, functions and capabilities that are technically and economically feasible?

MR. CROSBY: Did you say D?

MR. WAHLEN: D.

MR. CROSBY: Okay.

A Would you restate the question again?

BY MR. WAHLEN:

Q Does it include an attachment that sets forth the terms, conditions, prices -- and prices of those network features, functions and capabilities that are technically and economically feasible?

A It makes reference to some of the prices, yeah. The prices themselves are not necessarily in the attachment.

Q Right. Okay. Does it provide that BellSouth will guarantee the provision of universal services to the carrier of last resort throughout its territory until January 1, 1998 without ALEC contributions?

A I believe it does, yes.

Q Does it set the terms and conditions for temporary number portability?

A Yes.

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Q Does it provide a mechanism for dispute resolution?

A Yes.

Q Now would you agree with me that those are the key provisions of this agreement? All of it is important taken together, but those are kind of the key provisions?

A Those that are in Attachment D?

Q No, the whole thing, just -- The discussion that we've had, we have just kind of outlined the really fundamental key pieces?

A Yes.

Q Setting aside the changes in the federal legislation and the merger, do you have any reason to believe that those provisions aren't fair and reasonable today?

A I still believe that those are the best terms that we could negotiate at the time.

Q Okay. I want to talk with you about one of the provisions in the agreement, and it's the provision that provides that the parties will pay each other BellSouth's terminating switched access rates exclusive of the RIC and CCL on a per-minute-of-use basis. That means, and I just want to make sure I understand the math here. If you terminate a million minutes a month on their network and they terminate a million minutes a month on your network,

what happens?

A The exchange of monies are equal, assuming that is all local access.

Q Right. We are talking about a local interconnection here, and there are examples in the agreement.

So whatever the rate is, you both pay each other?

A Yes.

Q So as long as traffic is in balance, the rate is not particularly relevant from a net cash flow basis, is it?

A The exchange of monies is not particularly relevant at that point, that's correct.

Q Now in the Southern Bell or the BellSouth agreement, their switched access rate less the RIC and CCL is about a penny a minute; is that right?

A Yes, just over a penny a minute.

Q So you pay, under our hypothetical, for a million minutes at a penny a minute and they pay for a million minutes at a penny a minute and it all nets out to zero; is that right?

A Is that a question?

Q Yes, I'm sorry. Is that correct?

A That's right.

Q Okay. Now let's talk about the 105-percent cap

for a minute, and what I'm interested in knowing is how it works mechanically. If the traffic is out of balance -- Let me back up and strike that.

Are you going to be writing a check to Southern Bell or BellSouth every month, and are they going to be writing a check to you every month for these amounts?

A That's the arrangement.

Q Okay. All right. Now let's say that BellSouth terminates a million minutes on your network and you terminate one point five million minutes on their's. Under that scenario, you would be required to compensate BellSouth on the basis of a million 50 thousand minutes, and BellSouth would compensate you based on a million minutes. A million 50 is 105 percent of one point five million, subject to check; is that correct?

A That's correct.

Q So you would pay BellSouth a penny a minute for one thousand (sic) 50 thousand minutes?

A A million, did you say?

Q Yeah, I'm sorry, one million 50 thousand minutes, and they would pay you a penny a minute for a million minutes. And so you would send BellSouth a check for ten thousand five hundred dollars, which is a penny a minute, and they would send you a check for 10 thousand dollars; and you would both be writing checks; is that correct?

A That's correct.

Q Okay. Now if you didn't have the cap and you were just paying for whatever traffic is exchanged, you would have to pay BellSouth 15 thousand dollars instead of ten thousand five hundred, and that 45 hundred is what you save under the arrangement; is that correct?

A Under that scenario, yes.

Q Okay. Now if I understand your testimony, over time you don't expect the traffic to be out of balance, so this 105-percent cap probably is not going to come into play very often, is that your expectation?

A It is not.

Q That is not your expectation?

A No.

Q Okay. What is your expectation?

A I expect to market in a way that causes Bell to pay me every month.

Q Okay. And how are you going to do that?

A By targeting customers.

Q Okay. So is it your position that the 105-percent cap was put in as protection for BellSouth and not you?

A It is my perception that it was put in there to diminish the risk for both parties.

Q Okay. How do you reconcile your marketing plan

which is designed to create a traffic imbalance with your previous testimony which says that you expect traffic to be in balance?

A The agreement has dictated the marketing plan.

Q And how is that?

A Well, put yourself in my shoes. What would you do?

Q Well, I don't understand your answer. Could you elaborate on that?

A If I market in such a way that the local exchange company has to pay me each month under the agreement, I'm living up to the letter of the agreement, and I'm diminishing my risk.

Q So would that be your marketing plan without this cap?

A No.

Q What would your marketing plan be without the cap?

A To market equally to all parties.

Q Well, help me out. Without the cap, if you're marketing plan is successful and you cause more traffic to be terminated on Bell's network than they terminate on yours and you both have to pay the same rate, you get one hundred percent of the difference; is that correct?

A I get one hundred percent of the difference?

Q The difference between the traffic. If your marketing plan is successful and you terminate one and a half million minutes on BellSouth's network and they terminate a million on your network and there is no cap, they have to pay you five thousand dollars?

A That's correct.

Q Now with the cap, no matter how hard you market, if you are successful and terminate one point five million dollars worth of access on their network, all you get is five hundred dollars?

A Uh-huh.

Q So how can that cap create an incentive for you to market the way you are talking about? You lose four thousand five hundred dollars by virtue of the cap.

A It has never been our intention to market in that manner. The stipulation forces me into that situation.

Q Okay. I guess I'm being slow. I don't understand how the stipulation which caps the compensation you can get when you terminate more traffic on BellSouth's network gives you any incentive to attempt to do that.

A No, no. It's when they terminate more traffic on my network.

Q Okay.

A That's when they pay me.

Q Okay. And how do you market so that happens?

A Target customers who have incoming calls in things like call centers.

Q Okay. All right. I would like to look at the United agreement.

A With whom?

Q With ICI. Has that ever been presented to you -- I would like you to look at it, I'm sorry. Has that ever been presented to you as a proposal for your companies to sign?

A I don't recall that we were ever given the opportunity to have a five-percent cap. I recall the opportunity for a ten-percent cap.

Q Do you see those as being significantly different?

A I do.

Q And how so?

A Again, it's the element of risk.

Q Is that more or less risk?

A It's more risk from my perspective.

Q And so you could live with a five-percent cap but you couldn't live with a ten-percent cap?

A It would lessen my risk, yes.

Q Okay. Let's talk about that agreement, and I would like you to look at it with me a little bit here.

A Uh-huh.

Q Well, let me just ask the question, do you know the differences between that agreement and the BellSouth agreement?

A Well, some of them are rather obvious. There is an Option A and Option B, for example.

Q Okay. Other than that?

A I don't think it would be substantial.

Q Okay. So aside from the Option A and Option B, I guess Option B is the port charge, they are substantially similar?

A I believe that's true.

Q Okay.

A Now there are some variances on the attachments.

Q Sure. And one of them is --

A Both in terms of structure and rate.

Q Okay. Do you know what those are?

A Well, for one thing the line termination charge --

Q Okay.

A -- is in yours.

Q Okay.

A And for another thing the rates are higher.

Q Okay. Well, let's look at that. How about looking at Attachment B. Let's assume -- Are you with me?

A Uh-huh.

Q Let's assume that the line termination charge goes away.

A Entirely?

Q Yes. What would your per-minute-of-use charge be under this agreement if that happens?

A Well, it would reduce it by about eight tenths of a cent making it --

Q It's the local switching line there?

A Huh?

Q Is it the local switching line there?

A Line termination, isn't it?

Q No, above that.

MR. CROSBY: I'm confused. The question is if you did away with local termination, what would that reduce the rate to?

MR. WAHLEN: Right.

MR. CROSBY: So if you back out .0079 --

MR. WAHLEN: Right.

MR. CROSBY: -- out of .019, 79?

MR. WAHLEN: Right.

MR. CROSBY: Do you need a calculator?

A No, no, that's tandem. You are talking about local interconnection at the end office I would presume.

BY MR. WAHLEN:

Q Isn't the rate, wouldn't the rate be .00980 for both tandem and end office if you don't pay the line termination charge?

A I don't see -- I'm not sure how, but --

MR. CROSBY: I don't understand the question.

Q Okay. Let's just do the math. What is .01979 less .00790? Would you agree subject to check that it's .01189?

A Yeah, it's around one point one cents a minute.

Q Okay. How does that compare to the BellSouth's rate?

A It's about, roughly one one hundredths of a cent more.

Q Okay. And the BellSouth rate, looking at the other exhibit, is .01052?

A That's correct, dollars.

Q Dollars, right. If my math is correct, that is .00331 difference. Does that sound about right?

A Uh-huh. Yes.

Q Okay. Is that a lot or a little?

A That's not much.

Q Not much. If the traffic is in balance, is that difference immaterial?

A It brings the risk down to an acceptable level.

Q Okay. And a 105-percent rate cap mitigates the

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risk?

A It certainly diminishes it.

Q Let's look at a million minutes at that difference. Would you agree subject to check that a million minutes at that difference is three thousand 310 dollars?

A Sounds reasonable.

Q And with the five-percent rate cap in effect, how far out of balance would traffic have to be for you to have to pay for a million minutes? Wouldn't it be 20 million minutes?

A Before it would be out of balance?

Q If the -- Let's just assume that you don't terminate any traffic on BellSouth's network and they terminate 20 million on your network. In that situation they would be paying you for a million minutes?

A In that scenario there would be no exchange of monies.

Q And why is that?

A If you look at, I think it's Exhibit D of the BellSouth stipulation -- I'm sorry, it's Exhibit B as in boy, and look at Cases 3 and 4.

Q Okay. That handles that.

Okay. Let's ignore the situation where either side terminates zero. How far out of balance would the

traffic have to be for someone to have to pay for a million minutes? Can you calculate that?

A Not right off I can't, no.

Q Would it seem reasonable that maybe since a million is five percent of 20 million that that might be a reasonable --

A Well, you could get -- maybe I didn't understand the question, but you could get more than five percent out of balance without going to 20 million minutes.

Q Sure. That's correct. I'm trying to figure how far out of balance you would have to get to have to pay this three thousand dollars a month. You would have to be way out of balance to have to pay three thousand dollars a month. Do you ever expect for things to be that far out of balance?

A No.

Q Okay. Has your company considered signing the agreement with ICI?

A With ICI?

Q The one that United has with ICI.

A Yes, we have considered it.

Q And what did you decide?

A Our preference would be to exercise the other option; that is, go to the port charges rather than minutes of use.

Q And why is that?

A Because it diminishes cost, the cost of running the business.

Q Okay. But you think the port charge is too high?

A Yes, sir, I do.

Q Okay.

A I think -- if I understand how the port charges were calculated, they were calculated under a rate of return type of regulatory scenario trying to preserve revenues or estimating how much in the way of revenues would be garnered from a DS-1 port. I firmly believe that if the port charges were cost based we could reach agreement rather readily.

Q Let's look at Attachment A to the United/ICI agreement. Have you seen those rates before?

A I have.

Q If I told you that the rate in Line 4 for four plus was computed using the minute-of-use charges on Option B times 216 thousand minutes, would that make sense to you?

A Yes.

Q Do you think 216 thousand minutes is a reasonable estimate of the amount of traffic that would flow over a port?

A I do not.

Q Too high or too low?

A Too high.

Q And what is your basis for that?

A Well, I believe the industry average is probably around 160 thousand minutes per DS-1 per month. I've heard estimates as low as 125 thousand, and yesterday I heard estimates up over three hundred thousand, which is the first time I have ever heard them that high. Normally when folks discuss with us the sizing of trunks, the figure 160 thousand a month is used.

Q Okay. You would agree that when you have multiple ports you get trunking efficiencies?

A When you have multiple ports?

Q Uh-huh. Let's say --

A You may.

Q Is that usually the case?

A When you say multiple ports, are you talking to multiple locations or to the same location?

Q Either.

A Well, if you are going to multiple locations, you may not have efficiencies.

Q Okay. What if you have the same --

A But you do increase reliability.

Q What about if it goes to the same?

A If they go to the same, the only way you would gain efficiency is if the two parties were to engineer the

trunks in a fashion that would eliminate the possibility of isolation but would increase the efficiencies through two-way trunking.

Q Okay. All right. That's good. I've got just a few more questions.

On Pages 4 and 5 of your direct testimony, and this is just kind of for clarification, on Line 2 there, Page 5, you put "owns" in quote?

A Uh-huh.

Q You're not, I mean you are not suggesting that Centel and United don't own their own networks, are you?

A No.

Q Okay. Page 11 of your direct testimony, you've used the term "co-carrier." Based on your understanding of Chapter 364, is that term used in the statute?

A I don't know.

Q Okay. Page 12 of your direct testimony, you say on Line 10 bill and keep is necessary in order to achieve traffic flow balance. I thought that you testified earlier that you expected traffic to be in balance in any case. Did I misunderstand you?

A I don't think in any case. I think if you have a minute-of-use type of compensation you have the opportunity to skew the marketing direction of either party so that they would maximize their return.

Q Okay. So that's the basis for your statement bill and keep is necessary to achieve traffic flow balance?

A That's correct.

Q Okay. The port charges that United proposes will help avoid this problem, right?

A That's correct.

Q Okay. On Page 13, Line 9 you say unless there is significant distortions between facilities. What do you mean by significant distortions between facilities?

A Let me refresh my memory here.

(WITNESS REVIEWED DOCUMENTS)

A That could mean a number of things. One could be the item we just discussed, and that is, that you could have skewed marketing programs. The other is that in establishing trunk groups in the public switch network, there is a certain symmetry to the method in which they are distributed, primarily for things, for reliability purposes and also in case of a disaster. So the bill and keep methodology would tend to diminish any type of distortion in the way you might normally engineer the interconnection of the switches in the public switch network.

Q You don't have any indication that the local exchange companies, particularly Centel or United, are going to make engineering decisions that would create these kind of distortions, do you?

A I have no indication one way or the other.

Q Okay. I want to talk about two more things. One is directories. In your answer to staff's interrogatories, Number 31, your position I guess is that the incumbent LEC should pay to distribute the directories and all those kind of things at no cost to the ALEC; is that right?

A Uh-huh.

Q And here in your answer you say Continental reserves the right to develop directory arrangements in addition to those described above?

A Uh-huh.

Q Am I correct in understanding that if you make those other arrangements that you will bear the cost of distributing those directories to Centel and United's customers?

A I would not think that that is a correct statement, no.

Q And why not?

A Well, if you recall, there was a time, for example, when Southwestern Bell distributed -- what did they call them, silver pages?

Q I don't know.

A I think they called them silver pages. And I would not anticipate bearing any costs under a scenario like that. They distribute them here in Florida.

Q I guess what I don't understand is why you think Centel and United should distribute directories to your customers for free but you wouldn't do the same for any directory that you make arrangements for.

A You are presuming that Continental would be doing distribution. I did not make that presumption.

Q Okay. Well, let's make that assumption.

A I'm not ready to.

Q Okay. Well, let me ask this question. Do you think it would be fair to require Centel and United to bear the cost of distributing directories if the same would not be reciprocal?

A If I were -- if I took on the responsibility for distributing paper directories, then I would anticipate that it would be fair to be reciprocal.

Q Okay. Thanks.

Let me just real quick and see if there is anything else. You mentioned the term "contribution towards revenues" in your questions with staff, and I don't understand what that is. I think you agreed that local exchange companies should be able to get a contribution towards joint and common costs?

A Uh-huh.

Q But no contribution towards revenues. What does that mean?

A Well, I believe that I corrected myself and said towards profit.

Q Okay. All right. Are you aware that Sprint-United and Sprint-Centel are not numbering plan administrators?

A I am.

Q Do you know how many customers in the Naples and Lee County area have call centers?

MR. CROSBY: Have what?

A I do not.

MR. WAHLEN: Call centers.

MR. CROSBY: Call centers.

BY MR. WAHLEN:

Q So you don't really know in those areas whether there are opportunities for you to market to take advantage of this 105-percent rate cap by having Centel and United pay you every month in those areas, do you?

A I think I can safely make some assumptions.

Q And those assumptions are?

A That there are corporations other than United who have call centers.

Q In those areas?

A In those two counties, uh-huh.

Q Okay.

MR. WAHLEN: Okay. I think that's all I have.

Thank you.

MR. EDMONDS: Laura, do you have any questions?

MS. WILSON: No, I don't.

MR. EDMONDS: Does anybody on the line have any questions?

(NO RESPONSE)

MR. EDMONDS: Is anybody still on the line?

MR. RINDLER: Yes, I'm still on the line, and I don't have any questions.

MR. EDMONDS: Okay. Anybody else?

(NO RESPONSE)

MR. EDMONDS: Redirect?

MR. CROSBY: Yes.

EXAMINATION

BY MR. CROSBY:

Q I would like to ask a further question that Mr. Wahlen asked you about the stipulation with ICI. This is on Page 4, Paragraph C. Mr. Wahlen asked you about a reduction in the line termination rate, a five-percent reduction in the line termination rate. And I believe you answered that you had only skimmed this and didn't, haven't studied it, but do you know whether or not that will completely eliminate the line termination rate that is back here on this --

A I believe that was the question I asked --

Q -- on this option, Attachment B?

A Attachment B. That was the question I asked, would that completely eliminate that line.

Q So your answer is that you don't know?

A That's right.

Q Okay. The other point that I think the record needs clarification on has to do with the five-percent cap and the marketing plans that would, you would be forced to undertake. Is it the five-percent cap or the minute-of-use rate that would cause you to elect that kind of marketing plan?

A Well, it's the minutes of use. With or without the five-percent cap could skew the marketing plans.

Q And so it's your testimony that it's bill and keep that would avoid this problem and let you market in a way to all customers?

A That's right.

Q Thank you.

MR. CROSBY: That's all I have.

MR. EDMONDS: Okay.

(WHEREUPON, THE DEPOSITION WAS CONCLUDED)

* * * *

ERRATA SHEET

DOCKET NUMBER 950985
A. R. "DICK" SCHLEIDEN
MARCH 1, 1996

CERTIFICATE OF DEPONENT

This is to certify that I, A. R. "DICK" SCHLEIDEN, have read the foregoing transcription of my testimony, Page 1 through 63, given on March 1, 1996 in Docket Number 950985, and find the same to be true and correct, with the exceptions, and/or corrections, if any, as shown on the errata sheet attached hereto.

_____

A. R. SCHLEIDEN

Sworn to and subscribed before me this _____ day of _____, 19_____

_____

NOTARY PUBLIC

State of _____

My Commission Expires:

STATE OF FLORIDA)
: CERTIFICATE OF OATH
COUNTY OF LEON)

I, the undersigned authority, certify that A. R. "DICK" SCHLEIDEN personally appeared before me and was duly sworn.

WITNESS my hand and official seal this 3rd day of March, 1996.

Nancy S. Metzke

NANCY S. METZKE
Notary Public - State of Florida

STATE OF FLORIDA)
: CERTIFICATE OF REPORTER
COUNTY OF LEON)

I, NANCY S. METZKE, RPR, CCR, Certified Shorthand Reporter and Registered Professional Reporter,

DO HEREBY CERTIFY that I was authorized to and did stenographically report the foregoing deposition of A. R. Schleiden.

I FURTHER CERTIFY that this transcript, consisting of 67 pages, constitutes a true record of the testimony given by the witness.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel connected with the action, nor am I financially interested in the action.

DATED this 3rd day of March, 1996.

NANCY S. METZKE, RPR, CCR

Stipulation and Agreement

This Stipulation and Agreement is entered into by and between the undersigned parties to Docket No. 950985-TP, 950985A-TP and 950985D-TP addressing the establishment, on an interim basis, of nondiscriminatory rates, terms and conditions for local interconnection pursuant to Section 364.162, Florida Statutes; Docket No. 950696-TP, addressing the establishment of an interim universal service/carrier of last resort recovery mechanism pursuant to Section 364.025, Florida Statutes; Docket No. 950737-TP, addressing a temporary telephone number portability solution, e.g., Remote Call Forwarding pursuant to Section 364.16(4), Florida Statutes; and Docket No. 950984-TP, addressing unbundling and resale of local exchange telecommunications company network features, functions and capabilities pursuant to Section 364.161, Florida Statutes, to the extent identified herein.

The undersigned parties are entering into this comprehensive Stipulation and Agreement for the purpose of facilitating the introduction of local exchange competition on an expedited basis and avoiding the uncertainty and expense of litigation. It is the intention of the undersigned parties that this comprehensive Stipulation and Agreement remain in effect for two years beginning January 1, 1996. The undersigned parties understand that as experience is gained in the marketplace it may become apparent that prices, terms and conditions other than those set forth in this agreement for purposes of introducing competition may be more appropriate to support the continued development of competition upon the expiration of this agreement. The parties intend for this Stipulation and Agreement to establish the interim prices, terms, conditions and mechanisms necessary to facilitate the introduction of local exchange competition, as required by the above-referenced sections of

Sprint's
EXHIBIT NO. 1
3/1/96
N. METZKE

Florida Chapter Law 95-403. This Stipulation and Agreement will dispose of all known outstanding issues in the aforementioned dockets. Thereafter, to the extent permitted by law, the parties intend to renegotiate these provisions based upon experience gained in the marketplace.

The undersigned parties agree that the issues addressed in the aforementioned proceedings, which have been framed in response to the requirements of the above-referenced sections of Florida Chapter Law 95-403, shall be resolved during the two year term of this agreement as follows:

A. Local Interconnection - Docket No. 950985-TP

Section 364.16, Florida Statutes, requires, among other things, that each incumbent local exchange telecommunications company (LEC) provide access to and interconnection with its telecommunications facilities to any other provider of local exchange telecommunications services requesting such access and interconnection at non-discriminatory prices, rates, terms, and conditions established by the procedures set forth in Section 364.162, Florida Statutes. Section 364.162, Florida Statutes, provides that an alternative local exchange telecommunications company (ALEC) shall have until August 31, 1995, or sixty (60) days, to negotiate with the LEC mutually acceptable prices, terms and conditions of interconnection and for the resale of LEC services and facilities. The statute also provides that if the parties are not able to negotiate a price by August 31, 1995, or within sixty days, either party may petition the Commission to establish non-discriminatory rates, terms and conditions of interconnection and for the resale of LEC services and facilities. Whether set

by negotiation or by the Commission, interconnection and resale prices, rates, terms and conditions shall be filed with the Commission before their effective date.

The parties were unable to negotiate mutually acceptable prices, terms and conditions of interconnection by August 31, 1995, or within sixty days. After further negotiations, however, the undersigned parties now agree to the following interim prices, terms and conditions for interconnection and the exchange of traffic with BellSouth through December 31, 1997:

1. "Local interconnection" is defined as including the delivery of local traffic to be terminated on each company's local network, the LEC unbundled network features, functions and capabilities contained in Attachment D , and temporary telephone number portability to be implemented pursuant to Section 364.16(4), Florida Statutes. While the parties have endeavored in good faith to resolve the issues relating to local interconnection, the parties recognize that they are unable to foresee and account for every issue that may arise as this Stipulation and Agreement is implemented. Thus, to the extent that the prices, terms and conditions for local interconnection are not specifically established herein, the additional prices, terms and conditions shall be established pursuant to negotiation or set by the Commission, upon request, as required by to Section 364.161(6), Florida Statutes. If the Commission does not render its vote within 120 days, then the parties agree that the Commission's decision will be retroactive to the 120th day after a petition is filed.

2. The delivery of local traffic between each undersigned ALEC and BellSouth shall be reciprocal and compensation will be mutual. The parties will pay each other BellSouth's terminating switched access rate, exclusive of the Residual Interconnection Charge and Common Carrier Line elements of the switched access rate, on a per minute of use basis for terminating local traffic on each other's network. The parties shall not route local traffic through the tandem switch unnecessarily to generate revenues. Examples of these rate elements and prices are identified on Attachment A which is incorporated herein by reference. If it is mutually agreed that the administrative costs associated with the exchange of local traffic are greater that the net monies exchanged, the parties will exchange local traffic on an in-kind basis; foregoing compensation in the form of cash or cash equivalent.

3. In order to mitigate the potential adverse impact on a local exchange provider which might occur because of an imbalance of terminating local traffic between the local exchange providers, and to reflect the fact that terminating costs are associated with peak period demand, a local exchange provider shall not be required to compensate another local exchange provider for more than up to one-hundred-five percent (105%) of the total minutes of use of the local exchange provider with the lower minutes of use in the same month. This cap shall apply to the total local minutes of use calculated on a company-wide basis in the State of Florida. For example, if in a given month BellSouth has 10,000 minutes of local traffic terminated on an ALEC's local exchange

network and the ALEC has 15,000 minutes of local traffic terminated on BellSouth's local exchange network, the ALEC would be required to compensate BellSouth for local interconnection on the basis of 10,500 terminating minutes (10,000 mins. X 105% = 10,500 mins.) and BellSouth would compensate the ALEC for 10,000 terminating minutes. Seven additional examples are contained on Attachment B which is incorporated herein by reference. In order to determine the amount of local traffic terminated on each local provider's network, each local provider will report to the other provider the amount of local traffic terminated. Reciprocal connectivity shall be established at each and every point where the facilities of BellSouth and the ALEC perform the physical function of delivering local traffic to be terminated in the other company's network. Such interconnecting facilities shall conform, at the minimum, to the telecommunications industry standard of DS1 (Bellcore Standard No. TR-NWT-00499). In order to engineer for optimal network capabilities, trunk groups shall be established from these facilities such that BellSouth shall provide a reciprocal of each trunk group established by the ALEC and vice versa. Neither party shall construct facilities in order to necessitate the other party building unnecessary facilities. STP (signal transfer point) SS7 Signalling System 7) connectivity is also required.

The parties recognize that various aspects of the interconnection process (including physical interconnection arrangements (i.e., colocation, midspan meet) technical requirements, trouble reporting and resolution, billing processes, resolution of operating issues, provisioning, ordering, deadlines, performance standards, recording of traffic, including start and stop time, reporting and payment, dispute resolutions, rounding measurements, financial penalties for late payments, and the provision of inter-carrier clearinghouse functions are not resolved in this document, and the parties agree to cooperatively work toward resolution of these issues no later than January 31, 1996, and that either party may petition the PSC for resolution should unresolved issues remain on January 31, 1996. If the Commission does not render its vote within 120 days of the petition, then the parties agree that the Commission's decision will be retroactive to the 120th day after a petition is filed. The parties agree that resolution of these issues will ultimately result in additional written documents with which the parties will comply.

4. The parties stipulate and agree that the exchange of traffic on BellSouth's Extended Area Service, Extended Calling Service and other local calling routes shall be considered local traffic. The parties will therefore compensate each other for such traffic pursuant to paragraphs 2 and 3 above.

5. BellSouth shall ensure that the ALECs have a sufficient quantity of numbering resources so that BellSouth can tell whether a call from a BellSouth customer to an ALEC's customer is local or toll. Whenever BellSouth delivers traffic to

an ALEC for termination on the ALEC's network, if BellSouth cannot determine whether the traffic will be local or toll because of the manner in which the ALEC uses NXX codes, BellSouth will not compensate the ALEC for local interconnection but will, instead, charge the ALEC originating intrastate network access service charges unless the ALEC can provide BellSouth with sufficient information to make a determination as to whether the traffic is local or toll. To the extent BellSouth controls numbering resources and if BellSouth does not ensure ALEC access to a sufficient quantity of numbering resources so that BellSouth can tell if the call is local or toll, then the call is considered local. In the event that the ALEC cannot determine whether traffic delivered to BellSouth is local or toll, then the same provision shall apply.

6. Either BellSouth or an ALEC will provide intermediary tandem switching and transport to connect the end user of a local exchange provider to the end user of another ALEC, a LEC other than BellSouth, another telecommunications company (e.g., pay telephone provider, operator services provider) or a wireless telecommunications service provider for the purpose of making a local call. The local exchange provider performing this intermediary function, will bill a $.002 per minute charge over and above its appropriate local interconnection rate elements as shown on Attachment A.

7. When BellSouth or an ALEC provides intermediary functions for network access, i.e., between an IXC and an ALEC, the ALEC and BellSouth will each provide their own network access service elements on a meet-point basis.

Each carrier will bill its own network access service rate elements to the IXC. BellSouth or the ALEC may bill the residual interconnection charge ("RIC") to the IXC when either provides the intermediary tandem function.

8. The delivery of intrastate toll traffic between each undersigned ALEC and BellSouth shall also be reciprocal and compensation will be mutual. Each undersigned ALEC and BellSouth shall pay each other identical rates for terminating the same type of traffic on each other's network. The parties will pay each other BellSouth's intrastate switched network access service rate elements on a per minute of use basis for originating and terminating intrastate toll traffic as appropriate. For example, when an ALEC customer places a toll call to a BellSouth customer and the ALEC serves as the toll carrier, BellSouth will charge the ALEC terminating network access charges, the price of which will vary depending upon whether the call goes through a BellSouth tandem or is directly routed to the BellSouth end office. If the ALEC is serving as the BellSouth customer's presubscribed IXC, or the BellSouth customer uses the ALEC on a 10XXX basis, then BellSouth will charge the ALEC the appropriate originating network access charges. Likewise, if BellSouth is serving as the ALEC customer's presubscribed IXC, or the ALEC customer uses BellSouth on a 10XXX basis, the ALEC will bill BellSouth the appropriate originating network access charges. Examples of these network access rate elements and prices are identified on Attachment C which is incorporated herein by reference.

9. If this Stipulation and Agreement is not adopted by the Commission in its entirety, the parties will negotiate different interconnection arrangements as expeditiously as possible. These negotiations should include some interim arrangements that could become effective on January 1, 1996, while further negotiations or Commission proceedings, if necessary, continue. The parties stipulate and agree that the terms, conditions and prices ultimately ordered by the Commission, or negotiated by the parties, will be effective retroactive to January 1, 1996.

Because the undersigned parties lack sufficient data with respect to the volumes of local terminating traffic being delivered to each LEC and ALEC, the prices, terms and conditions of local interconnection agreed to herein are deemed transitional in nature. The parties deem them acceptable only in the interests of compromise to enable the introduction of local exchange competition to Florida's consumers beginning January 1, 1996.

The undersigned parties stipulate and agree that because the local interconnection and traffic arrangements agreed to herein are considered transitional, the agreements shall be renegotiated with the new provisions becoming effective after two years. Accordingly, by no later than June 1, 1997, the undersigned parties shall commence negotiations with regard to the terms, conditions and prices of interconnection arrangements to be effective beginning January 1, 1998. If the parties are unable to satisfactorily negotiate new interconnection terms, conditions and prices within 90 days of commencing negotiations, any party may petition the Commission to establish appropriate interconnection arrangements. The parties will encourage the Commission to issue its order by no later than December 31, 1997. In

the event the Commission does not issue its order prior to January 1, 1998, or if the parties continue to negotiate the interconnection arrangements beyond January 1, 1998, the parties stipulate and agree that the terms, conditions and prices ultimately ordered by the Commission, or negotiated by the parties, will be effective retroactive to January 1, 1998. Until the revised interconnection arrangements become effective, the parties shall continue to exchange traffic on a reciprocal basis pursuant to the terms of this Stipulation and Agreement.

B. Unbundling and Resale of Local Exchange Telecommunications Company Network Features, Functions and Capabilities - Docket No. 950984-TP

Section 364.161, Florida Statutes, requires each LEC, upon request, to unbundle each of its network features, functions and capabilities, including access to signaling data-bases, systems and routing process, and offer them to any other telecommunications provider requesting such features, functions or capabilities for resale to the extent technically and economically feasible and at prices that are not below cost. The statute also requires that the parties first negotiate the terms, conditions and prices of any feasible unbundling request. If the parties cannot reach a satisfactory resolution within 60 days, either party may petition the Commission to arbitrate the dispute and the Commission shall make a determination within 120 days.

The undersigned parties have now satisfactorily resolved the terms, conditions and prices of those network features, functions and capabilities that are technically and economically feasible of unbundling as set forth in Attachment D which is incorporated herein by reference. It is understood by the parties that the list of network features,

functions and capabilities is not exhaustive and the parties commit to cooperate in the negotiation of additional network features, functions and capabilities as the parties' future needs require.

The parties acknowledge that the provisions of Chapter 364, Florida Statutes, relating to the unbundling and resale of facilities and services, reflect a thoughtfully crafted and well-balanced approach to the introduction of local exchange competition, and the parties therefore commit that these provisions will be fairly and equitably implemented and adhered to in order to effectuate and remain consistent with legislative intent. The parties recognize that the application of current tariffed prices for resale purposes will not be inconsistent with this commitment. The parties agree that the issue of imputation of LEC unbundled service prices into its retail rates is not addressed by this Stipulation and Agreement, and that the ALECs reserve their right to further address imputation for these services, including unbundled local loops.

C. Universal Service/Carrier of Last Resort - Docket No. 950696-TP

The parties agree that Section 364.025, Florida Statutes, contains a Legislative finding that each telecommunications company should contribute its fair share to the support of the local exchange telecommunications company's universal service/carrier of last resort ("US/COLR") obligations. For a transitional period, the Commission is required to establish an interim US/COLR mechanism for maintaining universal service and funding carrier of last resort obligations, pending the implementation of a permanent mechanism. This interim mechanism is to be implemented by January 1, 1996 and applied in a manner that ensures

that each alternative local exchange company contributes its fair share to the support of the local exchange telecommunications company's US/COLR obligations. The interim mechanism shall reflect a fair share of the LEC's recovery of investment made in fulfilling its COLR obligations and the maintenance of universal service objectives. The statute further provides that the Commission shall ensure that the interim mechanism, which is to remain in effect, if necessary, until the implementation of a permanent mechanism, but not later than January 1, 2000, ensures the maintenance of universal service through a carrier of last resort, but does not impede the development of residential consumer choice or create an unreasonable barrier to competition.

The parties stipulate and agree to the following interim mechanism to assure the provision of universal service through a carrier-of-last-resort. The undersigned parties stipulate and agree that BellSouth will guarantee the provision of universal service as the carrier-of-last-resort throughout its territory until January 1, 1998 without ALEC contributions. Consequently, the undersigned parties agree to jointly request the Commission to accept the agreements contained herein in satisfaction of the issues in Docket No. 950696-TP as they relate to BellSouth and to jointly request the Commission to refrain from rendering any decision in that Docket as it applies to BellSouth.

Notwithstanding the foregoing, if BellSouth subsequently believes that competition is in any way undermining its ability to provide universal service during the duration of this agreement it may petition the Commission to commence a proceeding to quantify the amount of support, if any, needed to maintain universal service. The amount of support needed, if any, and related issues are matters of proof on a case-by-case basis. Moreover, the parties

in no way waive their right to petition the Commission pursuant to Section 364.025(3), Florida Statutes.

The parties urge the Commission to open a separate docket to investigate and recommend to the Legislature what the Commission determines to be a fair and reasonable resolution of the issues surrounding a permanent universal service mechanism pursuant to s. 364.025(4), Florida Statutes. The undersigned parties also agree to use their best efforts to persuade the Commission and the Legislature to resolve the issues surrounding the establishment of a permanent US/COLR recovery mechanism at the earliest possible date; provided, however, that such efforts shall not be construed or used as an admission by the undersigned parties concerning the existence of or need for a subsidy, the necessity for a permanent US/COLR recovery mechanism, or the appropriate methodology for determining a provider's fair share of contribution, if any, under a permanent mechanism.

D. Temporary Telephone Number Portability - Docket No. 950737-TP

At the Commission's regular agenda conference held on September 12, 1995, the Commission approved the Stipulation and Agreement of the parties to Docket No. 950737-TP, which addressed every issue relating to the implementation of a temporary telephone number portability solution, except the price to be charged for the temporary telephone number portability solution, the advantages and disadvantages of Remote Call Forwarding, and the treatment of terminating access charges on a ported call. The undersigned parties agree that the Commission-approved Stipulation and Agreement shall be incorporated herein by reference and be attached to this Stipulation and Agreement as Attachment E .

With regard to the price to be paid for remote call forwarding between carriers, which is the temporary telephone number portability solution to be implemented January 1, 1996, the undersigned parties agree to pay a recurring charge as follows: $1.25 per line per month per residential customer for one path and $1.50 per line per month per business customer for one path. For additional paths, the undersigned parties agree to pay $.50 per month, per additional path per residential customer and $.50 per month, per additional path per business customer, with no additional non-recurring charge if the additional path is ordered at the same time as the first path. The undersigned parties further agree to pay a non-recurring charge of no more than $25.00 per order for multiple residential or business lines placed on the same order in a single exchange.

The temporary number portability charges listed above shall also apply whenever a BellSouth customer switches to an ALEC and changes her location within the same BellSouth central office. The same charges will apply when an ALEC customer switches to BellSouth and changes her location within the same ALEC central office.

For that terminating toll traffic ported to the ALEC which requires use of the BellSouth tandem switching, BellSouth will bill the IXC tandem switching, the residual interconnection charge and a portion of the transport, and the ALEC will bill the IXC local switching, the carrier common line and a portion of the transport. If BellSouth is unable to provide the necessary access records to permit the ALECs to bill the IXCs directly for terminating access to ported numbers, then the parties agree to work cooperatively to develop a surrogate method to approximate the access minutes, and a settlement process with BellSouth to recover those access revenues due it as a co-provider of access services to

IXCs. During the interim, while the surrogate is being developed, BellSouth will bill the IXC full terminating switched access charges, keep the residual interconnection charge, tandem switching and a portion of transport, and remit the local switching, a portion of transport and CCL revenues to the ALEC. If a BellSouth intraLATA call is delivered to the ALEC, BellSouth will pay the ALEC terminating access rates.

In the event that an ALEC and the interexchange carriers have direct connections (i.e., no BellSouth tandem is involved) for all traffic except for terminating traffic through remote call forwarding (necessitating the inclusion of a BellSouth tandem), then all access revenues associated with these calls will be due to the ALEC. The company switching a call on a ported number agrees to pass through all terminating intrastate toll switched access revenues associated with those calls to the company to which the number is ported. This includes intraLATA toll calls from a BellSouth customer to a ported BellSouth number that terminates to an ALEC.

E. Resolution of Disputes

The undersigned parties agree that if any dispute arises as to the interpretation of any provision of this Stipulation and Agreement or as to the proper implementation of any of the matters agreed to in this Stipulation and Agreement the parties will petition the Commission for a resolution of the dispute. However, each undersigned party reserves any rights it may have to seek judicial review of any ruling made by the Commission concerning this Stipulation and Agreement.

F. Duration

This Stipulation and Agreement takes effect on January 1, 1996, and remains in effect until each of the matters and issues addressed herein has been implemented or resolved as contemplated by the undersigned parties or as modified by mutual consent of the parties.

G. Representations

Each person signing this Stipulation and Agreement represents that he or she has the requisite authority to bind the party on whose behalf the person is signing. By signing this Stipulation and Agreement, each undersigned party represents that it agrees to each of the stipulations and agreements set forth herein. In the event there are parties to the aforementioned dockets that do not sign this Stipulation and Agreement, the comprehensive resolution of the issues set forth in this Stipulation and Agreement shall, nonetheless, be binding upon the undersigned parties. Each undersigned party commits to use its best efforts to persuade the Commission, prior to and during the hearings scheduled in the aforementioned dockets, to accept the stipulations agreed to by the undersigned parties. The undersigned parties further agree that, in the event the Commission does not adopt this Stipulation and Agreement in its entirety, the Stipulation and Agreement shall not be binding upon the parties. The undersigned parties further agree to request the Commission to keep open Docket No. 950696-TP solely for the purpose of implementing the proposed interim US/COLR mechanism contained in this Stipulation and Agreement. The parties further request the opening of a separate docket in the Commission's effort to satisfy the Legislature's mandate to research the issue of a permanent US/COLR mechanism and

recommend what the Commission determines to be a reasonable and fair mechanism for providing to the greatest number of customers basic local exchange telecommunications service at an affordable price.

H. Limitation of Use

The undersigned parties understand and agree that this Stipulation and Agreement was entered into to resolve issues and matters which are unique to the State of Florida because of regulatory precedent and legislative requirements. The undersigned parties therefore agree that none of the agreements and stipulations contained herein shall be proffered by an undersigned party in another jurisdiction as evidence of any concession or as a waiver of any position taken by another undersigned party in that jurisdiction or for any other purpose.

I. Waivers

Any failure by any undersigned party to insist upon the strict performance by any other entity of any of the provisions of this Stipulation and Agreement shall not be deemed a waiver of any of the provisions of this Stipulation and Agreement, and each undersigned party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Stipulation and Agreement.

J. Governing Law

This Stipulation and Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Florida, without regard to its conflict of laws principles.

K. *Purposes*

The undersigned parties acknowledge that this Stipulation and Agreement is being entered into for the purposes of facilitating the introduction of local exchange competition; complying with the requirements of Florida Chapter Law 95-403 with respect to negotiating the matters at issue in Docket Nos. 950737-TP, 950985A-TP, and 950985D-TP; and in order to avoid the expense and uncertainty inherent in resolving the matters at issue in Docket No. 950696-TP. Neither this Stipulation and Agreement nor any action taken to reach, effectuate or further this Stipulation and Agreement may be construed as, or may be used as an admission by or against any party. Entering into or carrying out this Stipulation and Agreement or any negotiations or proceedings related thereto, shall not in any event be construed as, or deemed to be evidence of, an admission or concession by any of the undersigned parties, or to be a waiver of any applicable claim or defense, otherwise available, nor does it indicate that any party other than BellSouth believes that a universal service "subsidy" exists or is necessary.

M. Arm's Length Negotiations

This Stipulation and Agreement was executed after arm's length negotiations between the undersigned parties and reflects the conclusion of the undersigned that this Stipulation and Agreement is in the best interests of all the undersigned parties.

N. Joint Drafting

The undersigned parties participated jointly in the drafting of this Stipulation and Agreement, and therefore the terms of this Stipulation and Agreement are not intended to be construed against any undersigned party by virtue of draftsmanship.

O. Single Instrument

This Stipulation and Agreement may be executed in several counterparts, each of which, when executed, shall constitute an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, this Stipulation and Agreement has been executed as of the 7th day of December, 1995, by the undersigned representatives for the parties hereto.

Florida Cable Telecommunications Association, Inc.

By: _____
Authorized Representative

BellSouth Telecommunications, Inc.

By: _____
Authorized Representative

Continental Cablevision, Inc.

By: _____
Authorized Representative

Time Warner AXS/Digital Media Partners

By: _____
Authorized Representative

Teleport Communications Group, Inc.

By: _____
Authorized Representative

IN WITNESS WHEREOF, this Stipulation and Agreement has been executed as of the 7th day of December, 1995, by the undersigned representatives for the parties hereto.

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Authorized Representative

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By: _____
Authorized Representative

Time Warner AXS/Digital Media Partners

By: _____
Authorized Representative

Teleport Communications Group, Inc.

By: _____
Authorized Representative

IN WITNESS WHEREOF, this Stipulation and Agreement has been executed as of the ___ day of _____, 1995, by the undersigned representatives for the parties hereto.

Florida Cable Telecommunications Association, Inc.

By:_____
Authorized Representative

BellSouth Telecommunications, Inc.

By:_____
Authorized Representative

Continental Cablevision, Inc.

By:_____
Authorized Representative

Time Warner AXS/Digital Media Partners

By:_____
Authorized Representative

Teleport Communications Group, Inc.

By:_____
Authorized Representative

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By:_____
Authorized Representative

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By:_____
Authorized Representative

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By:_____
Authorized Representative

_____

By:_____
Authorized Representative

ATTACHMENT A

BELLSOUTH SWITCHED ACCESS RATE ELEMENTS AND RATE LEVELS
AS OF JANUARY 1, 1996

Rate Elements	Rate Levels as of January 1, 1996
Transport[1]	
DS1 Local Channel - Entrance Facility	$0.00062
Switched Common Transport per minute of use per mile	$0.00004
Facilities Termination per MOU	$0.00036
Access Tandem Switching	$0.00074
Local Switching	$0.00876
	$0.01052

[1] Assumptions:
- Tandem Connection with Common Transport
- No Collocation
- DS1 local channel @ 9000 minutes per month and 24 voice grade equivalents

ATTACHMENT B

EXAMPLE OF "5% CAP"

Case 1:

BellSouth terminates 10,000 min. to ALEC X	ALEC X bills BellSouth for 10,000 min.
ALEC X terminates 15,000 min. to BellSouth	BellSouth bills ALEC X for 10,500 min. (10,000 ÷ 5%)

Case 2:

BellSouth terminates 15,000 min. to ALEC X	ALEC X bills BellSouth for 10,500 min. (10,000 ÷ 5%)
ALEC X terminates 10,000 min. to BellSouth	BellSouth bills ALEC X for 10,000 min.

Case 3:

BellSouth terminates zero min. to ALEC X	ALEC X bills BellSouth zero
ALEC X terminates 10,000 min. to BellSouth	BellSouth bills ALEC X zero

Case 4:

BellSouth terminates 10,000 min. to ALEC X	ALEC X bills BellSouth zero
ALEC X terminates zero min. to BellSouth	BellSouth bills ALEC X zero

Case 5:

BellSouth terminates 10,000 min. to ALEC X	ALEC X bills BellSouth for 10,000 min.
ALEC X terminates 10,200 min. to BellSouth	BellSouth bills ALEC X for 10,200 min. (difference is less than cap)

Case 6:

BellSouth terminates 10,200 min. to ALEC X	ALEC X bills BellSouth for 10,200 min. (difference is less than cap)
ALEC X terminates 10,000 min. to BellSouth	BellSouth bills ALEC X for 10,000 min.

Case 7:

BellSouth and ALEC X both terminate 10,000 min. to each other	ALEC X and BellSouth both bill each other 10,000 min.

ATTACHMENT C

BELLSOUTH FLORIDA - INTRASTATE
SWITCHED ACCESS

Rate Elements	Rates as of January 1, 1996
Carrier Common Line	
Originating	S0.01061
Terminating	S0.02927
Transport[1]	
DS1 Local Channel - Entrance Facility	S0.00062
Residual Interconnection	S0.005159
Switched Common Transport per minute of use per mile	S0.00004
Facilities Termination per MOU	S0.00036
Access Tandem Switching	S0.00074
Local Switching 2	S0.00876

[1] Assumptions:
- Tandem Connection with Common Transport
- No Collocation
- DS1 local channel @ 9000 minutes per month and 24 voice grade equivalents

ATTACHMENT D

UNBUNDLED NETWORK FEATURES, FUNCTIONS AND CAPABILITIES

The parties to the Stipulation and Agreement have negotiated the following additional terms, conditions and prices relating to unbundled network features, functions and capabilities :

(1) Access to 911/E911 Emergency Network.

For basic 911 service, BellSouth will provide a list consisting of each municipality in Florida that subscribes to Basic 911 service. The list will also provide the E911 conversion date and for network routing purposes a ten-digit directory number representing the appropriate emergency answering position for each municipality subscribing to 911 service. Each ALEC will arrange to accept 911 calls from its customers in municipalities that subscribe to Basic 911 service and translate the 911 call to the appropriate 10-digit directory number as stated on the list provided by BellSouth and route that call to BellSouth at the appropriate tandem or end office. When a municipality converts to E911 service, the ALEC shall discontinue the Basic 911 procedures and begin the E911 procedures.

For E911 service, the ALEC will connect the necessary trunks to the appropriate E911 tandem, including the designated secondary tandem. If a

municipality has converted to E911 service, the ALEC will forward 911 calls to the appropriate E911 primary tandem, along with ANI, based upon the current E911 end office to tandem homing arrangement as provided by BellSouth. If the primary tandem trunks are not available, the ALEC will alternate route the call to the designated secondary E911 tandem. If the secondary tandem trunks are not available, the ALEC will alternate route the call to the appropriate Traffic Operator Position System (TOPS) tandem.

In order to ensure the proper working of the system, along with accurate customer data, the ALEC will provide daily updates to the E911 data-base. BellSouth will work cooperatively with the ALEC to define record layouts, media requirements, and procedures for this process.

In some instances BellSouth is responsible for maintenance of the E911 data-base and is compensated for performing these functions by either the municipality or the ALEC - for maintaining the ALEC's information. In no event, however, shall BellSouth be entitled to compensation from both parties for the same function.

(2) **Directory Listings and Directory Distribution.**

BellSouth will include ALEC's customers' primary listings in the white page (residence and business listings) and yellow page (business listings) directories,

as well as the directory assistance data-base, as long as the ALEC provides information to BellSouth in a manner compatible with BellSouth's operational systems. BellSouth will not charge the ALECs to (a) print their customers' primary listings in the white pages and yellow page directories; (b) distribute directory books to their customers; (c) recycle their customers' directory books; and (d) maintain the Directory Assistance data-base. BellSouth will work cooperatively with the ALECs on issues concerning lead time, timeliness, format, and content of listing information.

(3) IntraLATA 800 Traffic.

BellSouth will compensate ALECs for the origination of 800 traffic terminated to BellSouth pursuant to the ALEC's originating switched access charges, including the data-base query. The ALEC will provide to BellSouth the appropriate records necessary for BellSouth to bill its customers. The records will be provided in a standard ASR/EMR format for a fee of $0.015 per record. At such time as an ALEC elects to provide 800 services, the ALEC will reciprocate this arrangement. Should BellSouth be permitted to provide interLATA 800 services prior to the expiration of this Stipulation and Agreement, BellSouth will be responsible for compensating the ALEC for the origination of such traffic as well on the same terms and conditions as described above.

(4) Number Resource Administration.

BellSouth agrees to sponsor any ALEC which makes a request and assist the ALEC in obtaining RAO codes, and any other billing and accounting codes necessary for the provision of local telephone numbers within BellSouth jurisdiction.

(5) Busy Line Verification/Emergency Interrupt Services.

BellSouth and the ALECs shall mutually provide each other busy line verification and emergency interrupt services pursuant to tariff.

(6) Network Design and Management.

BellSouth and the ALECs will work cooperatively to install and maintain reliable interconnected telecommunications networks. A cooperative effort will include, but not be limited to, the exchange of appropriate information concerning network changes that impact services to the local service provider, maintenance contact numbers and escalation procedures. The interconnection of all networks will be based upon accepted industry/national guidelines for transmission standards and traffic blocking criteria. BellSouth and the ALECs will work cooperatively to apply sound network management principles by invoking appropriate network management controls, i.e., call gapping, to alleviate or prevent network congestion. It is BellSouth's intention not to charge rearrangement, reconfiguration, disconnect, or other non-recurring fees

associated with the initial reconfiguration of each carrier's interconnection arrangements. However, each ALEC's interconnection reconfigurations will have to be considered individually as to the application of a charge.

(7) CLASS Interoperability.

BellSouth and the ALECs will provide LEC-to-LEC Common Channel Signalling (CCS) to one another, where available, in conjunction with all traffic in order to enable full interoperability of CLASS features and functions. All CCS signalling parameters will be provided including automatic number identification (ANI), originating line information (OLI) calling party category, charge number, etc. All privacy indicators will be honored, and BellSouth and the ALECs will cooperate on the exchange of Transactional Capabilities Application Part (TCAP) messages to facilitate full inter-operability of CCS-based features between their respective networks.

(8) Network Expansion.

For network expansion, BellSouth and the ALECs will review engineering requirements on a quarterly basis and establish forecasts for trunk utilization. New trunk groups will be implemented as dictated by engineering requirements for both BellSouth and the ALEC. BellSouth and the ALEC are required to provide each other the proper call information (i.e., originated call party

number and destination call party number, CIC, OZZ, etc.) to enable each company to bill accordingly.

(9) **Signaling.**

In addition to CLASS interoperability, as discussed above, BellSouth will offer use of its signaling network on an unbundled basis at tariffed rates. Signaling functionality will be available with both A-link and B-link connectivity.

(10) **Local Loop.**

The price of a BellSouth unbundled local loop will be the price set forth in BellSouth's Special Access Tariff.

ATTACHMENT E

STIPULATION AND AGREEMENT

Chapter 364.16(4), Florida Statutes, requires the Florida Public Service Commission to have a temporary service provider number portability mechanism in place on January 1, 1996. The statute further requires industry participants to form a number portability standards group by September 1, 1995 for the purpose of developing the appropriate costs, parameters, and standards for number portability. Negotiating the temporary number portability solution is one task that the group is to perform. This standards group was formed on July 26, 1995, and consists of the members listed on Attachment A to this agreement. If parties are unable to come to agreement on the temporary solution, the Florida Public Service Commission has reserved dates for an evidentiary proceeding under Chapter 120.57, Florida Statutes.

As a result of workshops held by the members of the standards group, an agreement has been reached as to the methods of providing temporary number portability. This Stipulation is entered into by and between the undersigned parties to Docket No. 950737-TP, Investigation into a Temporary Local Telephone Number Portability Solution to Implement Competition in Local Exchange Markets.

The parties agree that Chapter 364.16(4), Florida Statutes, requires a service provider temporary number portability solution. Service provider number portability allows an end user at a given location to change service from a local exchange

company (LEC) to an alternative local exchange company (ALEC) or vice versa, or between two ALECs, without changing local telephone numbers.

The parties further agree that a temporary service provider number portability mechanism that can be implemented in most LEC central offices at the present time is Remote Call Forwarding. With Remote Call Forwarding, a call to the old telephone number is first sent to the switch of the former local service provider, and then forwarded (ported) to the switch of the new local service provider. This is a temporary mechanism that can be implemented using existing switch and network technology. While remote call forwarding is not an appropriate solution to the issue of permanent number portability, the parties agree that it can be used as a temporary number portability mechanism.

The parties therefore agree that the LECs shall offer Remote Call Forwarding to certificated ALECs as a temporary number portability mechanism, effective January 1, 1996. Likewise, the parties agree that ALECs shall offer Remote Call Forwarding to LECs as a temporary number portability mechanism, effective on the date they begin to provide local exchange telephone service. All parties agree that the provision of reliable end user access to emergency services such as 911/E911 is necessary to protect the public health, safety and welfare. This stipulation is entered into with the understanding that Remote Call Forwarding does not provide technical impediments to the availability and reliable transfer of relevant information to 911/E911 systems.

All parties shall work together and with the 911 coordinators to successfully integrate the relevant ALEC information into the existing 911/E911 systems. The recurring price for Remote Call Forwarding will be on a per-line per-month basis and will be uniform throughout an individual LEC's existing service territory. The price charged by an individual LEC for Remote Call Forwarding shall not be below the costs of that LEC to provide Remote Call Forwarding for purposes of providing temporary number portability. The price charged for Remote Call Forwarding offered by an ALEC will mirror the price charged by the LEC.

The parties recognize that there are other related compensation issues that are not addressed in this agreement, including compensation for termination of ported calls and the entitlement to terminating network access charges on ported calls. These items will be negotiated by the parties, or resolved by the Commission, as local interconnection issues under Chapter 364.162.

The parties further agree that Flexible Direct Inward Dialing is an alternative temporary number portability mechanism. With Flexible Direct Inward Dialing, the number is routed to the switch of the former local service provider, which translates it to look like a direct inward dialed call terminating in the switch of the new local exchange provider. The parties recognize that Flexible Direct Inward Dialing involves certain technical and administrative issues that have not yet been fully addressed.

The parties agree that the LECs will continue to negotiate with the ALECs who desire to utilize Flexible Direct Inward Dialing as a method of providing temporary number portability to resolve any technical and administrative issues and to establish the prices, terms and conditions upon which Flexible Direct Inward Dialing will be offered. In the event the parties are unable to satisfactorily negotiate the price, terms and conditions, either party may petition the Commission which shall, within 120 days after receipt of the petition and after opportunity for a hearing, determine whether Flexible Direct Inward Dialing is technically and economically feasible and, if so, set nondiscriminatory rates, terms and conditions for Flexible Direct Inward Dialing. The prices and rates shall not be below cost.

Nothing in this Stipulation shall preclude the use of other feasible options for temporary number portability that may be developed in the future.

The parties further agree that the work of the number portability standards group will continue, under Chapter 364.16(4), Florida Statutes, to investigate and develop a permanent number portability solution.

(SIGNATURES BEGIN ON FOLLOWING PAGE)

IN WITNESS WHEREOF, the parties have executed this Stipulation and Agreement as of the 30th day of August, 1995.

BELLSOUTH TELECOMMUNICATIONS, INC. D/B/A SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY

By: _____

GENERAL TELEPHONE COMPANY OF FLORIDA, INC.

By: _____

SPRINT/UNITED TELEPHONE COMPANY OF FLORIDA

By: _____

SPRINT/CENTRAL TELEPHONE COMPANY OF FLORIDA

By: _____

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC.

By: _____

MCI METRO ACCESS TRANSMISSION SERVICES, INC.

By: _____

IN WITNESS WHEREOF, the parties have executed this Stipulation and Agreement as of the 30th day of August, 1995.

BELLSOUTH TELECOMMUNICATIONS, INC. D/B/A SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY

By: _____

GENERAL TELEPHONE COMPANY OF FLORIDA, INC.

By: _____

SPRINT/UNITED TELEPHONE COMPANY OF FLORIDA

By: _____

SPRINT/CENTRAL TELEPHONE COMPANY OF FLORIDA

By: _____

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC.

By: _____

MCI METRO ACCESS TRANSMISSION SERVICES, INC.

By: _____

IN WITNESS WHEREOF, the parties have executed this Stipulation and Agreement as of the 30th day of August, 1995.

BELLSOUTH TELECOMMUNICATIONS, INC. D/B/A SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY

By: _____

GENERAL TELEPHONE COMPANY OF FLORIDA, INC.

By: _____

SPRINT/UNITED TELEPHONE COMPANY OF FLORIDA

By: F.B. Poag

SPRINT/CENTRAL TELEPHONE COMPANY OF FLORIDA

By: F.B. Poag

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC.

By: _____

MCI METRO ACCESS TRANSMISSION SERVICES, INC.

By: _____

IN WITNESS WHEREOF, the parties have executed this Stipulation and Agreement as of the 30th day of August, 1995.

BELLSOUTH TELECOMMUNICATIONS, INC. D/B/A SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY

By: _____

GENERAL TELEPHONE COMPANY OF FLORIDA, INC.

By: _____

SPRINT/UNITED TELEPHONE COMPANY OF FLORIDA

By: _____

SPRINT/CENTRAL TELEPHONE COMPANY OF FLORIDA

By: _____

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC.

By: _____

MCI METRO ACCESS TRANSMISSION SERVICES, INC.

By: _____

TIME WARNER AXS

By: _____

DIGITAL MEDIA PARTNERS

By: _____

FLORIDA CABLE TELECOMMUNICATIONS ASSOCIATION, INC.

By: _____

AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC.

By: _____

FLORIDA PUBLIC TELECOMMUNICATIONS ASSOCIATION

By: _____

INTERMEDIA COMMUNICATIONS OF FLORIDA, INC.

By: _____

SPRINT COMMUNICATIONS COMPANY, LIMITED PARTNERSHIP

By: _____

TIME WARNER AXS

By: _____

DIGITAL MEDIA PARTNERS

By: _____

FLORIDA CABLE TELECOMMUNICATIONS ASSOCIATION, INC.

By: _____

AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC.

By: _____

FLORIDA PUBLIC TELECOMMUNICATIONS ASSOCIATION

By: _____

INTERMEDIA COMMUNICATIONS OF FLORIDA, INC.

By: Patricia A. Kurlinski

SPRINT COMMUNICATIONS COMPANY, LIMITED PARTNERSHIP

By: _____

TIME WARNER AXS

By: _____

DIGICAL MEDIA PARONERS

By: _____

FLORIDA CABLE TELECOMMUNICATIONS ASSOCIATION, INC.

By: _____

ADAT COMMUNICATIONS OF THE SOUTHERN STATES, INC.

By: _____

FLORIDA PUBLIC TELECOMMUNICATIONS ASSOCIATION

By: _____

INTERMEDIA COMMUNICATIONS OF FLORIDA, INC.

By: _____

SPRINT COMMUNICATIONS COMPANY, LIMITED PARONERSHIP

By: George H. Key

MCCAW COMMUNICATIONS OF FLORIDA, INC.

By: _____

February 1,, 1996
2:30 PM

STIPULATION AND AGREEMENT

This Stipulation and Agreement is entered into by and between the undersigned parties to settle outstanding issues in Docket No. 950985-TP, addressing the establishment, on an interim basis, of nondiscriminatory rates, terms and conditions for local interconnection pursuant to Section 364.162, Florida Statutes, issues associated with Docket No. 950737-TP, addressing a temporary telephone number portability solution, e.g., Remote Call Forwarding pursuant to Section 364.16(4), Florida Statutes, and Docket No. 950984-TP, addressing unbundling and resale of local exchange telecommunications company network features, functions and capabilities pursuant to Section 364.161, Florida Statutes, to the extent identified herein.

The undersigned parties are entering into this comprehensive Stipulation and Agreement for the purpose of facilitating the introduction of local exchange competition on an expedited basis and avoiding the uncertainty and expense of litigation. It is the intention of the undersigned parties that this comprehensive Stipulation and Agreement become effective on the date of signature and remain in effect until December 31, 1997. The undersigned parties understand that as experience is gained in the marketplace it may become apparent that prices, terms and conditions other than those set forth in this agreement for purposes of introducing competition may be more appropriate to support the continued development of competition upon the expiration of this agreement. The parties intend for this Stipulation and Agreement to establish the interim prices, terms, conditions and mechanisms necessary to facilitate the introduction of local exchange competition, as required by the above-referenced section of Florida Chapter Law 95-403. This Stipulation and Agreement will dispose of all known outstanding issues in the aforementioned dockets. Thereafter, to the extent permitted by law, the parties intend to renegotiate these provisions based upon experience gained in the marketplace.

The undersigned parties agree that the issues addressed in the aforementioned proceedings, which have been framed in response to the requirements of the above-referenced sections of Florida Chapter Law 95-403, shall be resolved during the term of this agreement as follows:

Sprint's
EXHIBIT NO. 2
3/1/96
N. METZKE

A. Local Interconnection - Docket No. 950985-TP

Section 364.16, Florida Statutes, requires, among other things, that each incumbent local exchange telecommunications company (LEC) provide access to and interconnection with its telecommunications facilities to any other provider of local exchange telecommunications services requesting such access and interconnection at non-discriminatory prices, rates, terms, and conditions established by the procedures set forth in Section 364.162, Florida Statutes. Section 364.162, Florida Statutes, provides that an alternative local exchange telecommunications company (ALEC) shall have until August 31, 1995, or sixty (60) days, to negotiate with the LEC mutually acceptable prices, terms and conditions of interconnection and for the resale of LEC services and facilities. The statute also provides that if the parties are not able to negotiate a price by August 31, 1995, or within sixty days, either party may petition the Commission to establish non-discriminatory rates, terms and conditions of interconnection and for the resale of LEC services and facilities. Whether set by negotiation or by the Commission, interconnection and resale prices, rates, terms and conditions shall be filed with the Commission before their effective date.

The parties were unable to negotiate mutually acceptable prices, terms and conditions of interconnection by August 31, 1995, or within sixty days. After further negotiations, however, the undersigned parties now agree to the following interim prices, terms, and conditions for interconnection and the exchange of traffic with Sprint United-Florida/Centel-Florida (hereinafter referred to as S-UF/CF) through December 31, 1997:

1. "Local interconnection" is defined as including the delivery of local traffic to be terminated on each company's local network, the LEC unbundled network features, functions and capabilities contained in Attachment E, and temporary telephone number portability to be implemented pursuant to Section 364.16(4), Florida Statutes. While the parties have endeavored in good faith to resolve the issues relating to local interconnection, the parties recognize that they are unable to foresee and account for every issue that may arise as this Stipulation and Agreement is implemented. Thus, to the extent that the prices, terms and conditions for local interconnection are not

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specifically established herein, the additional prices, terms and conditions shall be established pursuant to negotiation or set by the Commission, upon request, as required by to Section 364.161(6), Florida Statutes. If the Commission does not render its vote within 120 days, then the parties agree that the Commission's decision will be retroactive to the 120th day after a petition is filed.

2. The delivery of local traffic between the undersigned ALEC and S-UTF/CF shall be reciprocal and compensation will be mutual. S-UTF/CF makes available two forms of interconnection: a flat-rated port charge arrangement (hereinafter referred to as Option A) or a per minute of use charge (hereinafter referred to as Option B). The Option chosen by the ALEC will remain in effect for the duration of the agreement.

   a. If Option A is elected, the ALEC purchases the capacity of a DS1 for terminating traffic to S-UTF/CF. Similarly, S-UTF/CF would purchase the capacity of a DS1 from the ALEC. Depending on the ALEC's network requirements and traffic patterns, the ALEC could purchase the DS1 capacity at S-UTF/CF's access tandem, local tandem or at an end office. The flat-rated port charge, Option A, is based on a fixed monthly charge for a DS1 interconnection at a tandem or an individual end office. Both the tandem and the end office port charges are developed based on the access charge rate elements. The tandem port rates include the additional switching and transport functions associated with a tandem. Also, recognizing that trunking efficiencies increase with the number of ports, a price reduction on the first three ports of 50%, 30% and 10%, respectively, is provided. This price reduction is only applicable for the first three ports in each LATA. The rates for end office and tandem connection are shown in Attachment A.

   b. If Option B is elected, the parties will compensate each other using S-UTF/CF's terminating local switched access rates as provided in Attachment B for terminating local traffic on each other's network. If it is mutually agreed that the administrative costs associated with Option B are greater than the net monies exchanged, the

parties will exchange local traffic on an in kind basis; foregoing compensation in the form of cash or cash equivalent.

c. S-UTF/CF is required to reduce its intrastate switched access rates by 5% in October, 1996 per Section 364.163(6), Florida Statutes. S-UTF/CF will propose to apply the 5% reduction to the line termination rate and to spread the balance of the line termination rate element revenues proportionately to the originating and terminating carrier common line rate elements effective October 1, 1996. The resulting rate reduction will be applicable to both Option A and Option B rates.

3. When Option B is chosen, in order to mitigate the potential adverse impact on a local exchange provider which might occur because of an imbalance of terminating local traffic between the local exchange providers, and to reflect the fact that terminating costs are associated with peak period demand, a local exchange provider shall not be required to compensate another local exchange provider for more than up to one-hundred-five percent (105%) of the total minutes of use of the local exchange provider with the lower minutes of use in the same month. This cap shall apply to the total local minutes of use calculated on a company-wide basis in the State of Florida. For example, if in a given month S-UTF/CF has 10,000 minutes of local traffic terminated on an ALEC's local exchange network and the ALEC has 15,000 minutes of local traffic terminated on S-UTF/CF's local exchange network, the ALEC would be required to compensate S-UTF/CF for local interconnection on the basis of 10,500 terminating minutes (10,000 mins. X 105% = 10,500 mins.) and S-UTF/CF would compensate the ALEC for 10,000 terminating minutes. Seven additional examples are contained on Attachment C which is incorporated herein by reference. If each local provider does not have the appropriate software to measure terminating traffic then each local provider will report to the other provider the amount of local traffic terminated. Interconnecting facilities shall conform, at the minimum, to the telecommunications industry standard of

DS1 (Bellcore Standard No. TR-NWT-00499). STP (signal transfer point) SS7 (Signalling System 7) connectivity is also required.

The parties recognize that various aspects of the interconnection process including physical interconnection arrangements (i.e., collocation, midspan meet) technical requirements, trouble reporting and resolution, billing processes, resolution of operating issues, provisioning, ordering, deadlines, performance standards, recording of traffic, including start and stop time, reporting and payment, dispute resolutions, rounding measurements, financial penalties for late payments, and the provision of inter-carrier clearinghouse functions are not resolved in this document, and the parties agree to cooperatively work toward resolution of these issues. Either party may petition the PSC for resolution should unresolved issues remain 90 days from the effective date of this agreement. If the Commission does not render its vote within 120 days of the petition, then the parties agree that the Commission's decision will be retroactive to the 120th day after a petition is filed.

4. The parties stipulate and agree that the exchange of traffic on S-UTF/CF's Extended Area Service, Extended Calling Service and other local calling routes shall be considered local traffic. The parties will therefore compensate each other for such traffic pursuant to paragraphs 2 and 3 above.

5. S-UTF/CF shall work with the numbering administrator and the ALEC to the extent possible to see that the ALECs have a sufficient quantity of numbering resources so that S-UTF/CF can tell whether a call from S-UTF/CF customer to an ALEC's customer is local or toll. Whenever S-UTF/CF delivers traffic to an ALEC for termination on the ALEC's network, if S-UTF/CF cannot determine whether the traffic will be local or toll because of the manner in which the ALEC uses NXX codes, S-UTF/CF will not compensate the ALEC for local interconnection but will, instead, charge the ALEC originating intrastate network access service charges unless the ALEC can provide S-UTF/CF with sufficient information to make a determination as to whether the traffic is

local or toll. In the event that the ALEC cannot determine whether traffic delivered to S-UTF/CF is local or toll, then the same provision shall apply.

6. Either S-UTF/CF or an ALEC will provide intermediary tandem switching and transport to connect the end user of a local exchange provider to the end user of another ALEC, a LEC other than S-UTF/CF, another telecommunications company (e.g., pay telephone provider, operator services provider) or a wireless telecommunications service provider for the purpose of making a local call. The local exchange provider performing this intermediary function will bill a $0.002 per minute charge over and above its appropriate local interconnection rate elements on Attachment B.

7. When S-UTF/CF or an ALEC provides intermediary functions for network access, i.e., between an IXC and an ALEC, the ALEC and S-UTF/CF will each provide their own network access service elements on a meet-point basis. Each carrier will bill its own access service rate elements to the IXC. S-UTF/CF or the ALEC may bill the residual interconnection charge ("RIC") to the IXC when either provides the intermediary tandem function.

8. The delivery of intrastate toll traffic between the undersigned ALEC and S-UTF/CF shall also be reciprocal and compensation will be mutual. The undersigned ALEC and S-UTF/CF shall pay each other identical rates for terminating the same type of traffic on each other's network. The parties will pay each other S-UTF/CF's intrastate switched network access service rate elements on a per minute of use basis for originating and terminating intrastate toll traffic as appropriate. For example, when an ALEC customer places a toll call to a S-UTF/CF customer and the ALEC serves as the toll carrier, S-UTF/CF will charge the ALEC terminating network access charges, the price of which will vary depending upon whether the call goes through a S-UTF/CF tandem or is directly routed to the S-UTF/CF end office. If the ALEC is serving as the S-UTF/CF customer's presubscribed IXC, or the S-UTF/CF customer uses the ALEC on a 10XXX basis, the S-UTF/CF will charge the ALEC the appropriate originating network access

charges. Likewise, if S-UTF/CF is serving as the ALEC customer's presubscribed IXC, or the ALEC customer uses S-UTF/CF on a 10XXX basis, the ALEC will bill S-UTF/CF the appropriate originating network access charges. Examples of these network access rate elements and prices are identified on Attachment D which is incorporated herein by reference.

Because the undersigned parties lack sufficient data with respect to the volumes of local terminating traffic being delivered to each LEC and ALEC, the prices, terms and conditions of local interconnection agreed to herein are deemed transitional in nature. The parties deem them acceptable only in the interests of compromise to enable the introduction of local exchange competition to Florida's consumers.

The undersigned parties stipulate and agree that because the local interconnection and traffic arrangements agreed to herein are considered transitional, the agreements shall be renegotiated with the new provisions becoming effective after January 1, 1998. Accordingly, by no later than June 1, 1997, the undersigned parties shall commence negotiations with regard to their terms, conditions and prices of interconnection arrangements to be effective beginning January 1, 1998. If the parties are unable to satisfactorily negotiate new interconnection terms, conditions and prices within 90 days of commencing negotiations, any party may petition the Commission to establish appropriate interconnection arrangements. The parties will encourage the Commission to issue its order by no later than December 31, 1997. In the event the Commission does not issue its order prior to January 1, 1998, or if the parties continue to negotiate the interconnection arrangements beyond January 1, 1998, the parties stipulate and agree that the terms, conditions and prices ultimately ordered by the Commission, or negotiated by the parties, will be effective retroactive to January 1, 1998. Until the revised interconnection arrangements become effective, the parties shall continue to exchange traffic on a reciprocal basis pursuant to the terms of this Stipulation and Agreement.

B. Unbundling and Resale of Local Exchange Telecommunications Company Network Features, Functions and Capabilities Docket No. 950984-TP

Section 364.161, Florida Statutes, requires each LEC, upon request, to unbundle each of its network features, functions and capabilities, including access to signaling data bases, systems and routing process, and offer them to any other telecommunications provider requesting such features, functions or capabilities for resale to the extent technically and economically feasible and at prices that are not below cost. The statute also requires that the parties first negotiate the terms, conditions and prices of any feasible unbundling request. If the parties cannot reach a satisfactory resolution within 60 days, either party may petition the Commission to arbitrate the dispute and the Commission shall make a determination within 120 days.

The undersigned parties have now satisfactorily resolved the terms, conditions and prices of these network features, functions and capabilities that are technically and economically feasible of unbundling as set forth in Attachment E, which is incorporated herein by reference. It is understood by the parties that the list of network features, functions and capabilities is not exhaustive and the parties commit to cooperate in the negotiation of additional network features, functions and capabilities as the parties' future needs require.

The parties acknowledge that the provisions of Chapter 364, Florida Statutes, relating to the unbundling and resale of facilities and services, reflect a thoughtfully crafted and well-balanced approach to the introduction of local exchange competition, and the parties therefore commit that these provisions will be fairly and equitably implemented and adhered to in order to effectuate and remain consistent with legislative intent. The parties recognize that the application of current tariffed prices for resale purposes will not be inconsistent with this commitment. The parties agree that the issue of imputation of LEC unbundled service prices into its retail rates is not addressed by the Stipulation and Agreement, and that the ALECs reserve their right to further address imputation for these services, including unbundled local loops.

C. Universal Service/Carrier of Last Resort - Docket No. 950696-TP

The parties agree that Section 364.025, Florida Statutes, contains a Legislative finding that each telecommunications company should contribute its fair share to the support of the local exchange telecommunications company's universal service/carrier of last resort ("US/COLR") obligations. For a transitional period, the Commission is required to establish an interim US/COLR mechanism for maintaining universal service and funding carrier of last resort obligations, pending the implementation of a permanent mechanism. This interim mechanism is to be implemented by January 1, 1996 and applied in a manner that ensures that each alternative local exchange company contributes its fair share to the support of the local exchange telecommunications company's US/COLR obligations. The interim mechanism shall reflect a fair share of the LEC's recovery of investment made in fulfilling its COLR obligations and the maintenance of universal service objectives. The statute further provides that the Commission shall ensure that the interim mechanism, which is to remain in effect, if necessary, until the implementation of a permanent mechanism, but not later than January 1, 2000, ensures the maintenance of universal service through a carrier of last resort, but does not impede the development of residential consumer choice or create an unreasonable barrier to competition.

The undersigned parties stipulate and agree that S-UTF/CF will guarantee the provision of universal service as the carrier-of-last-resort throughout its territory until January 1, 1998, without pursuing ALEC contributions through the interim mechanism. Notwithstanding the foregoing, if S-UTF/CF subsequently believes that competition is in any way undermining its ability to provide universal service during the duration of this agreement if may petition the Commission to commence a proceeding to quantify the amount of support, if any, needed to maintain universal service. The amount of support needed, if any, and related issues are matters of proof on a case-by-case basis. Moreover, the parties in no way waive their right to petition the Commission pursuant to Section 364.025(5), Florida Statutes.

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D. Temporary Number Portability - Docket No. 950797-TP

With regard to the rates and charges to be paid for remote call forwarding between carriers, which is the temporary telephone number portability solution approved for implementation January 1, 1996, the undersigned parties agree to pay recurring rates as follows: $1.25 per line per month per residential customer for one path and $1.25 per line per month per business customer for one path. For additional paths, the undersigned parties agree to pay $.50 per month, per additional path per residential customer and $.50 per month, per additional path per business customer, with no additional non-recurring charge if the additional path is ordered at the same time as the first path. The undersigned parties further agree to pay a non-recurring charge of no more than $25.00 per order for multiple residential or business lines placed on the same order in a single exchange.

The temporary number portability charges listed above shall also apply whenever a S-UTF/CF customer switches to an ALEC and changes her location within the same S-UTF/CF central office. The same charges will apply when an ALEC customer switches to S-UTF/CF and changes her location within the same ALEC central office.

For that terminating toll traffic ported to the ALEC, S-UTF/CF will bill the IXC tandem switching, the residual interconnection charge and a portion of the transport, and the ALEC will bill the IXC local switching, the carrier common line and a portion of the transport. If S-UTF/CF is unable to provide the necessary access records to permit the ALECs to bill the IXCs directly for terminating access to ported numbers, then the parties agree to work cooperatively to develop a surrogate method to approximate the access minutes and revenues, and a settlement process based on the above distribution. If intraLATA calls are delivered to the other party via a ported number, the originating party will pay the terminating party.

E. Resolution of Disputes

The undersigned parties agree that if any dispute arises as to the interpretation of any provision of this Stipulation and Agreement or as to the proper implementation of any of the matters agreed to in this Stipulation and Agreement the parties will petition the Commission for a resolution of the dispute.

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However, each undersigned party reserves any rights it may have to seek judicial review of any ruling made by the Commission concerning this Stipulation and Agreement.

F. Duration

This Stipulation and Agreement takes effect when signed by the parties and remains in effect until each of the matters and issues addressed by the undersigned parties or as modified by mutual consent of the parties but will terminate December 31, 1997.

G. Representations

Each person signing this Stipulation and Agreement represents that he or she has the requisite authority to bind the party on whose behalf the person is signing. By signing this Stipulation and Agreement, each undersigned party represents that it agrees to each of the stipulations and agreements set forth herein. In the event there are parties to the aforementioned dockets that do not sign this Stipulation and Agreement, the comprehensive resolution of the issues set forth in this Stipulation and Agreement shall, nonetheless, be binding upon the undersigned parties. Each undersigned party commits to use its best efforts to persuade the Commission, prior to and during the hearings scheduled in the aforementioned dockets, to accept the stipulations agreed to by the undersigned parties.

H. Limitation of Use

The undersigned parties understand and agree that this Stipulation and Agreement was entered into to resolve issues and matters which are unique to the State of Florida because of regulatory precedent and legislative requirements. The undersigned parties therefore agree that none of the agreements and stipulations contained herein shall be proffered by an undersigned party in another jurisdiction as evidence of any concession or as a waiver of any position taken by another undersigned party in that jurisdiction or for any other purpose.

I. Waivers

Any failure by any undersigned party to insist upon the strict performance by any other entity of any of the provisions of this Stipulation and Agreement shall not be deemed a waiver of any of the provisions of this Stipulation and Agreement, and each undersigned party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Stipulation and Agreement

J. Billing

To the extent either party is unable to implement the exact terms of this agreement as a result of technical difficulties, a reasonable surrogate will be developed for billing until such time as an actual bill can be implemented or the parties agree that the billing is sufficient for the term of this agreement.

K. Governing Law

This Stipulation and Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Florida, without regard to its conflict of laws principles.

L. Purposes

The undersigned parties acknowledge that this Stipulation and Agreement is being entered into for the purposes of facilitating the introduction of local exchange competition; complying with the requirements of Florida Chapter Law 95-403 with respect to negotiating the matters at issue in Docket Nos. 950737-TP and 950985-TP. Neither this Stipulation and Agreement nor any action taken to reach, effectuate or further this Stipulation and Agreement may be construed as, or may be used as an admission by or against any party.

M. Arm's Length Negotiations

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This Stipulation and Agreement was executed after arm's length negotiations between the undersigned parties and reflects the conclusion of the undersigned that this Stipulation and Agreement is in the best interests of all the undersigned parties.

N. Joint Drafting

The undersigned parties participated jointly in the drafting of this Stipulation and Agreement, and therefore the terms of this Stipulation and Agreement are not intended to be construed against any undersigned party by virtue of draftsmanship.

O. Single Instrument

This Stipulation and Agreement may be executed in several counterparts, each of which, when executed, shall constitute an original, and all of which shall constitute but one and the same instrument.

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IN WITNESS WHEREOF, this Stipulation and Agreement has been executed as of the 9th day of February, 1996, by the undersigned representatives for the parties hereto.

Florida Cable Telecommunications Association, Inc.

By: _____
Authorized Representative

Sprint United Telephone-Florida/Centel-Florida

By: _____
Authorized Representative

Continental Cablevision, Inc.

By: _____
Authorized Representative

Time Warner AXS/Digital Media Partners

By: _____
Authorized Representative

Intermedia Communications, Inc.

By: _____
Authorized Representative

February 1,, 1996
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ATTACHMENT A

OPTION A

SPRINT UNITED TELEPHONE-FLORIDA/CENTEL-FLORIDA

LOCAL INTERCONNECTION PORT CHARGES

RATE ELEMENTS AND RATE LEVELS

Port	Tandem	End Office	Discount
1	$2137	$2016	50%
2	$2992	$2822	30%
3	$3847	$3629	10%
4 +	$4275	$4032	0%

Example:

1. If S-UTF/CF purchases one port at an ALEC end office and the ALEC purchases one port at a S-UTF/CF end office, each company would pay the other $2,016. A net difference of $0.00.

2. If S-UTF/CF purchases one port at an ALEC end office and the ALEC purchases one port at a S-UTF/CF tandem, then S-UTF/CF would pay the ALEC $2,016 and the ALEC would pay S-UTF/CF $2,137. A net difference of $121.00.

Note: S-UTF/CF will purchase a port to the ALEC for each local interconnection port purchased by the ALEC.

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ATTACHMENT B

OPTION B

SPRINT UNITED TELEPHONE-FLORIDA/CENTEL-FLORIDA

LOCAL INTERCONNECTION

RATE ELEMENTS AND RATE LEVELS

Rate Elements	Rate Levels as of[2] February 6, 1996	
Transport[1]	Tandem	End Office
DS1 Local Channel - Entrance Facility[3]	0.00097	0.00097
Switched Common Transport		
per minute of use per mile	0.00004	
Facilities Termination per MOU	0.00020	
Tandem Switching	0.00088	
Local Switching	0.00980	0.00980
Line Termination	0.00790	0.00790
	0.01979	0.01867

[1] Assumptions:
- Tandem Connection with Common Transport
- No Collocation
- DS1 local channel @ 9000 minutes per month and 24 voice grade equivalents

[2] S-UTF/CF's switched access rates, reflecting local transport restructure, have been approved with a February 6, 1996 effective date.

[3] Entrance facility is optional; interconnect may also be ordered on a meet-point or virtual collocation basis in which case the special access or collocation tariffs would be applicable, respectively.

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ATTACHMENT C

OPTION B

EXAMPLE OF "5% CAP"[1]

Case 1:

S-UTF/CF terminates 10,000 min. to ALEC X

ALEC X bills S-UTF/CF for 10,000 min.

ALEC X terminates 15,000 min. to S-UTF/CF

S-UTF/CF bills ALEC X for 10,500 min. (10,000 + 5%)

Case 2:

S-UTF/CF terminates 15,000 min. to ALEC X

ALEC X bill S-UTF/CF for 10,500 min. (10,000 + 5%)

ALEC X terminates 10,000 min. to S-UTF/CF

S-UTF/CF bills ALEC X for 10,000 min.

Case 3:

S-UTF/CF terminates zero min. to ALEC X

ALEC X bills S-UTF/CF zero

ALEC X terminates 10,000 min. to S-UTF/CF

S-UTF/CF bills ALEC X zero

Case 4:

S-UTF/CF terminates 10,000 min. to ALEC X

ALEC X bills S-UTF/CF zero

ALEC X terminates zero min. to S-UTF/CF

S-UTF/CF bills ALEC X zero

Case 5:

S-UTF/CF terminates 10,000 min. to ALEC X

ALEC X bills S-UTF/CF for 10,000 min.

ALEC X terminates 10,200 min. to S-UTF/CF

S-UTF/CF bills ALEC X for 10,200 min. (difference is less than cap)

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Case 6:

S-UTF/CF terminates 10,200 min. to ALEC X	ALEC X bills S-UTF/CF for 10,200 min. (Difference is less than cap)
ALEC X terminates 10,000 min. to S-UTF/CF	S-UTF/CF bills ALEC X for 10,000 min.

Case 7:

S-UTF/CF and ALEC X both terminate 10,000 min. to each other	ALEC X and S-UTF/CF both bill each other 10,000 min.

[1] For Case 1 and Case 2 in recognition that the composition of terminating minutes could include minutes charged at an end office rate and minutes charged a tandem differential the local exchange provider who utilizes the formula for purposes of the amount of minutes to base this payment on shall calculate their payment based on the same proportion of end office minutes and tandem minutes for their total minutes in that month. For example (using Case 1):

S-UTF/CF terminates 10,000 min. to ALEC X at the end office	ALEC X bills S-UTF/CF for 10,000 min.
ALEC X terminates 15,000 min. to S-UTF/CF, 9,000 (60%) at end office rate and 6,000 (40%) at tandem rate	S-UTF/CF bills ALEC X for 10,500 min. (10,000 ÷ 5%), 6,300 (60%) at end office rate and 4,200 (40%) at tandem rate

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ATTACHMENT D

SPRINT UNITED TELEPHONE-FLORIDA/CENTEL-FLORIDA

INTRASTATE SWITCHED ACCESS

RATE ELEMENTS AND RATE LEVELS

Rate Elements	Rate Levels as of[2] February 6, 1996	
	UTF	CF
Carrier Common Line		
Originating	$0.02580	$0.030400
Terminating	$0.03360	$0.038200
Transport[1]		
DS1 Local Channel - Entrance Facility	$0.000970	$0.000970
Residual Interconnection	$0.013997	$0.021037
Switched Common Transport per minute of use per mile	$0.00004	$0.000040
Facilities Termination per MOU	$0.000200	$0.000200
Access Tandem Switching		
Premium	$0.000880	$0.000880
Transitional	$0.000877	$0.000877
Local Switching	$0.009800	$0.009800
Line Termination	$0.007900	$0.007900

[1] Assumptions:
- Tandem Connection with Common Transport
- No Collocation
- DS1 local channel @ 9000 minutes per month and 24 voice grade equivalents

[2] S-UTF/CF's switched access rates, reflecting local transport restructure, have been approved with a February 6, 1996 effective date.

ATTACHMENT E

UNBUNDLED NETWORK FEATURES, FUNCTIONS AND CAPABILITIES

The parties to the Stipulation and Agreement have negotiated the following additional terms, conditions and prices relating to unbundled network features, functions and capabilities:

(1) Access to 911/E911 Emergency Network.

For basic 911 service, S-UTF/CF will provide a list consisting of each municipality in Florida that subscribes to Basic 911 service. The list will also provide the E911 conversion date and for network routing purposes a ten-digit directory number representing the appropriate emergency answering position for each municipality subscribing to 911 service. Each ALEC will arrange to accept 911 calls from its customers in municipalities that subscribe to Basic 911 service and translate the 911 call to the appropriate 10-digit directory number as stated on the list provided by S-UTF/CF and route that call to S-UTF/CF at the appropriate tandem or end office. When a municipality converts to E911 service, the ALEC shall discontinue the Basic 911 procedures and begin the E911 procedures.

For E911 service, the ALEC will connect the necessary trunks to the appropriate E911 tandem, including the designated secondary tandem. If a municipality has converted to E911 service, the ALEC will forward 911 calls to the appropriate E911 primary tandem, along with ANI, based upon the current E911 end office to tandem homing arrangement as provided by S-UTF/CF. If the primary tandem trunks are not available, the ALEC will alternate route the call to the designated secondary E911 tandem. If the secondary tandem trunk are not available, the ALEC will alternate route the call to the appropriate Traffic Operator Position System (TOPS) tandem.

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In order to ensure the proper working of the system, along with accurate customer data, the ALEC will provide daily updates to the E911 data-base. S-UTF/CF will work cooperatively with the ALEC to define record layouts, media requirements, and procedures for this process.

In some instances S-UTF/CF is responsible for maintenance of the E911 data-base and is compensated for performing these functions by either the municipality or the ALEC for maintaining the ALEC's information. In no event, however, shall S-UTF/CF be entitled to compensation from both parties for the same function.

(2) Directory Listings and Directory Distribution.

S-UTF/CF will arrange for ALECs' customers' primary listings to be included in the white page (residence and business listings) and yellow page (business listings) directories as long as the ALEC provides information to S-UTF/CF in a manner compatible with S-UTF/CF's operational system. S-UTF/CF will coordinate the printing of all customers' information in the white and yellow pages directories on the same terms and conditions and at the same compensation level as S-UTF/CF pays its publisher(s) to have its directories compiled, printed and distributed. S-UTF/CF will work cooperatively with the ALEC on issues concerning lead time, timeliness, format, and the content of listing information.

(3) Directory Assistance Services

S-UTF/CF will arrange for ALECs to have three options for the provision of directory assistance service. First, S-UTF/CF will provide a resale option, where the ALEC would utilize S-UTF/CF's directory assistance service for the ALEC's customers. Second, S-

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UTF/CF will provide a database purchase option. Third, S-UTF/CF will provide ALECs with a database access option, when it is technically feasible for S-UTF/CF.

(4) IntraLATA 800 Traffic

S-UTF/CF will compensate ALECs for the origination of 800 traffic terminated to S-UTF/CF pursuant to the ALEC's originating switched access charges. At such time as an ALEC elects to provide 800 services, the ALEC will compensate S-UTF/CF at S-UTF/CF's originating access charges for intraLATA 800 traffic terminated to the ALEC. The originating company will record the call and forward the appropriate billing information in a standard ASR/EMR format.

(5) Busy Line Verification/Emergency Interrupt Services.

S-UTF/CF and the ALECs shall mutually provide each other busy line verification and emergency interrupt services pursuant to tariff.

(6) Network Design and Management

S-UTF/CF and the ALECs will work cooperatively to install and maintain reliable interconnected telecommunications networks. A cooperative effort will include, but not be limited to, the exchange of appropriate information concerning network changes that impact services to the local service provider, maintenance contact numbers and escalation procedures. The interconnection of all networks will be based upon accepted industry/national guidelines for transmission standards and traffic blocking criteria. S-UTF/CF and the ALECs will work cooperatively to apply sound network management principles by invoking appropriate network management controls; i.e., call gapping, to alleviate or prevent network congestion. It is S-UTF/CF's intention not to charge rearrangement, reconfiguration, disconnect, or other non-recurring fees associated with the initial reconfiguration of each carrier's interconnection arrangements. However,

each ALEC's interconnection reconfigurations will have to be considered individually as to the application of a charge.

(7) CLASS Interoperability.

S-UTF/CF and the ALECs will provide LEC-to-LEC Common Channel Signalling (CCS) to one another, where available, in conjunction with all traffic in order to enable full interoperability of CLASS features and functions. All CCS signalling parameters will be provided including automatic number identification (ANI), originating line information (OLI), calling party category, charge number, etc. All privacy indicators will be honored, and S-UTF/CF and the ALECs will cooperate on the exchange of Transactional Capabilities Application Part (TCAP) messages to facilitate full inter-operability of CCS-based features between their respective networks.

(8) Network Expansion.

For network expansion, S-UTF/CF and the ALECs will review engineering requirements on a quarterly basis and establish forecasts for trunk utilization. New trunk groups will be implemented as dictated by engineering requirements for both S-UTF/CF and the ALEC. S-UTF/CF and the ALEC are required to provide each other the proper call information (i.e., originated call party number and destination call party number, CIC, OZZ, etc.) to enable each company to bill accordingly.

(9) Signaling.

In addition to CLASS interoperability, as discussed above, S-UTF/CF will offer use of its signaling network on an unbundled basis at tariffed rates. Signaling functionality will be available with both A-link and B-link connectivity.

(10) Local Loop.

The price of S-UTF/CF 's unbundled local loop will be the price set forth in S-UTF/CF's Special Access Tariff.

EXHIBIT NO. _____

DOCKET NO: 950985-TP

WITNESS: A. R. SCHLEIDEN

PARTY: CONTINENTAL

DESCRIPTION:

CONTINENTAL'S RESPONSES TO STAFF'S 2ND SET OF INTERROGATORIES NOS. 18-37.

PROFFERING PARTY: STAFF

I.D. # ARS-3

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO 8
COMPANY/ WITNESS: Schleiden
DATE: 3/11/96

RESPONSES OF CONTINENTAL CABLEVISION, INC.
TO STAFF'S SECOND SET OF INTERROGATORIES (NOS. 18 - 37)
Docket No. 950985-TP
February 26, 1996

18. Please provide a detailed outline of your proposed interconnection agreements with Sprint United/Centel.

RESPONSE:

TECHNICAL: The technical interface for the delivery of all calls by one company to the other should all be identical. Such interconnecting facilities should conform, at the minimum, to the telecommunications industry standard of DS1 pursuant to BellCore Standard No. TR-NWT-00499 (or higher in the digital hierarchy) for facilities terminating as trunks on both companies' switching devices. Signalling System 7 (SS7) connectivity should also be required.

FINANCIAL: Continental's position is based on the following assumptions: all inter-LATA traffic is toll; the originating company determines whether intra-LATA traffic is local or toll; a tandem switch is engineered for the efficiency and convenience of the company operating it; and all companies have access to all levels of the switching hierarchy. Based on these assumptions, the following interconnection arrangement should apply:

(A) For inter-LATA toll traffic delivered to the end office or tandem: inter-LATA switched access rates should apply;

(B) For intra-LATA toll traffic delivered to the end office: "bill and keep" should apply;

C) For intra-LATA toll traffic delivered to the tandem: intra-LATA switched access rates should apply; and

(D) For local traffic delivered to an end office or a tandem: "bill and keep" should apply.

Under the "bill and keep" arrangement, often referred to as "mutual traffic exchange" or "payment in kind," two companies exchange traffic originating on their own facilities bound for termination on the other's facilities at some agreed-upon point, with each bearing the cost of its own facilities, keeping the revenues it generates and not charging the other to use its facilities.

As an alternative to the "Bill and Keep" arrangement, Continental is interested in a flat-rated port charge arrangement. However, such charges should be based on Sprint-United/Centel's costs of providing such an arrangement and not on inappropriate switched access charges.

a. Please provide the specific items that the parties agreed upon, if any.

RESPONSE: As of this time, Continental and Sprint-United/Centel have not formally agreed in writing to any specific technical, operational or financial issues raised in Continental's Amended Petition dated October 20, 1995.

b. What specific items remain at issue?

RESPONSE: All of the technical, operational or financial issues raised in the petition identified above remain presently unresolved.

c. Of the items that remain at issue, which would Continental characterize as contentious?

RESPONSE: The interconnection issue that can best be characterized as contentious is Continental's proposal to employ a "Bill and Keep" arrangement as opposed to Sprint-United/Centel's proposal to either assess measured rates based on inappropriate switched access charges or flat-rated port charges derived from such inappropriate switched access charges for all interconnected traffic.

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RESPONSES OF CONTINENTAL CABLEVISION, INC.
TO STAFF'S SECOND SET OF INTERROGATORIES (NOS. 18 - 37)
Docket No. 950985-TP
February 26, 1996

19. a) If you were able to negotiate an interconnection rate, how soon would you be able to provide service to your target customers within Sprint-United's territory?

RESPONSE: First Quarter of 1997

b) If you were able to negotiate an interconnection rate, how soon would you be able to provide service to your target customers within Sprint-Centel's territory?

RESPONSE: Continental has no current plans to provide service within Sprint-Centel's territory by the end of 1997.

PERSON RESPONDING: A.R. (DICK) SCHLEIDEN, General Manager
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TO STAFF'S SECOND SET OF INTERROGATORIES (NOS. 18 - 37)
Docket No. 950985-TP
February 26, 1996

20. Do you think Sprint-United/Centel is being unreasonable in its negotiations? If so, why? Please be specific and identify any documentation supporting your claims.

RESPONSE: Yes, Sprint-United/Centel's settlement proposal unreasonably focuses on the protection of its current revenues, basing its proposal on either measured rates employing inappropriate switched access charges or flat-rated port charges derived from such inappropriate switched access charges, rather than on a fair mutual exchange of interconnected traffic. It appears to Continental that the Sprint-United/Centel proposal is intended to prevent residential competition by alternative local exchange telecommunications companies through establishing either measured rates or flat-rated port charges whose levels are both set so high that either would serve as a barrier to competition.

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February 26, 1996

21. a) Does Continental have any interconnection arrangements with any LECs, AAVs, ALECs or equivalent entities in other jurisdictions?

RESPONSE: No.

b) Does Continental have any interconnection arrangements with any LECs, AAVs, ALECs or equivalent entities in Florida?

RESPONSE: Yes. Continental and BellSouth Telecommunications, Inc. reached a settlement of the issues in this docket. Both parties, among others, entered into the Stipulation and Agreement that was approved by the Commission in Order No. PSC-96-0082-AS-TP, issued January 17, 1996.

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TO STAFF'S SECOND SET OF INTERROGATORIES (NOS. 18 - 37)
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22. If Staff's Interrogatory No. 21a or 21b is answered in the affirmative, identify any and all interconnection arrangements reflected in tariffs filed with the appropriate public utility regulatory agency.

RESPONSE: Not applicable. Continental has no knowledge of BellSouth Telecommunications, Inc.'s intentions regarding a tariff reflecting the prices, terms, and conditions of the interconnection arrangement contained in the Stipulation and Agreement that was approved by the Commission.

PERSON RESPONDING: A.R. (DICK) SCHLEIDEN, General Manager
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TO STAFF'S SECOND SET OF INTERROGATORIES (NOS. 18 - 37)
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February 26, 1996

23. If Staff's Interrogatory No. 21a or 21b is answered in the affirmative, identify any and all interconnection arrangements which are based on a written contractual agreement, other than those identified in Continental's response to Staff's Interrogatory No. 22.

RESPONSE: Not applicable. As identified in response to Staff's Interrogatory No. 22, Continental and BellSouth Telecommunications, Inc. entered into the Stipulation and Agreement which is the only written contractual agreement covering interconnection arrangements to which Continental is a party.

PERSON RESPONDING: A.R. (DICK) SCHLEIDEN, General Manager
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24. Should interconnection arrangements between Continental and Sprint-United/Centel be on the same terms and conditions as interconnection between incumbent LECs today? Explain in detail why or why not.

RESPONSE: Yes. Continental is not privy to the actual terms and conditions of interconnection between incumbent local exchange telecommunications companies today; however, Continental believes, based on a general understanding within the industry, that traffic is exchanged within an exchange area by such incumbents on a "Bill and Keep" basis where no compensation is paid by one party to another. Continental believes that its interconnection arrangements with Sprint-United/Centel should be on the same terms and conditions.

PERSON RESPONDING: A.R. (DICK) SCHLEIDEN, General Manager
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TO STAFF'S SECOND SET OF INTERROGATORIES (NOS. 18 - 37)
Docket No. 950985-TP
February 26, 1996

25. What are the appropriate technical and financial billing arrangements which should govern interconnection between Continental and Sprint-United/ Centel for the delivery of calls originated and/or terminated from interexchange carriers not directly connected to Continental's network?

RESPONSE: With regard to the technical requirements, please see our response to Staff Interrogatory No. 18. The financial arrangements should vary with the type of traffic delivered, in the manner described in our response to Staff Interrogatory No. 18. For an intermediary switching function performed by an incumbent LEC, an appropriate rate would be $0.002 per minute. It is also assumed that the intermediary switching function would be performed at the tandem.

PERSON RESPONDING: A.R. (DICK) SCHLEIDEN, General Manager
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RESPONSES OF CONTINENTAL CABLEVISION, INC.
TO STAFF'S SECOND SET OF INTERROGATORIES (NOS. 18 - 37)
Docket No. 950985-TP
February 26, 1996

26. What are the appropriate technical and financial requirements for the exchange of intraLATA 800 traffic which originates from a Continental customer and terminates to an 800 number served by Sprint-United/ Centel?

RESPONSE: With regard to the technical requirements, please see our response to Staff Interrogatory No. 18. To serve the needs of companies offering 800-type services, detailed information about the call is required from the call-originating company to the company offering the 800 service. This information should be mutually exchanged on the basis that allows the originating company to recover its costs. Sprint-United/Centel should compensate Continental for the origination of 800 traffic, as defined in Sprint-United/Centel's tariffs, terminated to Sprint-United/Centel. In determining the amount of compensation, Continental's originating switched access charges should be identical to Sprint-United/Centel's. Continental should provide Sprint-United/Centel the appropriate records necessary for Sprint-United/Centel to bill its customers. At such time as Continental elects to provide 800 services, Sprint-United/Centel should reciprocate this arrangement.

PERSON RESPONDING: A.R. (DICK) SCHLEIDEN, General Manager
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RESPONSES OF CONTINENTAL CABLEVISION, INC.
TO STAFF'S SECOND SET OF INTERROGATORIES (NOS. 18 - 37)
Docket No. 950985-TP
February 26, 1996

27. What are the appropriate technical arrangements for the interconnection of Continental's network to Sprint-United/Centel 911 provisioning network such that Continental's customers are ensured the same level of 911 service as they would receive as a customer of Sprint-United/Centel?

RESPONSE: With regard to the technical requirements, please see our response to Staff Interrogatory No. 18. It is Continental's desire to provide the highest level of 911 service possible; therefore, we wish to retain the option of providing trunks directly to the provider of emergency services.

Continental's customers must have the same level of access to reliable 911 service as customers of Sprint-United/Centel. For basic 911 service, Sprint-United/Centel should provide a list consisting of each municipality in its service territory that subscribes to basic 911 service. The list will also provide the E911 conversion date and, for network routing purposes, a ten-digit directory number representing the appropriate emergency answering position for each municipality subscribing to basic 911 service. Continental should arrange to accept 911 calls from its customers in municipalities that subscribe to basic 911 service and translate the 911 call to the appropriate ten-digit directory number as stated on the list provided by Sprint-United/Centel and route that call to Sprint-United/Centel at the appropriate tandem or end office. When a municipality converts to E911

service, Continental should discontinue the basic 911 procedures and begin the E911 procedures.

For E911 service, Continental should connect Feature Group D trunks to the appropriate E911 tandem, including the designated secondary tandem. If a municipality has converted to E911 service, Continental should forward 911 calls to the appropriate E911 primary tandem, along with Automatic Number Identification ("ANI"), based upon the current E911 end office-to-tandem homing arrangement as provided by Sprint-United/Centel. If the primary tandem trunks are not available, Continental should alternate-route the call to the designated secondary E911 tandem. If the secondary tandem trunks are not available, Continental should alternate route the call to the appropriate Traffic Operator Position System (TOPS) tandem.

PERSON RESPONDING: A.R. (DICK) SCHLEIDEN, General Manager
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RESPONSES OF CONTINENTAL CABLEVISION, INC.
TO STAFF'S SECOND SET OF INTERROGATORIES (NOS. 18 - 37)
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28. What procedures should be in place for the timely exchange and updating of Continental customer information for inclusion in appropriate E911 databases?

RESPONSE: Continental will conform to any reasonable procedures to maintain the E911 databases, including continuous updates during the normal business day. In order to ensure the proper working of the system along with accurate customer data, Continental should provide daily updates to the E911 database. Sprint-United/Centel must be required to work cooperatively with Continental to define record layouts, media requirements, and procedures for this process.

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TO STAFF'S SECOND SET OF INTERROGATORIES (NOS. 18 - 37)
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February 26, 1996

29. What are the appropriate technical requirements for operator traffic flowing between Continental's operator services provider and Sprint-United/Centel's operator services provider including busy line verification and emergency interrupt services?

RESPONSE: With regard to the technical requirements, please see our response to Staff Interrogatory No. 18. The party providing service for the other ought to be able to recover its costs for the provisioning of such service. Procedures should be agreed to without much difficulty. Continental and Sprint-United/Centel should mutually provide each other busy line verification and emergency interrupt services.

PERSON RESPONDING: A.R. (DICK) SCHLEIDEN, General Manager
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RESPONSES OF CONTINENTAL CABLEVISION, INC.
TO STAFF'S SECOND SET OF INTERROGATORIES (NOS. 18 - 37)
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30. Under what terms and conditions should Sprint-United/Centel be required to list Continental's customers in its directory assistance database?

RESPONSE: Sprint-United/Centel should include Continental's customers' primary listings (residence and business listings) and yellow page (business) listings in its directory assistance database at no charge. For the initiation of competitive service, Sprint-United/Centel should continue to provide directory assistance services. Continental will conform to any reasonable procedure to provide database updates continuously during the normal business day.

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RESPONSES OF CONTINENTAL CABLEVISION, INC.
TO STAFF'S SECOND SET OF INTERROGATORIES (NOS. 18 - 37)
Docket No. 950985-TP
February 26, 1996

31. Under what terms and conditions should Sprint-United/Centel be required to list Continental's customers in its universal white and yellow pages directories and to publish and distribute these directories to Continental's customers?

RESPONSE: Sprint-United/Centel should include Continental's customers' primary listings in the white page and yellow page directories, distribute directories to the customers of each and recycle all customers' directory books at no charge. Continental and Sprint-United/Centel should work cooperatively on issues concerning lead time, timeliness, format, and content of list information. Since directories are a source of revenue to the issuing company, Sprint-United/Centel should wish to list Continental's customers and to distribute the directories; Continental does not seek any remuneration for cooperating in Sprint-United/Centel's efforts regarding directories. Continental reserves the right to develop directory arrangements in addition to those described above.

PERSON RESPONDING: A.R. (DICK) SCHLEIDEN, General Manager
AlterNet
7800 Belfort Parkway, Suite 270
Jacksonville, FL 32256

RESPONSES OF CONTINENTAL CABLEVISION, INC.
TO STAFF'S SECOND SET OF INTERROGATORIES (NOS. 18 -37)
Docket No. 950985-TP
February 26, 1996

32. What arrangements are necessary to ensure that Continental can bill and clear credit card, collect, third party calls and audiotext calls?

RESPONSE: Continental and Sprint-United/Centel should bill and clear credit card, collect and third party calls (calls where the recording company is different from the billing company) through Centralized Message Distribution Service (CMDS) provided by Sprint-United/Centel. CMDS is the appropriate mechanism by which these services should be provided. Continental ought to enjoy the freedom of participation in such billing and collection services to the same degree as Sprint-United/Centel.

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RESPONSES OF CONTINENTAL CABLEVISION, INC.
TO STAFF'S SECOND SET OF INTERROGATORIES (NOS. 18 - 37)
Docket No. 950985-TP
February 26, 1996

33. What arrangements are necessary to ensure the provision of CLASS/LASS services between interconnected networks?

RESPONSE: Continental and Sprint-United/Centel should provide LEC-to-LEC Common Channel Signalling (CCS) to each other, where available, in conjunction with all traffic in order to enable full interoperability of CLASS features and functions. All CCS signalling parameters should be provided, including ANI, Originating Line Information (OLI) calling party category, charge number, etc. All privacy indicators should be honored. Continental and Sprint-United/Centel should cooperate on the exchange of Transactional Capabilities Application Point (TCAP) messages to facilitate full interoperability of CCS-based features between their respective facilities. CCS should be provided Signal Transfer Point to Signal Transfer Point. In most instances, the CLASS/LASS features may be passed between switching devices using the SS7 channel. It must be cautioned, however, that using call forwarding for number portability may cause these features to be dropped when the call is forwarded.

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RESPONSES OF CONTINENTAL CABLEVISION, INC.
TO STAFF'S SECOND SET OF INTERROGATORIES (NOS. 18 - 37)
Docket No. 950985-TP
February 26, 1996

34. What are the appropriate arrangements for physical interconnection between Continental and Sprint-United/Centel, including trunking and signalling arrangements?

RESPONSE: With regard to the appropriate technical arrangements, please see our response to Staff Interrogatory No. 18. To enhance the grade of service to all Florida consumers, trunks to the end office should overflow to trunking to the tandem for maximum call completion when all trunks are busy ("ATB") on normal trunking. This is a reciprocal arrangement and would be particularly important in times of disaster. Co-location or virtual co-location must be required with all elements being reciprocal and mutual.

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RESPONSES OF CONTINENTAL CABLEVISION, INC.
TO STAFF'S SECOND SET OF INTERROGATORIES (NOS. 18 - 37)
Docket No. 950985-TP
February 26, 1996

35. To the extent not addressed in the number portability docket, Docket No. 950737-TP, what are the appropriate financial and operational arrangements for interexchange calls terminated to a number that has been "ported" to the respective ALEC?

RESPONSE: Continental understands that this issue concerns an IXC delivering incoming calls, bound for an ALEC, to Sprint-United/Centel because the NXX code involved is assigned to Sprint-United/Centel. The called party, however, is a customer of the ALEC and the call must be "ported" through Sprint-United/Centel's call forwarding function to the ALEC for completion. However, this call will appear to the ALEC as a "local" call since it is delivered from a Sprint-United/Centel end office. Clearly, Sprint-United/Centel will bill the IXC for terminating switched access charges associated with this call. Since this has great possibility of working in both directions and, over time, traffic should be equalized, Continental believes that this call should be handled on a "bill and keep" basis. In Continental's view, every exchange of traffic on end office trunks should be under the "bill and keep" financial arrangement.

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RESPONSES OF CONTINENTAL CABLEVISION, INC.
TO STAFF'S SECOND SET OF INTERROGATORIES (NOS. 18 - 37)
Docket No. 950985-TP
February 26, 1996

36. What arrangements, if any, are necessary to address other operational issues?

RESPONSE: There are a number of operational issues that must be resolved in order for local interconnection to function between companies. Any issue which cannot be negotiated to the satisfaction of both interconnecting companies should be resolved by the Commission through an expedited complaint procedure. An example of such issues is the handling of maintenance calls that are reported to the wrong company. Such misdirected calls must be handled in a manner that holds the consumer interest foremost. Both the LECs and the ALECs must develop consumer educational campaigns for maintenance management. These campaigns should assure that consumers are made aware of the proper maintenance numbers. In certain circumstances, the receiving company should forward trouble reports to the appropriate company.

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RESPONSES OF CONTINENTAL CABLEVISION, INC.
TO STAFF'S SECOND SET OF INTERROGATORIES (NOS. 18 - 37)
Docket No. 950985-TP
February 26, 1996

37. What arrangements, if any, are appropriate for the assignment of NXX codes to the respective ALECs?

RESPONSE: It is imperative that telephone numbers be conserved as valuable resources. Nevertheless, such valuable resources must be shared and should not be controlled by the dominant competitor in the marketplace. However, that is the situation at the initiation of competition. Continental ought to be able to enlist the Commission's assistance in overcoming any delays that occur in obtaining NXX codes. The Commission should handle such requests for assistance on an expedited basis, preferably in less than 30 days. Minimally, Continental should be able to get an NXX code for each Sprint-United/Centel office with which Continental physically interconnects. After obtaining these initial NXX codes, Continental should be able to get additional NXX codes when 60% or more of the numbers in an existing code have been allocated. Continental requests for NXX codes should be expected to be fulfilled in 30 days or less.

PERSON RESPONDING: A.R. (DICK) SCHLEIDEN, General Manager
AlterNet
7800 Belfort Parkway, Suite 270
Jacksonville, FL 32256

VERIFICATION

STATE OF FLORIDA)
)
COUNTY OF DUVAL)
)

BEFORE ME, the undersigned authority, personally appeared H.W. Goodall III who, being first duly sworn, deposes and says:

That he occupies the office of Senior Vice President and General Manager of CONTINENTAL FIBER TECHNOLOGIES, INC. d/b/a ALTERNET and CONTINENTAL FLORIDA TELECOMMUNICATIONS, INC., that he has reviewed the foregoing responses to Staff's Second Set of Interrogatories (Nos. 18 through 37), and that they are true and correct to the best of his knowledge and belief.

WITNESS my hand and seal this 26th day of February, 1996.

Signature: _____

_____
Notary Public

DATED: 2-26-96

STAMP:

CHERYL D. FALLON
Notary Public, State of Florida
My comm. expires June 20, 1996
Comm. No. CC 302915
Bonded thru American States Ins.

DANNY G. ENGLEMAN
9205 South Sand Hill Street Highlands Ranch, CO 80126
(303) 470-7736 (home) (303) 799-3302 (work)

Professional Experience

I am currently the Director of Switch Technologies at Time Warner Communications. I have held a number of positions over the years including Wire Center Planning, Interoffice Facilities Planning, Instructor/Developer at Bellcore TEC, and Advanced Network Architect at U S West Advanced Technologies.

1993 to Present

Director - Switch Technology - Time Warner Communications
In this capacity I am responsible for the development of switched services architectures and product development for Time Warner Communications. This includes fundamental planning for switched networks in TW Cable divisions and the development and recommendations for the inclusion of new switching technologies. I also have responsibility for the development and deployment of signaling networks (such as CCS7) to support switched services.

1987-1993

Member Technical Staff - Network Architect - U S WEST
In this position, I was:
- responsible for negotiating work programs and budgets with Bellcore for Broadband networks, Information Gateway, and PCS,
- involved in the definition of key service architectures such as the Information Gateway, SMDS, Broadband ISDN, and Personal Communications Services,
- involved in the development of an implementation strategy for a SONET-based network,
- AT technical lead in the development of an implementation strategy for a SONET-based network,
- responsible for budgets, headcount allocation, technical evaluations, detailed interactions with clients at all levels of management,
- responsible for presentations dealing with the Network of the Future to internal U S WEST people at all levels, officers of US companies external to U S WEST, and representatives from foreign companies/countries,
- responsible for the development of the PCN architecture used in the Unitel proposal for a license in Britain.

1984 - 1987

Manager, Instruction/Development - Bellcore
Bellcore Technical Education Center Lisle, Illinois

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO. 59
COMPANY/ WITNESS: Engelman
DATE: 3/11/96

DOCUMENT NUMBER-DATE
12953 DEC 22 95
FPSC-RECORDS/REPORTING

	In this position, I developed and taught a number of courses to all levels of management dealing with Network Planning and Economic Evaluation.
1983 - 1984	**Staff Specialist - Network Planning, Denver, Colorado - Mountain Bell**
1979 - 1983	**Assistant Staff Manager - Network Planning, Cheyenne, Wyoming - Mountain Bell** In these positions, I performed network modernization studies dealing with Central Offices, Interoffice Facilities, and Operator Services.
Education	B.S. in Finance from the University of Wyoming, Laramie, Wyoming, 1979

EXHIBIT NO. _____

DOCKET NO: 950985-TP

WITNESS: DANNY G. ENGLEMAN

PARTY: TIME WARNER

DESCRIPTION:

3/7/96 DEPOSITION TRANSCRIPT

PROFFERING PARTY: STAFF

I.D. # DGE-3

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO. 10
COMPANY/ WITNESS: Engelman
DATE: 3/11/96

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Resolution of petition (s) to establish nondiscriminatory rates, terms, and conditions for interconnection involving local exchange companies and alternative local exchange companies pursuant to Section 364.162, Florida Statutes	DOCKET NO. 950985-TP

DEPOSITION OF:	DANNY ENGLEMAN
TAKEN AT THE INSTANCE OF:	THE STAFF OF THE FLORIDA PUBLIC SERVICE COMMISSION
PLACE:	GERALD L. GUNTER BUILDING ROOM 362 2540 SHUMARD OAK BOULEVARD TALLAHASSEE, FLORIDA
TIME:	COMMENCED AT 11:00 A.M. CONCLUDED AT 11:50 A.M.
DATE	MARCH 7, 1996
REPORTED BY:	NANCY S. METZKE, RPR, CCR C & N REPORTERS POST OFFICE BOX 3093 TALLAHASSEE, FLORIDA 32315

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BUREAU OF REPORTING
RECEIVED 3-8-96

APPEARANCES:

SCOTT EDMONDS, ESQUIRE, Senior Attorney, Florida Public Service Commission.

RICH RINDLER, ESQUIRE, (by phone) MFS, Swidler & Berlin, Chartered, 3000 K Street, N.W., Suite 300, Washington, D.C. 20007.

J. JEFFREY WAHLEN, ESQUIRE, (by phone) Sprint United-Centel, McFarlane, Ausley, Ferguson and McMullen, 227 South Calhoun Street, Tallahassee, Florida 32301.

FLOYD R. SELF, ESQUIRE, and NORMAN H. HORTON, JR., ESQUIRE, (by phone) McCaw, Messer, Caparello, Madsen, Goldman & Metz, Post Office Box 1876, Tallahassee, Florida 32302-1876.

ANTHONY GILLMAN, ESQUIRE, (by phone), GTE, c/o Ken Waters, Esq., 106 East College Avenue, Suite 1440, Tallahassee, Florida 32301-7704.

SUE E. WEISKE, ESQUIRE, (by phone), Time Warner, 160 Inverness Drive West, Englewood, Colorado 80112.

ALSO PRESENT:

MIKE REITH, FPSC Staff.

LANS CHASE, FPSC Staff.

MARY ROSE SIRIANNI, FPSC Staff.

JILL BUTLER, Time Warner.

DON LOMBARDI, (by phone), Time Warner.

• • * *.

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WITNESS

DANNY ENGLEMAN

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STIPULATION

IT IS STIPULATED that this deposition was taken pursuant to notice in accordance with the applicable Florida Rules of Civil Procedure; that objections, except as to the form of the question, are reserved until hearing in this cause; and that reading and signing was not waived.

IT IS ALSO STIPULATED that any off-the-record conversations are with the consent of the deponent.

P R O C E E D I N G S

MR. EDMONDS: This is a deposition for Mr. Engleman. First of all, is Mr. Engleman on the line?

THE WITNESS: Yes, I am.

MR. EDMONDS: Okay. Great. That helps.

This is a deposition for Mr. Engleman in Docket Number 950985-TP. First, does everybody agree to the usual stipulations in the deposition?

(NO RESPONSE)

MR. EDMONDS: I take that as a yes.

MR. EDMONDS: Can we get a roll call of everybody on the line?

MR. WAHLEN: It's Jeff Wahlen from the McFarlane, Ausley law firm on behalf of Sprint-United and Sprint-Centel.

MR. RINDLER: Rich Rindler, Swidler & Berlin on behalf of MFS and Telenet.

MR. HORTON: Norman H. Horton, Jr. and Floyd R. Self from the Messer, Caparello firm for McCaw Cellular.

THE WITNESS: -- Engleman with Time Warner.

MR. LOMBARDI: John Lombardi, paralegal for Time Warner.

MR. WAHLEN: Is Sue on the line? I would suggest

if Sue isn't on the line, we wait a minute.

MR. EDMONDS: I'll agree. You'll need to provide a certificate of oath for the swearing in to Joy Kelly here at the Commission. Start with the swearing of the witness.

MS. DUNFORD: Mr. Engleman, do you swear to tell the truth, the whole truth and nothing but the truth so help you God?

MR. EDMONDS: And what is your name, please?

MS. DUNFORD: Linda Dunford, D-u-n-f-o-r-d.

MR. EDMONDS: Thank you.

Okay. We've taken appearances. I believe everybody agreed to the usual stipulations in a deposition, and with that we are ready to proceed.

* * * *

Whereupon,

DANNY ENGLEMAN

was called as a witness by the Commission staff and, after being first duly sworn, was examined and testified as follows:

EXAMINATION

BY MR. EDMONDS:

Q Mr. Engleman, could you state your name and business address for the record, please?

A Yes, my name is Danny G. Engleman. My business address is 160 Inverness Drive West, Inglewood, Colorado, 80112.

Q And did you file testimony in this docket?

A Yes, I did.

Q Do you have any changes or corrections you would like to make?

A No, I do not.

Q Okay. Mr. Engleman, staff just has a few questions for you this morning, and if you don't understand a question or would like me to rephrase it, just please say so.

Let me start with, do you currently have any interconnection agreements with any LECs in Florida?

A For switched services, no. For our, it would be our alternate access, I believe we do.

Q Well, interconnection for ALEC service, you have an agreement with BellSouth; is that correct?

A I believe so.

Q And are you familiar with what type of compensation scheme is in that agreement?

A Not really, no.

Q Is it your understanding that it's a

per-minute-of-use charge compensation arrangement?

A In conversations that I've had with people, yes, that's what they did.

Q Okay. In your testimony that you filed, do you promote a bill and keep arrangement or a mutual traffic exchange for interconnection?

A I do promote a bill and keep, yes.

Q Okay. Could you offer an explanation why your company believes bill and keep should be adopted for United-Centel but you have a minute-of-use-based charge arrangement with BellSouth?

A I couldn't answer the piece about BellSouth. Why we advocate bill and keep is a simplicity of the no required measurements for data exchange to do the billing, but there are an awful lot of reasons, you know, behind utilizing a bill and keep, and I would tell you that Mr. Wood is probably the better expert to have answer the bill and keep questions associated.

Q Okay. Are you currently in the process of negotiating any interconnection agreements with any LECs in Florida?

A Yes, I think so.

Q And what LECs are those?

A Well, I know we are in current negotiations, I think Sprint-United Centel. Since BellSouth I believe we

already have, at least a stipulation, and I'm not sure whether we are doing -- I have to preface that, I am not a member of the interconnector negotiation team so --

Q Okay. Are you aware of any interconnection arrangements that United-Centel has signed with any ALECs in Florida?

A No, I am not.

Q Okay. Now your company is promoting a bill and keep compensation arrangement for interconnection. Hypothetically speaking, if bill and keep were not an option, of the two proposals that United-Centel has for interconnection compensation, which is a port charge and a per-minute-of-use charge, which of those would Time Warner prefer?

A Well, if the port charge were on an equitable basis, that makes administration a whole lot easier. I mean I have not evaluated the minute-of-use charge. When we initially started the process, the only thing that had been offered was a fixed port rate, and I looked at the relative merits associated with that and did the traffic engineering for our interconnector negotiators.

Q Okay. If I could refer you to, beginning on Page 2 going to Page 4 on your rebuttal testimony.

A Okay.

Q And correct me if I'm wrong, but I believe the

testimony there states that United-Centel has proposed port rates which equate out to a price of .0267 dollars per minute at the tandem and .0177 dollars a minute at the end office. And although Time Warner lists several advantages to the port charge, and I believe you will find that on Page 6 of your direct testimony, you state that it does not, that Time Warner does not believe that United-Centel's proposed port charge is appropriate; is that correct?

A That's correct.

Q What rate would you consider for a port charge as appropriate?

A That the two rates be equal. You know, I don't believe that Time Warner should pay a differential tandem interconnect charge while we are compensated at an end office rate.

Q So are you saying then if both -- if the port charge were .0177 for the tandem and the end office, would that be appropriate?

A If you were looking at it at a per minute of use, either that or if the fixed port charge were equivalent, all right? I still believe that both port charges are out of line on a nationwide basis.

Q So you're saying at whatever rate it is, that for the tandem or the end office, it should be the same?

A I'm sorry, I'm not quite sure I --

Q The port charge for the tandem and the end office should be one and the same? It should be the same charge, whatever amount that would be?

A Or that if they are going to charge us tandem rates that ours be charged to them at a tandem rate.

Q So you're saying that whatever rate was for the port charge at the tandem and the end office, that that should be reciprocal?

A No, I'm saying that if we interconnect at the tandem, that which in an initial deployment scenario would be the case, that either both sides charge the tandem port charge or both sides charge the end-office port charge but that they be reciprocal in nature, they both offer similar functionality. Their connection to us allows their customers access to all our customers, and our access to their tandem allows our customers access to all of their customers.

Q Okay. Do you believe that interconnection, the interconnection rate should be based strictly on United-Centel's LRIC for switched access elements excluding the RIC and CCL?

A Yes.

Q Should the interconnection rate include line termination charges?

A Again, you know, I don't know how to answer that

one because I'm not quite sure of our company's stance. I mean, you know, again, that is something that Ms. McGrath and Mr. Wood addressed in theirs.

Q Okay. That is fine. Is it your opinion that interconnection traffic will be in balance?

A On an overall basis through time, yes.

Q Okay. If mutual traffic exchange were implemented and traffic were out of balance, do you believe that the companies involved should default to a per-minute-of-use charge or a port charge or a usage base rate?

A I honestly don't know. I mean like I said, I have not evaluated minute of use as a compensation mechanism and only looked at the port charge and related that to a per-minute charge.

Q Okay. Let me ask you a hypothetical question, that if the Commission approved a compensation arrangement that defaulted to a per-minute-of-use arrangement if traffic were out of balance, how far out of balance do you believe traffic would have to be before moving to a per-minute-of-use charge or a port charge or whatever charge it defaulted to?

A I honestly couldn't say without sitting down and doing the evaluation on it. That's a function of the different costs associated with it and the expectation of

how far out of balance. You have to do total analysis to determine where that crossover point would be at. You know, minute of use has an awful lot of costs that would have to be evaluated, such as all of the traffic measurements, the correlation of those traffic measurements, both on an ingoing and outgoing basis, the cost associated with administering a minute-of-use-based type arrangement.

Q Okay. Issue 13 in this docket, which is what arrangements if any are necessary to address other operational issues, can you testify to that issue?

A I'm not quite sure what they're talking about. Which administrative issues?

Q That is like repair calls and informational services.

MS. WEISKE: That is really a question that is addressed by Joan McGrath's testimony rather than by Danny Engleman.

MR. EDMONDS: Okay. Well, on the draft prehearing order it's listed that -- on the order of witnesses, it's listed that Mr. Engleman is testifying to Issue 13.

MS. WEISKE: Unless Jill Butler can correct me, that is not my recall of what we filed.

MS. BUTLER: It's not. It's my fault though.

MR. EDMONDS: Okay. We'll have to correct that then.

Okay. Thank you, Mr. Engleman. Staff has no further questions.

MR. WAHLEN: Am I next?

MR. EDMONDS: Go ahead.

EXAMINATION

BY MR. WAHLEN:

Q Okay. Mr. Engleman, this is Jeff Wahlen. I represent Sprint-United and Sprint-Centel. How are you?

A Good, sir. How are you?

Q Good. Have you ever been deposed before?

A Yes, I have.

Q Okay. So if I ask you a question you don't understand, you'll ask me to rephrase it or repeat it?

A I certainly will.

Q Very good. Are you a lawyer?

A No, sir, I'm not.

Q And do you thank your lucky stars for that every single day?

A Every second of my life.

Q Good. The company doesn't rely on you for legal advice, your company; is that correct?

A Yes, that's correct.

Q Okay. I'm not going to try ad ask you any

questions today that ask for legal opinions, but if I do, I want you to understand that I'm not asking for a legal opinion, is that okay?

A Yes.

Q Okay. Now I noticed in your testimony that you are director of switched technologies for Time Warner; is that correct?

A Yes, it is.

Q Could you tell me generally what you do?

A Basically I am the overall architect for Time Warner's switched networks utilizing our cable plant. I have responsibility for all of our switching and our signaling networks. I work with vendors for product development to put telephony over our cable plant. I have -- obviously I do technical support for our legal and regulatory group, and one of the key issues that I have is that I have responsibility for telephony technology for Time Warner's networks.

Q So you're the guy that has the final say about what kind of switch goes where; is that correct?

A I have a final say about what kind of switch.

Q Okay. Are you familiar with where switches are installed?

A Yes, I am.

Q Are you aware of whether Time Warner has a switch

installed in Florida?

A Yes, we do.

Q Do you know where that is?

A Orlando.

Q Do you know when it was installed?

A It's still not fully turned up. It's not a network switch at this point. It was turned up earlier this year.

Q Define for me what you mean when you say turned up.

A It means offered for service, that we actually have customers sitting off of it.

Q Do you know what date it was turned up for service?

A It was not turned up for service, that's what I said. What it is, is that the switch is currently under test, and we will be offering customers service at some time. I will tell you that that time is not a function of technology.

Q Okay. So that switch is currently interconnected to United's facilities in Orlando?

A Not to my knowledge.

Q Okay. Do you expect that it will be?

A Yes, I do.

Q Is that switch interconnected to Southern Bell's

facilities?

A Again, not to my knowledge.

Q But you expect that it will be?

A Eventually, yes.

Q It's just being tested right now?

A Yeah, I mean when I get -- I make recommendations for a switch, and then we have an engineering implementation group that actually puts the switch in and turns them up for service.

Q How do you test the switch without interconnecting with a local exchange company's facilities?

A Well, there are a huge amount of tests that occur prior to any type of interconnect. Interconnect is a separate type of test to look at calls transferred network to network.

Q Okay. So you're testing it on your network?

A Yes.

Q Okay. Are you providing dial tone service to company employees or anybody like that as part of your tests?

A Not to my knowledge, no.

Q Am I correct in understanding that you don't participate in the negotiations on a day-to-day basis?

A That's correct.

Q Okay. Have you reviewed the agreement that

United-Centel and Intermedia have reached in Florida?

A No, I have not.

Q Okay. You said that you don't decide where switches go; is that correct?

A That's correct. That's a business decision.

Q Okay. Based on your understanding of business decisions, would you agree with me that Time Warner is more likely to install a switch in a metropolitan area than a rural area?

A We will probably install switches where we have cable television divisions.

Q Is that generally metropolitan areas as opposed to rural?

A Time Warner has divisions all over the United States. Some of them are in rural areas; some of them are in very urban areas like Manhattan.

Q Do you know what the situation is in Florida?

A We currently, like I said, are putting up a switch in Orlando. I know we have a division over in the Tampa/St. Pete area, and we will, as we move forward, offer switching when it becomes economically viable.

Q Knowing what you know about Florida, you'd agree with me that Tampa, St. Pete and Orlando are urban rather than rural areas?

A What little I know about Tampa/St. Pete, yeah, I

would agree with that.

Q Okay. As part of your switch engineering, do you anticipate that Time Warner will be measuring the amount of traffic that is terminated on its network?

A We always have that capability.

Q Okay. You have the capability. Are you going to employ that capability to measure the amount of terminating traffic on your network?

A I would have to say I don't know. I mean that is, again, that is a -- it's a business decision determined whether it's required. We would measure terminating traffic for toll calls obviously.

Q Okay.

A Or outgoing calls to toll carriers.

Q All right. And is that a function of the switch?

A The switch has the capability to do those measurements if you had the systems to support it.

Q Okay. Does the switch have the capability to measure terminating local calls if you have the systems and mechanisms to support it?

A If it's identifiable as a local call.

Q Okay. Can you explain to me how you determine whether it's identifiable as a local call?

A Well, one of the problems obviously comes in is when we have customers that would have a ported number,

that it could be ported from an interexchange carrier across the incumbent LEC's network. And as it is remote call forwarded to us, it loses its toll identity, and it would look as a local call coming into our switch.

Q Is there anything you can do to combat that?

A There is very little we can do on our end.

Q Okay. How are you going to know whether you are getting paid the right access charge for that?

A That's one of the things that is under negotiation to my understanding. It's been one of my concerns that I have raised with our interconnect team. Associated with a number portability mechanism utilizing RCF, is that as the call is remote call forwarded from the donor's switch that it loses its identity and that the only way we could tell is if told by the incumbent LEC exactly what types of calls, how long the duration and who the carriers were.

Q And that would be true from the incumbent LEC's perspective as well, wouldn't it?

A I'm sorry, I'm not quite sure I understand. If they had a customer that had ported from a Time Warner switch?

Q No, for traffic terminating on its network.

A You're going to have to help me with this question.

Q Okay. Let me back up. There needs to be some kind of measuring mechanism to determine how much traffic is toll and how much traffic is local, isn't that correct?

A Yes.

Q And you'll be planning to do that whether you have a port charge, a minute-of-use charge or a bill and keep arrangement, isn't that correct?

A That's correct.

Q Okay. Thank you.

MR. WAHLEN: I think that's all I have. Thank you.

MR. EDMONDS: Does anybody else on the line have questions for Mr. Engleman?

MR. GILLMAN: This is Tony Gillman. I don't have any questions.

MR. RINDLER: I don't have any questions either. Rich Rindler.

MR. EDMONDS: Ms. Weiske, any redirect?

MS. WEISKE: Nope, no redirect.

(WHEREUPON, THE DEPOSITION WAS CONCLUDED)

* * * *

ERRATA SHEET

DOCKET NUMBER 950985
DANNY ENGLEMAN
MARCH 7, 1996

CERTIFICATE OF DEPONENT

This is to certify that I, DANNY ENGLEMAN, have read the foregoing transcription of my testimony, Page 1 through 21, given on December 18, 1995 in Docket Number 950985, and find the same to be true and correct, with the exceptions, and/or corrections, if any, as shown on the errata sheet attached hereto.

_____

DANNY ENGLEMAN

Sworn to and subscribed before me this
_____ day of _____, 19_____

_____
NOTARY PUBLIC
State of _____
My Commission Expires:

STATE OF FLORIDA)
: CERTIFICATE OF REPORTER
COUNTY OF LEON)

I, NANCY S. METZKE, RPR, CCR, Certified Shorthand Reporter and Registered Professional Reporter,

DO HEREBY CERTIFY that I was authorized to and did stenographically report the foregoing deposition of Danny Engleman.

I FURTHER CERTIFY that this transcript, consisting of 24 pages, constitutes a true record of the testimony given by the witness.

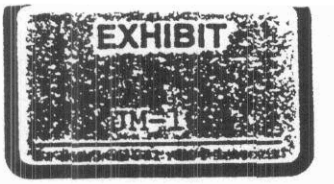
I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel connected with the action, nor am I financially interested in the action.

DATED this 7th day of March, 1996.

Nancy S. Metzke

NANCY S. METZKE, RPR, CCR

JOAN C. MCGRATH



SUMMARY

A Professional with 8 years experience and increasing responsibility in creating, managing and facilitating market assessments and business development for telecommunications projects. This hands-on approach to implementing effective research and feasibility studies includes mastery of:

Analysis and Planning
Meeting demanding time and performance requirements
Developing innovative, cost saving procedures
Communicating effectively at all levels
Building effective teams

SUCCESSES

Managerial
- Created and directed team of routing engineers and analysts who developed business plans and networks for 23 cities.
- Redesigned the interconnection process, reducing the collocation interval from 12 months to 90 days or less.
- Developed corporate market assessment process.

Financial
- Decreased costs of carrier interconnection through negotiations by $100,000.
- Developed qualitative analysis for operational and capital budgets.

Innovative
- Developed non-linear approaches to market analysis which reduced time to implementation.
- Created analysis of revenue, expense and sales raising understanding of resource relationships which increased annual revenues.
- Increased productivity of InterExchange Carrier Interconnection through effective process development.

BUSINESS EXPERIENCE

1993 to Present

TCG, Denver, Colorado
Network Planning & Interconnection
Manager
Create and manage the TCG InterExchange Carrier Interconnection process nationally. Liaison among long distance carriers and TCG cities. Evaluate and forecast capacity requirements. Negotiate nationwide carrier contracts.

Network Development
Manager
Developed market assessments and network designs for new cities. Created business plans with capital of $9-22 Million which met board approval. Liaison among corporate clientele, including cable companies and long distance carriers. Managed technical and non-technical individuals.

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP Comp.
EXHIBIT NO. 11
COMPANY/WITNESS: TCG/McGrath
DATE: 3/11/96

BUSINESS EXPERIENCE

1990 to 1993 TCI, Denver, Colorado
Business Development
Senior Analyst
Managed planning and execution of TCG market research projects for new access cities and acquisitions. Assessed feasibility of recommendations for existing cities. Critical assessment of VCTV project, research for healthcare and education over broadband networks.

Business Development
Corporate System Administrator
Developed fair market pricing strategies and created operational budgets in excess of $1 Million. Audited and clarified global carrier accounts. Provided implementation support and training for new city field offices.

Marketing
Corporate Customer Service Specialist
Developed customer service program and pricing data base. Analysed product and pricing of switched and common carrier telecommunications services. Facilitated customer surveys, promotional campaigns, materials and events for business to business services.

1987 to 1990 **US WEST Communications**, Denver, Colorado
Small Business and Home Personal Services
Market Analyst
Performed statistical and results analysis for telemarketing center of revenue, expense, sales, product projections and forecasting.

Small Business and Home Personal Services
Telecommunications Specialist
Sold business lines and trunks, foreign exchange lines, WATS, 800, Centron, remote call forwarding, custom calling services, voice mail and information services. Evaluated case study of Hispanic market, test marketing for voice mail and custom ringing services.

EDUCATION

University of Denver, Denver, Colorado
Bachelor of Science in Business Administration, 1977

1994 to Present Masters of Science in Telecommunications

TECHNICAL TRAINING

#5 Electronic Switching System Architecture
#5 Electronic Switching System ISDN Overview

Exhibit JM-2
to the Testimony of
Joan McGrath
On behalf of Time Warner Communications of Florida

Narrative to Exhibit JM-2

Base Schematic "A"

The TWC franchise area (also assumes this area will be the footprint for switched services) is bounded by the solid heavy line. The theoretical NXX code of 473 has been assigned to the TWC switch in this example.

Exisitng LEC A (usually an RBOC) exchange area is bounded by the dotted lines, and in this example assumes two exchanges are owned by LEC A, with any traffic between the two exchanges considered as toll traffic.

Please note that LEC A owns the tandem which serves its own end offices and those of LEC B, and which would also serve TWC's switch.

Exisitng LEC B (usually a smaller independent LEC, or ILEC) exchange area is bounded by the dotted/dashed line, and this diagram assumes one exchange is owned by LEC B, with any traffic between it and the 576 switches of LEC A exchanges considered as EAS traffic and with any traffic between it and the 331 switch of LEC A considered as toll traffic.

Base Schematic "B"

This diagram depicts the overlap areas of TWC's footprint on the existing exchange boundaries of LEC A and LEC B.

Diagram 1

TWC customer B places a call to LEC A customer D. Both customers lie within the existing exchange boundary of LEC A. The call can be identified as a local call and local traffic intercompany compensation applies.

Diagram 2

Customer A places a call to Customer B.

- Before ALEC entry, LEC customer A would pay a toll charge to call LEC customer B.
- After ALEC entry, TWC customer A places a call to TWC customer B, both of whom lie within TWC's franchise and are switched entirely within TWC's system. TWC may, or may not choose to charge toll to customer A. No intercompany compensation involved.

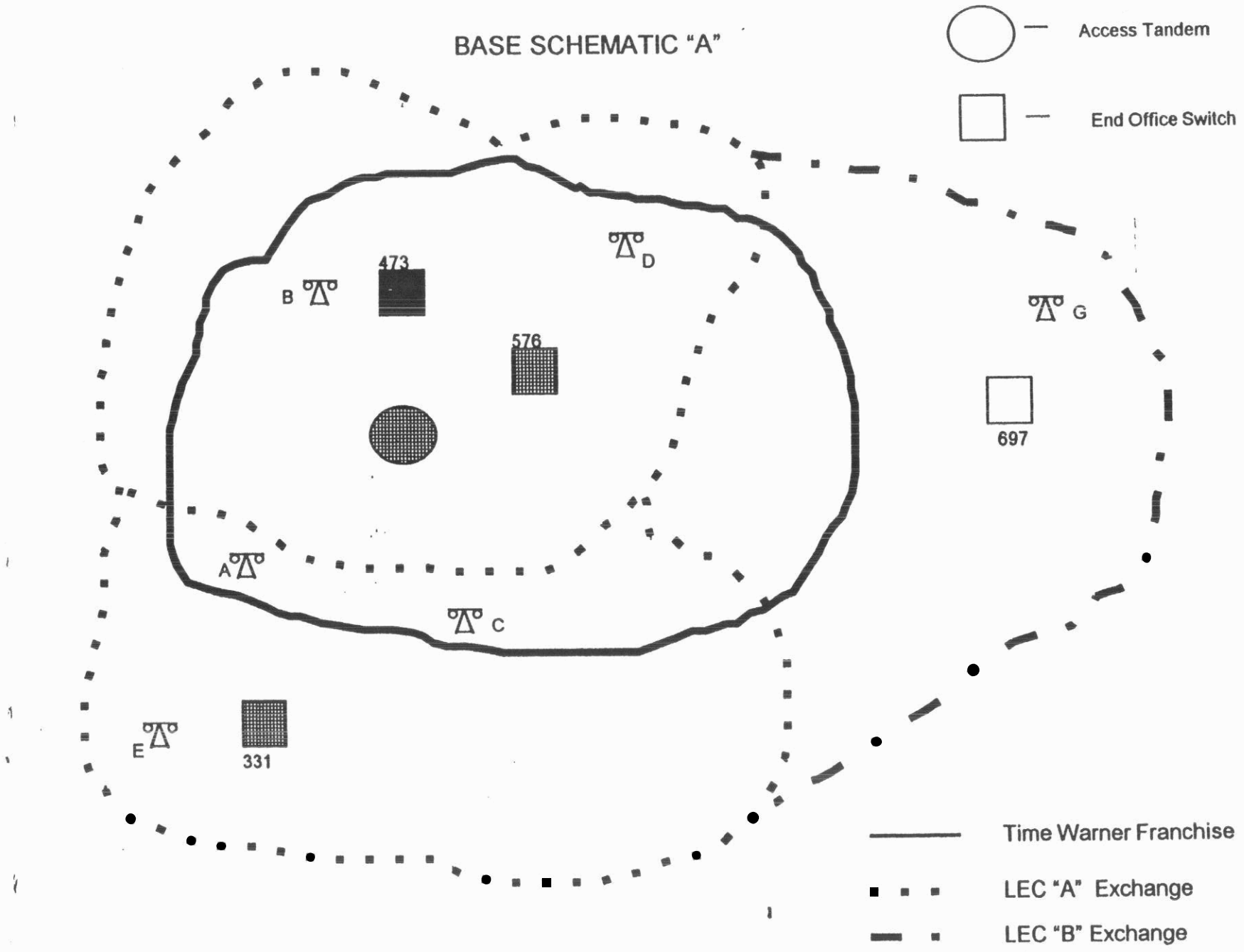
Narrative to Exhibit JM-2 (continued)

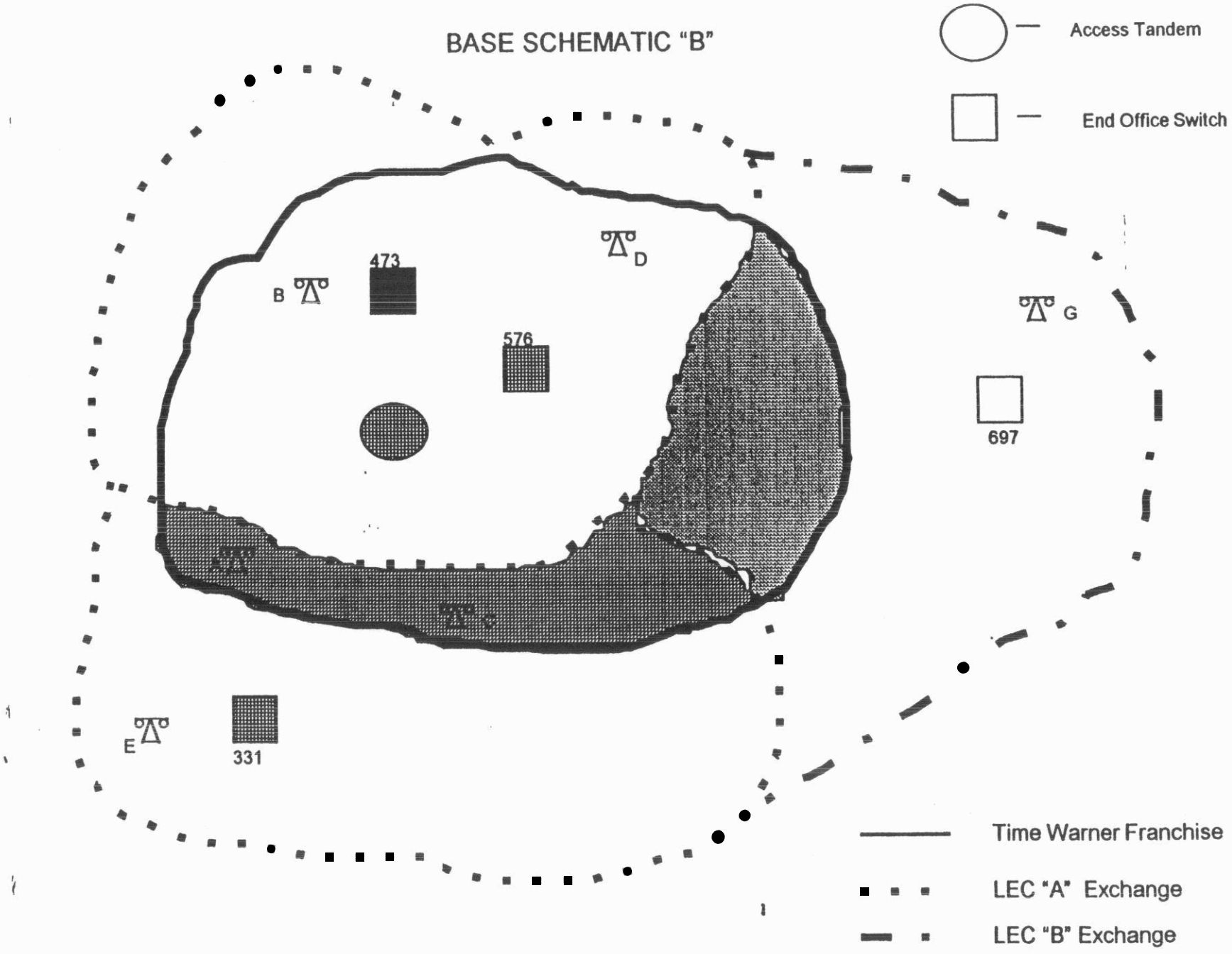
Diagram 3
TWC Customer B places a call to LEC Customer C. Assumes TWC has only one NXX code = 473.

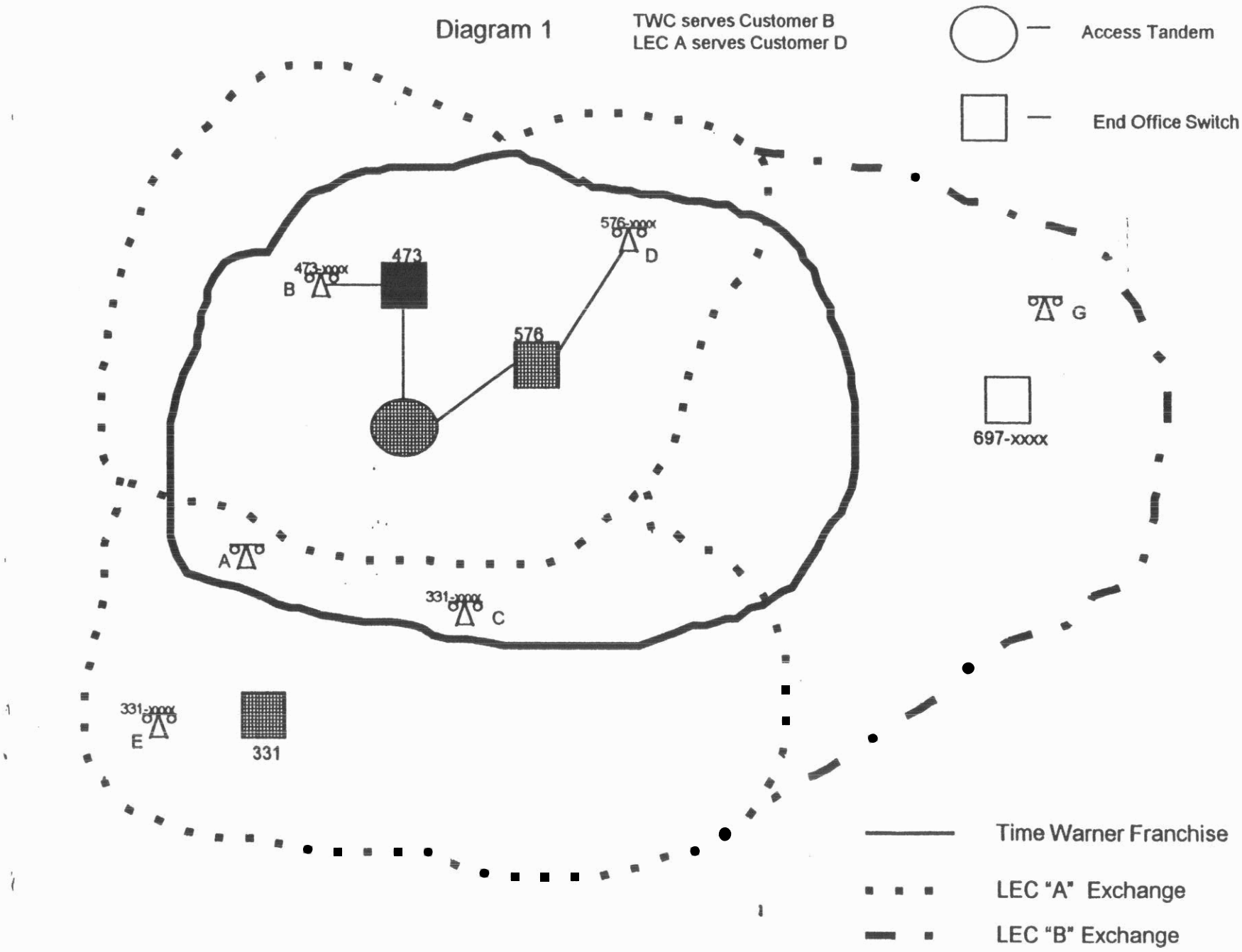
- Before ALEC entry, LEC customer B (NXX=576) would pay a toll charge to call customer C (NXX=331).
- After ALEC entry, TWC customer B (NXX=473) places a call to LEC customer C, and the call is handled by both TWC & LEC A.
- LEC A would charge full intrastate access rates to TWC to complete the call if TWC is acting as a toll carrier for Customer B. If TWC is not acting as a toll carrier, then both TWC and LEC A would charge full intrastate access rates to the toll Carrier.
- Under reciprocity, TWC would charge full intratstae access rates to LEC A for a call from customer C to customer A if LEC A is acting as a toll carrier for Customer C. If LEC A is not acting as a toll carrier, then both TWC and LEC A would charge full intrastate access rates to the toll Carrier.

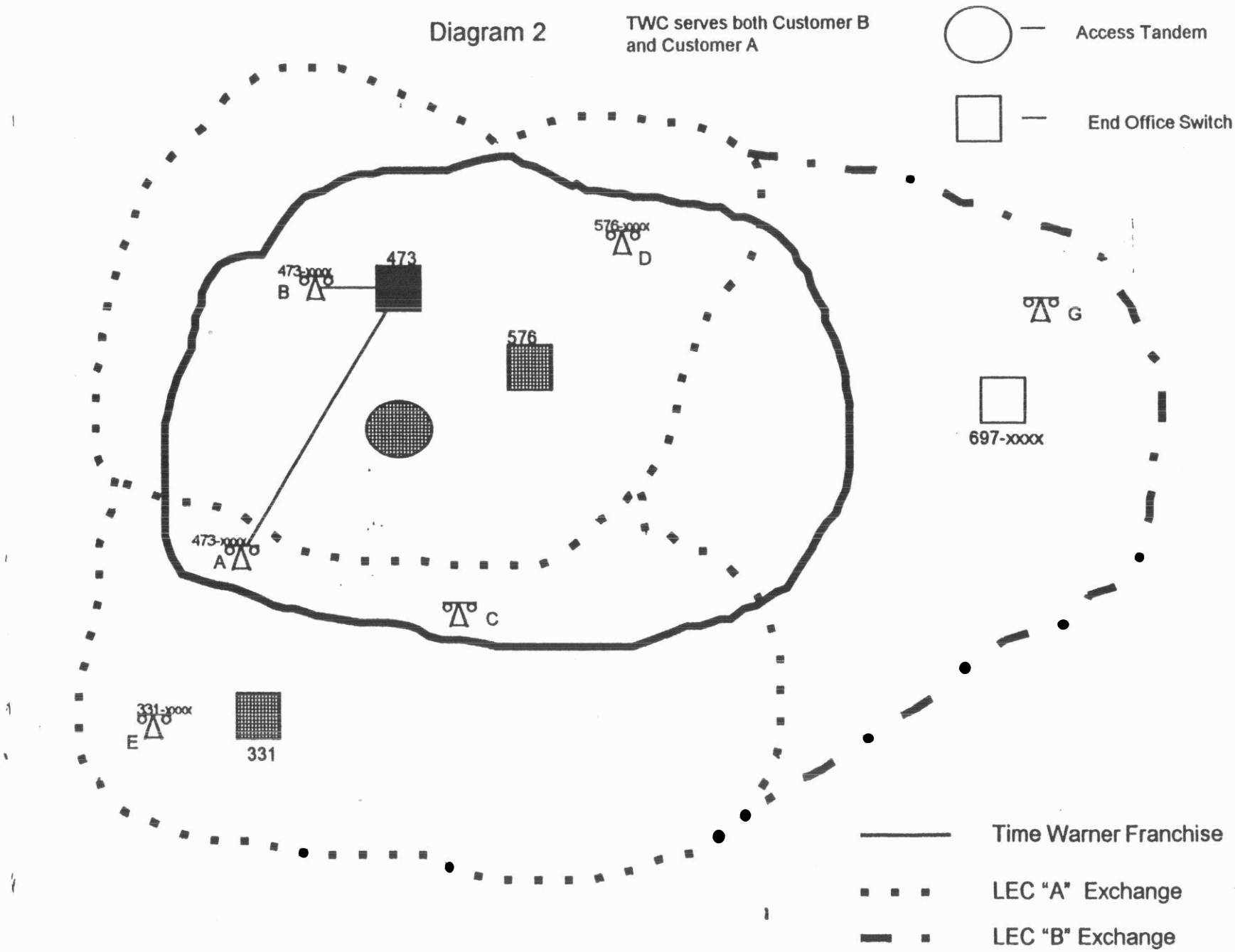
Diagram 4
TWC Customer A places a call to LEC Customer C. Assumes TWC has two NXX codes: 473 & 235.

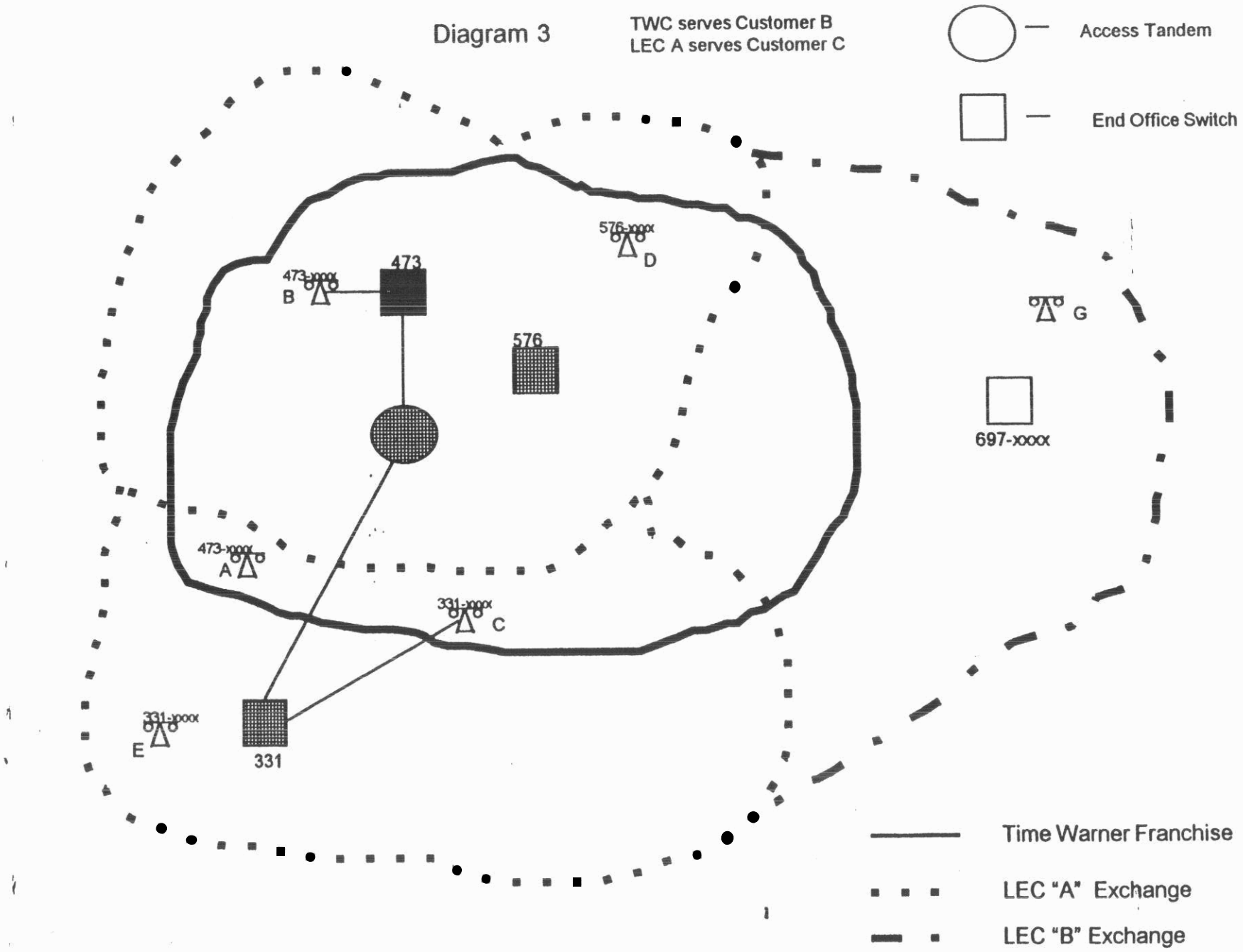
- Before ALEC entry, LEC customer A (NXX=331) would pay a local charge to call customer C (NXX=331).
- After ALEC entry, TWC customer A places a call to LEC customer C, both of whom lie within TWC's franchise, and the call is handled by both TWC & LEC A. Under the default paradigm of the LECs, LEC A would want to charge full intrastate access rates to TWC because it could not determine if the call was originating at TWC customer B (which would have been a toll call), or at TWC customer A (which would have been a local call).
- Assigning an NXX code of 235 to TWC customers lying within the shaded area allows the incumbent LEC's recording and billing systems to know that this is a local call, and that local traffic intercompany compensation applies.
- Under reciprocity, TWC would charge local traffic intercompany compensation rates to LEC A for a call from customer C to customer A.


BASE SCHEMATIC "A"
Access Tandem
End Office Switch
473
576
697
331
A
B
C
D
E
G
Time Warner Franchise
LEC "A" Exchange
LEC "B" Exchange


BASE SCHEMATIC "B"
Access Tandem
End Office Switch
473
B
D
576
G
697
E
331
Time Warner Franchise
LEC "A" Exchange
LEC "B" Exchange


Diagram 1
TWC serves Customer B
LEC A serves Customer D
Access Tandem
End Office Switch
473
473-xxxx
B
576-xxxx
D
576
G
697-xxxx
A
331-xxxx
C
331-xxxx
E
331
Time Warner Franchise
LEC "A" Exchange
LEC "B" Exchange


Diagram 2
TWC serves both Customer B and Customer A
Access Tandem
End Office Switch
473
473-xxxx
B
576-xxxx
D
576
G
697-xxxx
473-xxxx
A
C
331-xxxx
E
331
Time Warner Franchise
LEC "A" Exchange
LEC "B" Exchange


Diagram 3
TWC serves Customer B
LEC A serves Customer C
Access Tandem
End Office Switch
473
473-xxxx
B
576-xxxx
D
576
G
697-xxxx
473-xxxx
A
331-xxxx
C
331-xxxx
E
331
Time Warner Franchise
LEC "A" Exchange
LEC "B" Exchange

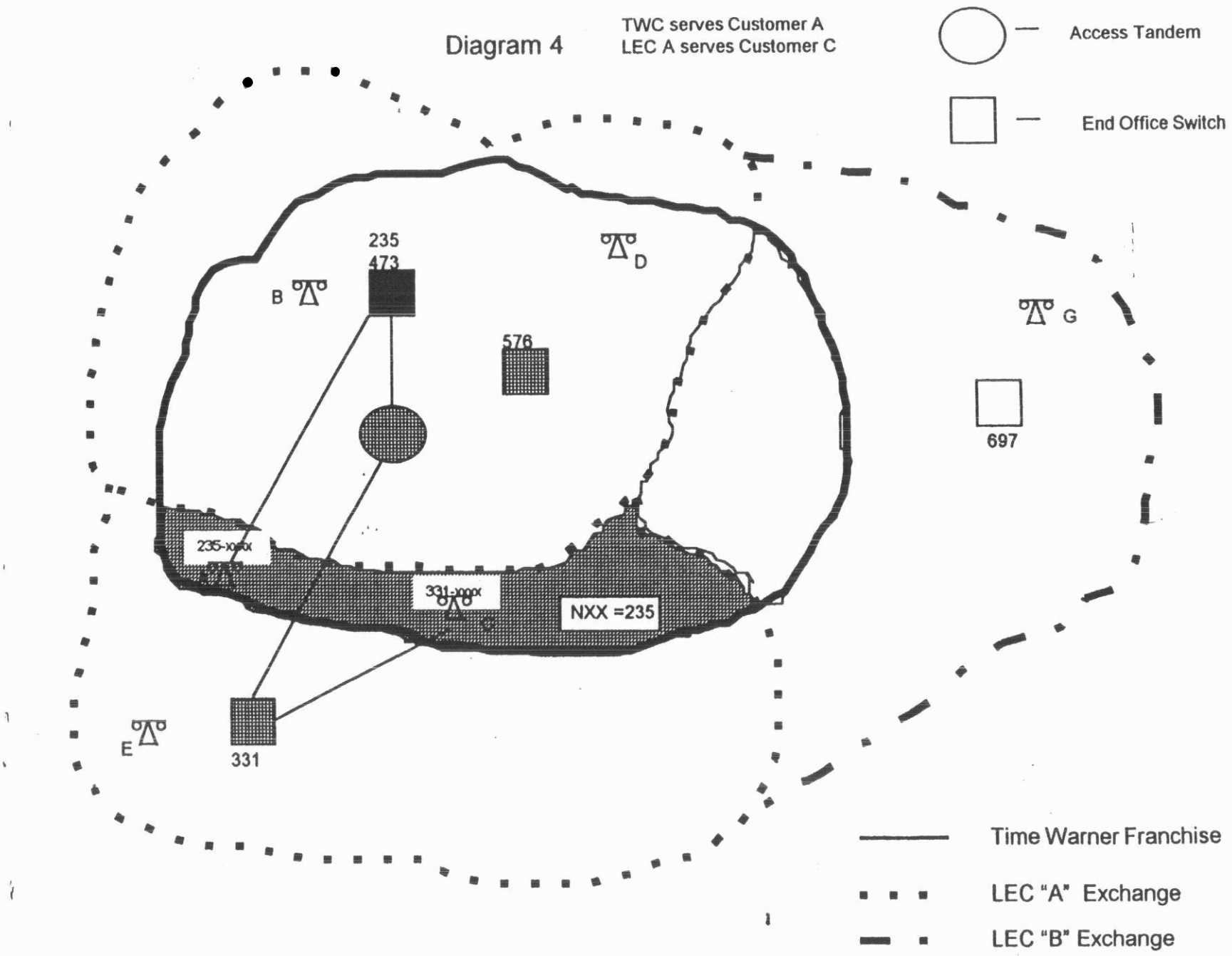

Diagram 4
TWC serves Customer A
LEC A serves Customer C
Access Tandem
End Office Switch
235
473
B
D
G
576
697
235-xxxx
331-xxxx
NXX =235
E
331
Time Warner Franchise
LEC "A" Exchange
LEC "B" Exchange

EXHIBIT NO. _____

DOCKET NO: 950985-TP

WITNESS: JOAN MCGRATH

PARTY: TIME WARNER

DESCRIPTION:

TIME WARNER'S RESPONSES TO STAFF'S 2ND SET OF INTERROGATORIES NOS. 21-26, 28-36, 38-40.

TIME WARNER'S RESPONSES TO STAFF'S 2ND REQUEST FOR PRODUCTION OF DOCUMENTS NOS. 5

PROFFERING PARTY: STAFF

I.D. # JM-3

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO 12
COMPANY/WITNESS: TW/McGrath
DATE: 3/11/96

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

In re: Resolution of petition(s) to establish nondiscriminatory rates, terms, and conditions for interconnection involving local exchange companies and alternative local exchange companies pursuant to Section 364.162, Florida Statutes	)))))	Docket No. 950985-TP Filed: February 26, 1996

TIME WARNER AXS OF FLORIDA, L.P. AND DIGITAL MEDIA PARTNERS RESPONSE TO INTERROGATORIES (NOS. 21 THROUGH 41)

21. Please provide a detailed outline of your proposed interconnection agreements with Sprint United.

Response: An interconnection agreement is a summation of a number of subelements, which, taken as a whole, Time Warner assesses to determine whether it can do business in a given LEC's territory. Because the agreement with Sprint United must be a total agreement, and no elements can be agreed until all elements are agreed to, there are no agreements to outline.

Answer provided by: Joan McGrath, Manager for Interconnect Management
Time Warner Communications
160 Inverness Drive West
Englewood, CO 80112

a. Please provide the specific items that the parties agreed upon, if any.

Response: None.

Answer provided by: Joan McGrath, Manager for Interconnect Management
Time Warner Communications
160 Inverness Drive West
Englewood, CO 80112

b. What specific items remain at issue?

Response: Until all issues can be agreed to, all items remain at issue.

Answer provided by: Joan McGrath, Manager for Interconnect Management
Time Warner Communications
160 Inverness Drive West
Englewood, CO 80112

c. Of the items that remain at issue, which would Time Warner characterize as contentious?

Response: The issues that are most contentious are the reciprocal interconnection rate, including the tandem versus end office differential, the tandem transit function price, and the price level of interconnection generally. Sprint United and Time Warner have not agreed on the

reasonable assumptions for the amount of traffic that can be carried over a port and still provide adequate service quality, and Sprint United has required a non- traffic element in its switched proposal. However, other elements such as directory listings, interim number portability, and physical interconnection point are also contentious. Further, until all issues can be resolved satisfactorily, no issues can be considered to be resolved.

Answer provided by: Joan McGrath, Manager for Interconnect Management
Time Warner Communications
160 Inverness Drive West
Englewood, CO 80112

22. If you were able to negotiate an interconnection rate, how soon would you be able to provide service to your target customers?

Response: By the end of 1996.

Answer provided by: Joan McGrath, Manager for Interconnect Management
Time Warner Communications
160 Inverness Drive West
Englewood, CO 80112

23. Do you think Sprint United is being unreasonable in its negotiations? If so, why? Please be specific and identify any documentation supporting your claims.

Response: Yes. Sprint United has offered options that include rates above cost, and which would not pass an imputation test. Under these circumstances, it appears that Sprint United is being unreasonable.

Answer provided by: Joan McGrath, Manager for Interconnect Management
Time Warner Communications
160 Inverness Drive West
Englewood, CO 80112

24. a) Does Time Warner have any interconnection arrangements with any LECs, AAVs, ALECs, or equivalent entities in other jurisdictions?

Response: Yes.

Answer provided by: Joan McGrath, Manager for Interconnect Management
Time Warner Communications
160 Inverness Drive West
Englewood, CO 80112

b) Does Time Warner have any interconnection arrangements with any LECs, AAVs, ALECs, or equivalent entities in Florida?

Response: Yes.

Answer provided by: Joan McGrath, Manager for Interconnect Management
Time Warner Communications
160 Inverness Drive West
Englewood, CO 80112

25. If Staff's Interrogatory Nos. 24a or 24b is answered in the affirmative, identify all interconnection arrangements reflected in tariffs filed with the appropriate public utility regulatory agency.

Response: The Rochester Telephone Agreement provided is being renegotiated.

Answer provided by: Joan McGrath, Manager for Interconnect Management
Time Warner Communications
160 Inverness Drive West
Englewood, CO 80112

26. If Staff's Interrogatory No. 24a or 24b is answered in the affirmative, identify all interconnection arrangements which are based on a written contractual agreement, other than those identified in Time Warner's response to Staff's Interrogatory No. 25.

Response: The Rochester Telephone Agreement provided is being renegotiated.

Answer provided by: Joan McGrath, Manager for Interconnect Management
Time Warner Communications
160 Inverness Drive West
Englewood, CO 80112

27. Should interconnection arrangements between Time Warner and Sprint United be on the same terms and conditions as interconnection between incumbent LECs today? Explain in detail why or why not?

Response: Yes, it should. Today, most LEC to LEC interconnection agreements are based on a meet point, bill and keep arrangement. Bill and keep is reciprocal, is the least cost method of compensation, minimizes the opportunity for anti-competitive cost imposition on one party or the other, and is neutral in terms of technology and architecture.

Answer provided by: Don J. Wood, consultant for Tim Warner Communications
914 Stream Valley Trail
Alpharetta, Georgia 30202

28. What are the appropriate technical and financial billing arrangements which should govern interconnection between Time Warner and Sprint United for the delivery of calls originated and/or terminated from interexchange carriers not directly connected to Time Warner's network?

Response: For intraLATA calls (both local and toll), Time Warner should be allowed to transmit traffic through the Sprint United tandems to other telecommunications provider end offices also subtending the Sprint United tandems (for example, a cellular company, another ALEC, or IXC). On local calls, bill and keep should apply.

On intraLATA toll calls, if a LATAwide termination structure is not used, the intraLATA Modified Access Based Compensation Plan (MABC) used between LECs in Florida today should apply. Under the MABC plan, the originating LEC bills its end user for the toll call, and pays the terminating LEC switched access charges. Where another LEC serves as an intermediary, the intermediary LEC is paid tandem switching and transport as well.

On interLATA toll calls, IXC traffic exchanged between the Sprint United tandem and Time Warner should be handled using industry Meet Point Billing procedures. This acknowledges the participation of each local service provider in the provision of access.

Time Warner recognizes the requirement for incoming calls to Time Warner customers who keep their Sprint United local telephone numbers would go through the Sprint United tandem and/or the end office containing the old telephone number. When a toll call comes to that ported number from an IXC or another LEC, it goes to the Sprint United end office, is translated to the Time Warner office number, and continues to that Time Warner customer. Normally on terminating toll calls, the local service provider would receive access charge revenues from the toll provider. With a ported number, however, the call loses its identity as a toll call when it gets to Sprint United's central office, even though it continues on to Time Warner's office. If compensation for this is not provided, Sprint United would pay Time Warner according to whatever local interconnect arrangement is in effect, and Time Warner would lose its switched access charge revenues. Not only does it produce revenue losses for Time Warner, it also provides an undeserved windfall to Sprint United.

The solution to restoring these revenues is for Sprint United to measure this traffic, or develop a surrogate for estimating it, and to remit the correct switched access charges to Time Warner. If this cannot be accomplished, an alternative is to reduce the price for some other element of interconnection to offset Sprint United's revenue windfall.

Further, Sprint United should allow two collocated ALECs to direct connect within the Sprint United tandem, without going through the tandem switch (a "hotel" connection), charging only for rates applied for collocation, and not for switched access. It is not efficient to exhaust Sprint United's tandem switch prematurely, nor to impose a switching cost on other providers when no switching is needed. This would encourage both efficient network utilization and encourage competition.

Answer provided by: Joan McGrath, Manager for Interconnect Management
Time Warner Communications
160 Inverness Drive West
Englewood, CO 80112

29. What are the appropriate technical and financial requirements for the exchange of intraLATA 800 traffic which originates from a Time Warner customer and terminates to an 800 number served by Sprint United?

Response: Competition will only develop if the exchange procedure recognizes the role of both companies in completing the call. The company originating the 800 call should send the originating call record to the 800 number owner in order for it to bill the end user. 800 calls originating from Time Warner should be routed to its signal control point (SCP) where a query is launched to the service switching point (SSP). A bill record should be generated by the SSP provider which will be sent to the 800 number owner, so it can bill the 800 end user customer. Time Warner should bill Sprint United originating switched access charges and an 800 query charge. Depending on the contractual arrangement, companies may also charge for record provisioning.

Answer provided by: Joan McGrath, Manager for Interconnect Management
Time Warner Communications
160 Inverness Drive West
Englewood, CO 80112

30. What are the appropriate technical arrangements for the interconnection of Time Warner's network to Sprint United 911 provisioning network such that Time Warner's customers are ensured the same level of 911 service as they would receive as a customer of Sprint United?

Response: Public safety concerns dictate that Time Warner's customers must have the same level of access to reliable 911 service as Sprint United's customers. A high level of 911 service can only be achieved through a cooperative effort of the local 911 coordinator, the incumbent 911 tandem provider (Sprint United), and Time Warner. Thus, Sprint United must configure its 911 tandem to recognize industry standard 911 signaling for the traffic originating from Time Warner's switches. Sprint United should designate a single point of contact for coordination of installing, testing, and ongoing 911 and E911 operations. All parties should work together toward deploying redundant, reliable, standard facilities. To maintain standardization, Time Warner should be able to utilize the same type of facilities in place from other end offices. Resolving alternate routing and overflow situations should also be a cooperative effort between Time Warner and Sprint United.

Also, Sprint United should be required to provide Time Warner with reference data to assist in the configuration of interconnected dedicated 911 trunks and to ensure that 911 calls are correctly routed. This should be available to all ALECs, LECs, and Sprint United, on a nondiscriminatory tariff basis. Sprint United should also provide Time Warner a list consisting of each county in Florida that subscribes to 911 and E911, and the E911 conversion date for those counties converting. Further, Sprint United should offer the same level of priority restoration to Time Warner's 911 trunks as it does its own; Sprint United should provide information on scheduled outages that would affect 911 service at least 48 hours in advance; and Sprint United should notify Time Warner immediately if an unscheduled outage occurs.

Answer provided by: Joan McGrath, Manager for Interconnect Management
Time Warner Communications
160 Inverness Drive West
Englewood, CO 80112

31. What procedures should be in place for the timely exchange and updating of Time Warner customer information for inclusion in appropriate E911 databases?

Response: To satisfy critical public safety concerns, Sprint United and Time Warner should operate according to the same standards. Sprint United should be required to cooperate with Time Warner to ensure that the Time Warner's customer data is in the proper format for inclusion in the 911 Automatic Location Identification (ALI) database. Customer data, specifically the street addresses, are edited against a database referred to as the master street address guide (MSAG) to ensure the uniform listing of street addresses. The MSAG provides emergency personnel a consistent reference for every address which may call for emergency service. Thus, Sprint United must make the MSAG available to Time Warner for inclusion of Time Warner's customer records in the ALI database(s). Sprint United should also be required to permit Time Warner access to the same mechanized systems Sprint United uses to edit customer data against the MSAG. This should be available as soon as possible.

Answer provided by: Joan McGrath, Manager for Interconnect Management
Time Warner Communications
160 Inverness Drive West
Englewood, CO 80112

32. What are the appropriate technical requirements for operator traffic flowing between Time Warner's operator services provider and Sprint United's operator services provider including busy line verification and emergency interrupt services?

Response: There are three scenarios for Time Warner to provide operator services. Time Warner could self-provide, hire a third party vendor, or hire Sprint United. In either the first or second scenario, Time Warner's only connection to Sprint United would be an inward trunk from Time Warner's local switch to the Sprint United operator services switch. This connection would enable a Time Warner operator to contact a Sprint United operator when a local Time Warner

customer requires busy line verify/interrupt of a Sprint United line. Conversely, if a Sprint United subscriber has a need to verify/interrupt a Time Warner line, an inward trunk arrangement needs to be made available to Time Warner's operator service provider. Time Warner's operator service provider should be able to verify/interrupt Time Warner lines without connecting to Sprint United. If Time Warner selects Sprint United as the provider, operator services trunking will be required between Time Warner's local switch and the Sprint United operator switch to perform all operator service functions. Operator services are one aspect of a full array of local telephone services which new entrants such as Time Warner must be able to offer if they are to compete with LECs such as Sprint United.

Answer provided by: Joan McGrath, Manager for Interconnect Management
Time Warner Communications
160 Inverness Drive West
Englewood, CO 80112

33. Under what terms and conditions should Sprint United be required to list Time Warner's customers in its directory assistance database?

Response: A comprehensive directory assistance database benefits everyone--Sprint United, Time Warner, and end user consumers. For the customers' benefit, Sprint United should be required to carry Time Warner's listings (including updates) in its DA database at no charge to Time Warner. Including Time Warner customer listings in Sprint United's database enhances the value of the database for Sprint United.

Directory Assistance can be provided by entities other than Sprint United. Thus, Sprint United should be required to offer at least three options for the provision of directory assistance service. First, Sprint United should provide a resale option, where Time Warner would simply utilize Sprint United's directory assistance service for Time Warner's customers. Second, Sprint United should provide a database access option. Under this arrangement, Time Warner would use its own operators, who would be able to "access" the Sprint United database to obtain listing information. Third, Sprint United should provide a database purchase option at an appropriate cost-based price. These options will allow Time Warner to choose the most efficient arrangement for the provision of directory assistance service.

Answer provided by: Joan McGrath, Manager for Interconnect Management
Time Warner Communications
160 Inverness Drive West
Englewood, CO 80112

34. Under what terms and conditions should Sprint United be required to list Time Warner's customers in its universal white and yellow pages directories and to publish and distribute these directories to Time Warner's customers?

Response: A unified white pages directory is of great value to consumers, businesses, and local service providers. Time Warner is willing to provide its customer listings to Sprint United. In exchange for providing this valuable asset, Sprint United should provide a single line white page listing for Time Warner's customers at no charge to either Time Warner or the end user. Sprint United will benefit from the additional Time Warner listing by having a comprehensive directory to sell to directory providers.

For business customers, Sprint United should also provide a single line yellow page listing at no charge as well. Just as Time Warner will do, Sprint United should be required to ensure accuracy and timeliness in these listings. Additional revenues will be realized when Sprint United sells its listings to its yellow pages affiliate. Also, Sprint United will have the opportunity for additional revenues by selling yellow page ads to Time Warner's customers.

Sprint United should also provide a user guide/informational insert to Time Warner to be published in both the white pages information section and the yellow pages sections, at no charge to Time Warner. The purpose of the informational section of the phone book is to assist customers with their telephone services, in a readily accessible manner. For this information to be complete and for the telephone book to not provide Sprint United an undeserved market advantage, information on Time Warner (and other ALECs) should be included.

Sprint United should be required to provide and deliver directories to all customers (of both Sprint United and Time Warner) in the same manner and recycle the directories at no charge to Time Warner. Any costs Sprint United incurs for these functions will be recovered through directory advertising Sprint United gains from Time Warner's business customers.

Answer provided by: Joan McGrath, Manager for Interconnect Management
Time Warner Communications
160 Inverness Drive West
Englewood, CO 80112

35. What arrangements are necessary to ensure that Time Warner can bill and clear credit card, collect, third party calls and audiotext calls?

Response: There are numerous intercompany arrangements necessary for the proper billing of services in a multiple provider environment, most of which are already in existence between Sprint United and other telecommunications providers today. All of the arrangements benefit not only Sprint United's customers, but also Time Warner (and other providers') customers. For example, Time Warner must be able to validate credit card or third party calls where the customer is a Sprint United customer. This is accomplished through a line identification database (LIDB), to which Time Warner must have access under reasonable terms and conditions. For efficiency's sake, Sprint United should treat Time Warner the way it treats other LECs today in the clearing of such fund transfers, through standard industry procedures and systems.

Answer provided by: Joan McGrath, Manager for Interconnect Management
Time Warner Communications
160 Inverness Drive West
Englewood, CO 80112

36. What arrangements are necessary to ensure the provision of CLASS/LASS services between interconnected networks?

Response: To ensure fully functional networks between Time Warner and Sprint United, Time Warner's point codes (end office addresses) need to be translated in all Sprint United end offices that support CLASS/LASS features. Likewise, the point code of Sprint United end offices need to be translated in Time Warner's switch. In addition, both STP pairs (Time Warner's and Sprint United's) must be translated to allow an exchange of messages between end offices. Finally, Sprint United should offer unbundled elements of its SCP for use by Time Warner.

Answer provided by: Joan McGrath, Manager for Interconnect Management
Time Warner Communications
160 Inverness Drive West
Englewood, CO 80112

37. What are the appropriate arrangements for physical interconnection between Time Warner and Sprint United, including trunking and signaling arrangements?

Response: To protect consumers and encourage the development of competition, physical interconnection should be done in the most efficient manner. To this end, interconnection should be permitted wherever reasonably possible, and should not be arbitrarily limited. In addition, signaling networks need to be interconnected and need to pass sufficient signaling information so that all of the services possible with current technology can be offered to all customers.

Based on the types of interconnection available today, interconnection is possible at several points. For example, interexchange companies interconnect with the LEC either at their own points of presence or at the switch of the LEC. Incumbent LECs often interconnect with each other at a "meet point" (frequently at a company boundary), which is a division of ownership of a trunk connecting two switches owned by different companies. In this context it is reasonable that Time Warner should have the flexibility to interconnect at a Sprint United end office, tandem, or other mutually agreed upon point in the network--whichever is more efficient.

Answer provided by: Don J. Wood, consultant for Tim Warner Communications
914 Stream Valley Trail
Alpharetta, Georgia 30202

38. To the extent not addressed in the number portability docket, Docket No. 950737-TP, what are the appropriate financial and operational arrangements for interexchange calls terminated to a number that has been "ported" to the respective ALEC?

Response: Sprint United should develop a way to measure this traffic, or develop a surrogate for estimating it, and remit the correct switched access charges to Time Warner. If this cannot be accomplished, an alternative is to reduce the price for some other element of interconnection to offset Sprint United's revenue windfall.

Answer provided by: Joan McGrath, Manager for Interconnect Management
Time Warner Communications
160 Inverness Drive West
Englewood, CO 80112

39. What arrangements, if any, are necessary to address other operational issues?

Response: In the new multi-provider environment, each participating company must notify other telephone companies of outages and troubles. Otherwise, it would be impossible to isolate and clear a problem in one part of a multi-provider network. To this end, Sprint United should develop mechanized systems for network monitoring to which other providers have access. Further, notification and repair procedures in the event of outages must be coordinated between Sprint United and Time Warner. To ensure competition, Time Warner's high quality service must not suffer because of a lack of adequate repair procedures.

Sprint United and Time Warner should cooperatively work to install and maintain reliable interconnected telecommunications networks. Such cooperation benefits both companies and their respective customers. A cooperative effort will include, but not be limited to, the exchange of appropriate information concerning network changes that impact services to the local service provider, maintenance contact numbers, and escalation procedures. To ensure that service quality is maintained, the Commission should develop an expedited mediation and resolution procedure, and should fine companies which behave in an anti-competitive manner.

Answer provided by: Joan McGrath, Manager for Interconnect Management
Danny G. Englemon, Director of Switch Technologies
Time Warner Communications
160 Inverness Drive West
Englewood, CO 80112

40. **What arrangements, if any, are appropriate for the assignment of NXX codes to the respective ALECs?**

Response: The North American Numbering Plan (NANP) Guidelines used by Sprint United today do not allow Time Warner to acquire more than one NXX code prior to the exhaustion of the code assigned to Time Warner's first switch. This is true, even if more NXX codes were needed to provide the detailed billing information necessary to distinguish local and toll calls. BellSouth today is the NANP administrator for its region. The consensus in the industry is the NANP administration function should be relegated from the incumbent LECs to a neutral administrator. There will be a significant time lag before this occurs. This Commission should be cognizant of the ability of the LECs to disadvantage competition by using the NANP Guidelines as an excuse to thwart the entry of Time Warner. Time Warner needs multiple NXX codes for purposes of intercompany compensation.

In those environments where new entrants are required to abide by the existing incumbent LEC exchange boundaries (which dictate whether a call is currently considered local or toll) for purposes of intercompany compensation, there are important implications regarding the number of NXX codes required by, and allocated to, every facilities-based ALEC. To the extent this Commission requires a usage-based intercompany compensation plan which maintains the current distinction between local versus toll, this Commission should also not tolerate Sprint United delaying or denying the assignment of NXX codes, which Time Warner would legitimately require for proper tracking of usage for intercompany compensation.

Answer provided by: Joan McGrath, Manager for Interconnect Management
Time Warner Communications
160 Inverness Drive West
Englewood, CO 80112

41. **Provide an illustrative example of Time Warner's imputation proposal as identified on pages 17-18 of Don Wood's direct testimony.**

Response: The reference to imputation requires that Sprint United imputes into its local exchange rates the same wholesale interconnection rates for terminating traffic it charges Time Warner.

For example, imputation requires the interconnection rate charged to Time Warner, which is $0.01 per minute of use, be multiplied times the average minutes used by the typical residential or business customer and then be added to the remaining costs underlying the retail basic exchange rate on a customer basis. (In other words, an imputation test would not add twice both the interconnection rate and Sprint United's actual costs.)

If there is a cap on Sprint United's local exchange rates, then the only imputation alternative to avoid a price squeeze is to lower the interconnection wholesale rate charged to Time Warner.

Answer provided by: Don J. Wood, consultant for Tim Warner Communications
914 Stream Valley Trail
Alpharetta, Georgia 30202

AFFIDAVIT

STATE OF COLORADO }
}
COUNTY OF ARAPAHOE }

BEFORE ME, the undersigned authority, personally appeared Joan McGrath, who is Manager for Interconnect Management of Time Warner Communications, who deposed and stated that she provided the answers to the Second Set of Interrogatories served on Time Warner AXS of Florida, L.P. and Digital Media Partners by the Staff of the Florida Public Service Commission on February 5, 1996, and that the responses are true and correct to the best of her information and belief.

DATED at Englewood, CO, this 23rd day of February, 1996.

SWORN TO AND SUBSCRIBED before me this 23rd day of February, 1996.

Joan McGrath
Manager for Interconnect Management
Time Warner Communications

Linda J. Dunford
Notary Public State of Colorado

Linda J. Dunford
Typed/Written Name of Notary
My Commission Expires:
Commission #: My Commission Expires July 28, 1998

Personally known ✓ OR Produced Identification _____
Type of Identification Produced _____

AFFIDAVIT

STATE OF COLORADO }
}
COUNTY OF ARAPAHOE }

BEFORE ME, the undersigned authority, personally appeared Danny G. Engleman, who is Director of Switch Technologies of Time Warner Communications, who deposed and stated that he provided the answers to the Second Set of Interrogatories served on Time Warner AXS of Florida, L.P. and Digital Media Partners by the Staff of the Florida Public Service Commission on February 5, 1996, and that the responses are true and correct to the best of his information and belief.

DATED at Englewood, Co, this 23rd day of February, 1996.

SWORN TO AND SUBSCRIBED before me this 23rd day of February, 1996.

Danny G. Engleman
Director of Switch Technologies
Time Warner Communications

Linda J. Dunford
Notary Public - State of Colorado

Linda J. Dunford
Typed/Written Name of Notary
My Commission Expires:
Commission #: My Commission Expires July 28, 1998

Personally known ✓ OR Produced Identification ____
Type of Identification Produced ____

AFFIDAVIT

~~STATE OF~~ District of }
}
~~COUNTY OF~~ Columbia }

BEFORE ME, the undersigned authority, personally appeared Don J. Wood, who is a consultant for Time Warner Communications, who deposed and stated that he provided the answers to the Second Set of Interrogatories served on Time Warner AXS of Florida, L.P. and Digital Media Partners by the Staff of the Florida Public Service Commission on February 5, 1996, and that the responses are true and correct to the best of his information and belief.

DATED at Washington, DC, this 23 day of February, 1996.

SWORN TO AND SUBSCRIBED before me this 23 day of February, 1996.

Don J. Wood
Consultant
Time Warner Communications

Joann Booze
Notary Public - State of District of Columbia

Joann Booze
Typed/Written Name of Notary
My Commission Expires: 6-30-97
Commission #:

Personally known ____ OR Produced Identification ✓
Type of Identification Produced Driver's license

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

In re: Resolution of petition(s) to establish nondiscriminatory rates, terms, and conditions for interconnection involving local exchange companies and alternative local exchange companies pursuant to Section 364.162, Florida Statutes	)))))	Docket No. 950985-TP Filed: February 26, 1996

TIMEWARNER AXS OF FLORIDA, L.P. AND DIGITAL MEDIA PARTNERS RESPONSE TO STAFF'S SECOND REQUEST FOR PRODUCTION OF DOCUMENTS (NOS. 5 THROUGH 8)

5. Please provide the supporting documentation you used in setting all of your prices during negotiations for interconnection.

Response: Enclosed as Exhibit "POD #1".

6. Please provide all interconnection agreements in force with local exchange companies in other jurisdictions.

Response: Enclosed as Exhibit "POD #2".

7. Please provide a copy of every interconnection arrangement identified in Time Warner's response to Staff's interrogatory No. 25.

Response: See answer to Request No. 6

8. Please provide a copy of every interconnection arrangement identified in Time Warner's response to Staff's interrogatory No. 25.

Response:See answer to Request No. 6

Port Charge Analysis

Sprint United Proposed Pricing

Assumptions:
Poisson Table: P.01 Standard
10% - % of calls attributable to the busy hour of the day
3.6 ccs - Average busy hour customer usage
1 - 4 DS1s

Scenerio 1: 1 DS1 **Equiv. P.01 Grade of Service** **507 bhcca/DS1**	**Scenerio 2: 2 DS1s** **Equiv. P.01 Grade of Service** **1201 ccs (600 bhcca/DS1)**	**Scenerio 3: 3 DS1s** **Equiv. P.01 Grade of Service** **1935 ccs (645 bhcca/DS1)**	**Scenerio 4: 4 DS1s** **Equiv.P.01 Grade of Service** **2689 ccs (672 bhcca/DS1)**
507 ccs per busy hour	600 ccs per busy hour	645 ccs per busy hour	672 ccs per busy hour
10% calls in busy hour	10% calls in busy hour	10% calls in busy hour	10% calls in busy hour
5070 ccs per day	6000 ccs per day	6450 ccs per day	6720 ccs per day
30 days in a month	30 days in a month	30 days in a month	30 days in a month
152100 ccs	180000 ccs	193500 ccs	201600 ccs
100	100	100	100
15210000 seconds	18000000 seconds	19350000 seconds	20160000 seconds
60	60	60	60
253500 mou/month	300000 mou/month	322500 mou/month	336000 mou/month
507 ccs	600 ccs	645 ccs	672 ccs
3.6 ave busy hr cust usage	3.6 ave busy hr cust usage	3.6 ave busy hr cust usage	3.6 ave busy hr cust usage
140.8 ccs per customer	166.7 ccs per customer	179.2 ccs per customer	186.7 ccs per customer
$5,760 port charge per DS1	$5,760 port charge per DS1	$5,760 port charge per DS1	$5,760 port charge per DS1
141 customer per DS1	167 customer per DS1	179 customer per DS1	187 customer per DS1
$ 40.85 Cost to TWC/customer	$ [illegible] Cost to TWC/customer	$ 32.18 Cost to TWC/customer	$ 30.80 Cost to TWC/custome

EXHIBIT POD #1

portcost.doc/jcm:de/9/7/95

Port Charge Analysis

Sprint United Proposed Pricing

015

Assumptions:
Poisson Table: P.01 Standard
10% - % of calls attributable to the busy hour of the day
2.0 ccs - Average busy hour customer usage
1 - 4 DS1s

Scenario 1: 1 DS1 **Equiv. P.01 Grade of Service** **507 bhccs/DS1**	**Scenario 2: 2 DS1s** **Equiv. P.01 Grade of Service** **1291 ccs (600 bhccs/DS1)**	**Scenario 3: 3 DS1s** **Equiv. P.01 Grade of Service** **1935 ccs (645 bhccs/DS1)**	**Scenario 4: 4 DS1s** **Equiv.P.01 Grade of Service** **2689 ccs (672 bhccs/DS1)**
507 ccs per busy hour	600 ccs per busy hour	645 ccs per busy hour	672 ccs per busy hour
10% calls in busy hour	10% calls in busy hour	10% calls in busy hour	10% calls in busy hour
5070 ccs per day	6000 ccs per day	6450 ccs per day	6720 ccs per day
30 days in a month	30 days in a month	30 days in a month	30 days in a month
152100 ccs	180000 ccs	193500 ccs	201600 ccs
100	100	100	100
15210000 seconds	18000000 seconds	19350000 seconds	20160000 seconds
60	60	60	60
253500 mou/month	300000 mou/month	322500 mou/month	336000 mou/month
507 ccs	600 ccs	645 ccs	672 ccs
2 ave busy hr cust usage	2 ave busy hr cust usage	2 ave busy hr cust usage	2 ave busy hr cust usage
253.5 ccs per customer	300 ccs per customer	322.5 ccs per customer	336 ccs per customer
$5,760 port charge per DS1	$5,760 port charge per DS1	$5,760 port charge per DS1	$5,760 port charge per DS1
254 customer per DS1	300 customer per DS1	323 customer per DS1	336 customer per DS1
$ 22.68 Cost to TWC/customer	$ 19.20 Cost to TWC/customer	$ 17.83 Cost to TWC/customer	$ 17.14 Cost to TWC/custome

portcost.doc/jcm:de/9/7/95

Port Charge Analysis

Sprint United Proposed Pricing

Assumptions:
Poisson Table: P.01 Standard
15% - % of calls attributable to the busy hour of the day
3.6 ccs - Average busy hour customer usage
Balance of Traffic existing
Cost differential between Sprint tandem port cost and TWC end office - ($5780 - $3825 = $1935)
1-4 DS1s

Scenario 1: 1 DS1 **Equiv. P.01 Grade of Service** **507 bhccs/DS1**	**Scenario 2: 2 DS1s** **Equiv. P.01 Grade of Service** **1201 ccs (600 bhccs/DS1)**	**Scenario 3: 3 DS1s** **Equiv. P.01 Grade of Service** **1935 ccs (645 bhccs/DS1)**	**Scenario 4: 4 DS1s** **Equiv.P.01 Grade of Service** **2689 ccs (672 bhccs/DS1)**
507 ccs per busy hour	600 ccs per busy hour	645 ccs per busy hour	672 ccs per busy hour
15% calls in busy hour	15% calls in busy hour	15% calls in busy hour	15% calls in busy hour
3380 ccs per day	4000 ccs per day	4300 ccs per day	4480 ccs per day
30 days in a month	30 days in a month	30 days in a month	30 days in a month
101400 ccs	120000 ccs	129000 ccs	134400 ccs
100	100	100	100
10140000 seconds	12000000 seconds	12900000 seconds	13440000 seconds
60	60	60	60
169000 mou/month	200000 mou/month	215000 mou/month	224000 mou/month
507 ccs	600 ccs	645 ccs	672 ccs
3.6 ave busy hr cust usage	3.6 ave busy hr cust usage	3.6 ave busy hr cust usage	3.6 ave busy hr cust usage
140.8 ccs per customer	166.7 ccs per customer	179.2 ccs per customer	186.7 ccs per customer
$1,935 port charge per DS1	$1,935 port charge per DS1	$1,935 port charge per DS1	$1,935 port charge per DS1
141 customer per DS1	167 customer per DS1	179 customer per DS1	187 customer per DS1
$ 13.72 Cost to TWC/customer	$ 11.59 Cost to TWC/customer	$ 10.81 Cost to TWC/customer	$ 10.35 Cost to TWC/customer

017

Port Charge Analysis

Sprint United Proposed Pricing

Assumptions:
Poisson Table: P.01 Standard
10% - % of calls attributable to the busy hour of the day
2.0 ccs - Average busy hour customer usage
Balance of Traffic existing
Cost differential between Sprint tandem port cost and TWC end office - ($5760 - $3825 = $1935)
1-4 DS1s

Scenario 1: 1 DS1 **Equiv. P.01 Grade of Service** **507 bhccs/DS1**	**Scenario 2: 2 DS1s** **Equiv. P.01 Grade of Service** **1201 ccs (600 bhccs/DS1)**	**Scenario 3: 3 DS1s** **Equiv. P.01 Grade of Service** **1935 ccs (645 bhccs/DS1)**	**Scenario 4: 4 DS1s** **Equiv.P.01 Grade of Service** **2689 ccs (672 bhccs/DS1)**
507 ccs per busy hour	600 ccs per busy hour	645 ccs per busy hour	672 ccs per busy hour
10% calls in busy hour	10% calls in busy hour	10% calls in busy hour	10% calls in busy hour
5070 ccs per day	6000 ccs per day	6450 ccs per day	6720 ccs per day
30 days in a month	30 days in a month	30 days in a month	30 days in a month
152100 ccs	180000 ccs	193500 ccs	201600 ccs
100	100	100	100
15210000 seconds	18000000 seconds	19350000 seconds	20160000 seconds
60	60	60	60
253500 mou/month	300000 mou/month	322500 mou/month	336000 mou/month
507 ccs	600 ccs	645 ccs	672 ccs
2 ave busy hr cust usage	2 ave busy hr cust usage	2 ave busy hr cust usage	2 ave busy hr cust usage
253.5 ccs per customer	300 ccs per customer	322.5 ccs per customer	336 ccs per customer
$1,936 port charge per DS1	$1,935 port charge per DS1	$1,935 port charge per DS1	$1,935 port charge per DS1
254 customer per DS1	300 customer per DS1	323 customer per DS1	336 customer per DS1
$ 7.62 **Cost to TWC/customer**	$ 6.45 **Cost to TWC/customer**	$ 5.99 **Cost to TWC/customer**	$ 5.76 **Cost to TWC/custome**

Exhibit _____(DJW-1)

Vita of Don J. Wood
914 Stream Valley Trail, Alpharetta, Georgia 30202 ■ (770) 475-9971, FAX (770) 475-9972

EDUCATION

Emory University, Atlanta, Ga.
BBA in Finance, with Distinction.

College of William and Mary, Williamsburg, Va.
MBA, with concentration in Finance and Microeconomics.

CURRENT EMPLOYMENT

Don J. Wood provides economic and regulatory analysis services in telecommunications and related industries. He has been employed in a management capacity at a major Local Exchange Company and an Interexchange Carrier, and has been directly involved in both the development and implementation of regulatory policy. He has presented testimony before the Regulatory Commissions of twenty-three states and the District of Columbia, state courts, and has prepared comments for filing with the Federal Communications Commission.

PREVIOUS EXPERIENCE

BellSouth Services, Inc.

Staff Manager responsible for conducting cost of service studies to be filed for regulatory purposes at State Commissions and FCC. Developed new costing methodologies and models for use by other analysts.

MCI Telecommunications Corporation.

Manager of Regulatory Analysis, Southeast Division. Responsible for development and implementation of regulatory policy for nine state division of the company. Duties included testimony before State Commissions, preparation of related pleadings, settlement negotiations, and development of relationships with Commission Staff and key industry personnel. After company reorganization, responsibilities expanded to new 15 state Southern Division.

Manager, Corporate Economic Analysis and Regulatory Affairs. Responsible for national regulatory policy development. Acted as part of a four person internal consulting team, specifically assigned to new/complex issues. Testimony before State Commissions throughout eastern US and comments/lobbying at FCC.

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 960985-TP EXHIBIT NO 13
COMPANY/ WITNESS: TW/Wood
DATE: 3/11/96

TESTIMONY - STATE REGULATORY COMMISSIONS:

Alabama Public Service Commission

Docket No. 19356, Phase III: Alabama Public Service Commission vs. All Telephone Companies Operating in Alabama, and Docket 21455: AT&T Communications of the South Central States, Inc., Applicant, Application for a Certificate of Public Convenience and Necessity to Provide Limited IntraLATA Telecommunications Service in the State of Alabama.

Docket No. 20895: In Re: Petition for Approval to Introduce Business Line Termination for MCI's 800 Service.

Docket No. 21071: In Re: Petition by South Central Bell for Introduction of Bidirectional Measured Service.

Docket No. 21067: In Re: Petition by South Central Bell to Offer Dial Back-Up Service and 2400 BPS Central Office Data Set for Use with PulseLink Public Packet Switching Network Service.

Docket No. 21378: In Re: Petition by South Central Bell for Approval of Tariff Revisions to Restructure ESSX and Digital ESSX Service.

Docket No. 21865: In Re: Petition by South Central Bell for Approval of Tariff Revisions to Introduce Network Services to be Offered as a Part of Open Network Architecture.

Arkansas Public Service Commission

Docket No. 92-337-R: In the Matter of the Application for a Rule Limiting Collocation for Special Access to Virtual or Physical Collocation at the Option of the Local Exchange Carrier.

State of Connecticut, Department of Utility Control

Docket 91-12-19: DPUC Review of Intrastate Telecommunications Services Open to Competition (Comments).

Docket No. 94-07-02: Development of the Assumptions, Tests, Analysis, and Review to Govern Telecommunications Service Reclassifications in Light of the Eight Criteria Set Forth in Section 6 of Public Act 94-83 (Comments).

Delaware Public Service Commission

Docket No. 93-31T: In the Matter of the Application of The Diamond State Telephone Company for Establishment of Rules and Rates for the Provision of IntelliLinQ-PRI and IntelliLinQ-BRI.

Docket No. 41: In the Matter of the Development of Regulations for the Implementation of the Telecommunications Technology Investment Act.

Florida Public Service Commission

Docket No. 881257-TL: In Re: Proposed Tariff by Southern Bell to Introduce New Features for Digital ESSX Service, and to Provide Structural Changes for both ESSX Service and Digital ESSX Service.

Docket No. 880812-TP: In Re: Investigation into Equal Access Exchange Areas (EAEAs), Toll Monopoly Areas (TMAs), 1+ Restriction to the Local Exchange Companies (LECs), and Elimination of the Access Discount.

Docket No. 890183-TL: In Re: Generic Investigation into the Operations of Alternate Access Vendors.

Docket No. 870347-TI: In Re: Petition of AT&T Communications of the Southern States for Commission Forbearance from Earnings Regulation and Waiver of Rule 25-4.495(1) and 25-24.480 (1) (b), F.A.C., for a trial period.

Docket No. 900708-TL: In Re: Investigation of Methodology to Account for Access Charges in Local Exchange Company (LEC) Toll Pricing.

Docket No. 900633-TL: In Re: Development of Local Exchange Company Cost of Service Study Methodology.

Docket No. 910757-TP: In Re: Investigation into the Regulatory Safeguards Required to Prevent Cross-Subsidization by Telephone Companies.

Docket No. 920260-TL: In Re: Petition of Southern Bell Telephone and Telegraph Company for Rate Stabilization, Implementation Orders, and Other Relief.

Georgia Public Service Commission

Docket No. 3882-U: In Re: Investigation into Incentive Telephone Regulation in Georgia.

Docket No. 3883-U: In Re: Investigation into the Level and Structure of Intrastate Access Charges.

Docket No. 3921-U: In Re: Compliance and Implementation of Senate Bill 524.

Docket No. 3905-U: In Re: Southern Bell Rule Nisi.

Docket No. 3995-U: In Re: IntraLATA Toll Competition.

Docket No. 4018-U: In Re: Review of Open Network Architecture (ONA) (Comments).

Docket No. 5258-U: In Re: Petition of BellSouth Telecommunications for Consideration and Approval of its "Georgians FIRST" (Price Caps) Proposal.

Iowa Utilities Board

Docket No. RPU-95-10.

Docket No. RPU-95-11.

Kentucky Public Service Commission

Administrative Case No. 10321: In the Matter of the Tariff Filing of South Central Bell Telephone Company to Establish and Offer Pulselink Service.

Administrative Case No. 323: In the Matter of An Inquiry into IntraLATA Toll Competition, An Appropriate Compensation Scheme for Completion of IntraLATA Calls by Interexchange Carriers, and WATS Jurisdictionality.

- Phase IA: Determination of whether intraLATA toll competition is in the public interest.
- Phase IB: Determination of a method of implementing intraLATA competition.
- Rehearing on issue of Imputation.

Administrative Case No. 90-256, Phase II: In the Matter of A Review of the Rates and Charges and Incentive Regulation Plan of South Central Bell Telephone Company.

Administrative Case No. 336: In the Matter of an Investigation into the Elimination of Switched Access Service Discounts and Adoption of Time of Day Switch Access Service Rates.

Administrative Case No. 91-250: In the Matter of South Central Bell Telephone Company's Proposed Area Calling Service Tariff.

Louisiana Public Service Commission

Docket No. 17970: In Re: Investigation of the Revenue Requirements, Rate Structures, Charges, Services, Rate of Return, and Construction Program of AT&T Communications of the South Central States, Inc., in its Louisiana Operations.

Docket No. U-17949: In the Matter of an Investigation of the Revenue Requirements, Rate Structures, Charges, Services, Rate of Return, and Construction Program of South Central Bell Telephone Company, Its Louisiana Intrastate Operations, The Appropriate Level of Access Charges, and All Matters Relevant to the Rates and Service Rendered by the Company.

- Subdocket A (SCB Earnings Phase)

- Subdocket B (Generic Competition Phase)

Docket No. 18913-U: In Re: South Central Bell's Request for Approval of Tariff Revisions to Restructure ESSX and Digital ESSX Service.

Docket No. U-18851: In Re: Petition for Elimination of Disparity in Access Tariff Rates.

Public Service Commission of Maryland

Case 8584, Phase II: In the Matter of the Application of MFS Intelenet of Maryland, Inc. for Authority to Provide and Resell Local Exchange and Intrastate Telecommunications Services in Areas Served by C&P Telephone Company of Maryland.

Mississippi Public Service Commission

Docket No. U-5086: In Re: MCI Telecommunications Corporation's Metered Use Service Option D (Prism I) and Option E (Prism II).

Docket No. U-5112: In Re: MCI Telecommunications Corporation's Metered Use Option H (800 Service).

Docket No. U-5318: In Re: Petition of MCI for Approval of MCI's Provision of Service to a Specific Commercial Banking Customers for Intrastate Interexchange Telecommunications Service.

Docket 89-UN-5453: In Re: Notice and Application of South Central Bell Telephone Company for Adoption and Implementation of a Rate Stabilization Plan for its Mississippi Operations.

Docket No. 90-UA-0280: In Re: Order of the Mississippi Public Service Commission Initiating Hearings Concerning (1) IntraLATA Competition in the Telecommunications Industry and (2) Payment of Compensation by Interexchange Carriers and Resellers to Local Exchange Companies in Addition to Access Charges.

Docket No. 92-UA-0227: In Re: Order Implementing IntraLATA Competition.

New York Public Service Commission

Case No. 28425: Proceeding on Motion of the Commission as to the Impact of the Modification of Final Judgement and the Federal Communications Commission's Docket 78-72 on the Provision of Toll Service in New York State.

North Carolina Public Utilities Commission

Docket No. P-100, Sub 72: In the Matter of the Petition of AT&T to Amend Commission Rules Governing Regulation of Interexchange Carriers (Comments).

Docket No. P-141, Sub 19: In the Matter of the Application of MCI Telecommunications Corporation to Provide InterLATA Facilities-Based Telecommunications Services (Comments).

Public Utilities Commission of Ohio

Case No. 93-487-TP-ALT: In the Matter of the Application of The Ohio Bell Telephone Company for Approval of an Alternative Form of Regulation.

Oklahoma Corporation Commission

Cause No. PUD 01448: In the Matter of the Application for an Order Limiting Collocation for Special Access to Virtual or Physical Collocation at the Option of the Local Exchange Carrier.

Public Utility Commission of Oregon

Docket No. UT 119: In the Matter of an Investigation into Tariffs Filed by US West Communications, Inc., United Telephone of the Northwest, Pacific Telecom, Inc., and GTE Northwest, Inc. in Accordance with ORS 759.185(4).

Pennsylvania Public Utilities Commission

Docket No. I-00910010: In Re: Generic Investigation into the Current Provision of InterLATA Toll Service.

Docket No. P-00930715: In Re: The Bell Telephone Company of Pennsylvania's Petition and Plan for Alternative Form of Regulation under Chapter 30.

Docket No. R-00943008: In Re: Pennsylvania Public Utility Commission v. Bell Atlantic-Pennsylvania, Inc. (Investigation of Proposed Promotional Offerings Tariff).

Docket No. M-00940587: In Re: Investigation pursuant to Section 3005 of the Public Utility Code, 66 Pa. C. S. §3005, and the Commission's Opinion and Order at Docket No. P-930715, to establish standards and safeguards for competitive services, with particular emphasis in the areas of cost allocations, cost studies, unbundling, and imputation, and to consider generic issues for future rulemaking.

South Carolina Public Service Commission

Docket No. 90-626-C: In Re: Generic Proceeding to Consider Intrastate Incentive Regulation.

Docket No. 90-321-C: In Re: Petition of Southern Bell Telephone and Telegraph Company for Revisions to its Access Service Tariff Nos. E2 and E16.

Docket No. 88-472-C: In Re: Petition of AT&T of the Southern States, Inc., Requesting the Commission to Initiate an Investigation Concerning the Level and Structure of Intrastate Carrier Common Line (CCL) Access Charges.

Docket No. 92-163-C: In Re: Position of Certain Participating South Carolina Local Exchange Companies for Approval of an Expanded Area Calling (EAC) Plan.

Docket No. 92-182-C: In Re: Application of MCI Telecommunications Corporation, AT&T Communications of the Southern States, Inc., and Sprint Communications Company, L.P., to Provide IntraLATA Telecommunications Services.

Docket No. 95-720-C: In Re: Application of BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company for Approval of an Alternative Regulation Plan.

Tennessee Public Service Commission

Docket No. 90-05953: In Re: Earnings Investigation of South Central Bell Telephone Company.

Docket Nos. 89-11065, 89-11735, 89-12677: AT&T Communications of the South Central States, MCI Telecommunications Corporation, US Sprint Communications Company -- Application for Limited IntraLATA Telecommunications Certificate of Public Convenience and Necessity.

Docket No. 91-07501: South Central Bell Telephone Company's Application to Reflect Changes in its Switched Access Service Tariff to Limit Use of the 700 Access Code.

Public Utility Commission of Texas

Docket No. 12879: Application of Southwestern Bell Telephone Company for Expanded Interconnection for Special Access Services and Switched Transport Services and Unbundling of Special Access DS1 and DS3 Services Pursuant to P. U. C. Subst. R. 23.26.

Virginia State Corporation Commission

Case No. PUC920043: Application of Virginia Metrotel, Inc. for a Certificate of Public Convenience and Necessity to Provide InterLATA Interexchange Telecommunications Services.

Case No. PUC920029: Ex Parte: In the Matter of Evaluating the Experimental Plan for Alternative Regulation of Virginia Telephone Companies.

Case No. PUC930035: Application of Contel of Virginia, Inc. d/b/a GTE Virginia to implement community calling plans in various GTE Virginia exchanges within the Richmond and Lynchburg LATAs.

Case No. PUC930036: Ex Parte: In the Matter of Investigating Telephone Regulatory Methods Pursuant to Virginia Code § 56-235.5, & Etc.

Washington Utilities and Transportation Commission

Docket Nos. UT-941464, UT-941465, UT-950146, and UT-950265 (Consolidated): Washington Utilities and Transportation Commission, Complainant, vs. US West Communications, Inc., Respondent; TCG Seattle and Digital Direct of Seattle, Inc.. Complainant, vs. US West Communications, Inc., Respondent; TCG Seattle, Complainant, vs. GTE Northwest Inc., Respondent; Electric Lightwave, Inc., vs. GTE

Northwest, Inc., Respondent.

Docket No. UT-950200: In the Matter of the Request of US West Communications, Inc. for an Increase in its Rates and Charges.

Public Service Commission of Wyoming

Docket No. 70000-TR-95-238: In the Matter of the General Rate/Price Case Application of US West Communications, Inc.

Public Service Commission of the District of Columbia

Formal Case No. 814, Phase IV: In the Matter of the Investigation into the Impact of the AT&T Divestiture and Decisions of the Federal Communications Commission on Bell Atlantic - Washington, D. C. Inc.'s Jurisdictional Rates.

COMMENTS - FEDERAL COMMUNICATIONS COMMISSION

CC Docket No. 92-91: In the Matter of Open Network Architecture Tariffs of Bell Operating Companies.

CC Docket No. 93-162: Local Exchange Carriers' Rates, Terms, and Conditions for Expanded Interconnection for Special Access.

CC Docket No. 91-141: Common Carrier Bureau Inquiry into Local Exchange Company Term and Volume Discount Plans for Special Access.

CC Docket No. 94-97: Review of Virtual Expanded Interconnection Service Tariffs.

CC Docket No. 94-128: Open Network Architecture Tariffs of US West Communications, Inc.

CC Docket No. 94-97, Phase II: Investigation of Cost Issues, Virtual Expanded Interconnection Service Tariffs.

EXHIBIT NO. _____

DOCKET NO: 950985-TP

WITNESS: DON J. WOOD

PARTY: TIME WARNER

DESCRIPTION:

TIME WARNER'S RESPONSES TO STAFF'S 2ND SET OF INTERROGATORIES NOS. 27, 37, 41.

TIME WARNER'S RESPONSES TO STAFF'S 3RD SET OF INTERROGATORIES NOS. 42-43.

PROFFERING PARTY: STAFF

I.D. # DJW-2

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO. 14
COMPANY/
WITNESS: Wood
DATE: 3/1/96

37. Should interconnection arrangements between Time Warner and Sprint United be on the same terms and conditions as interconnection between incumbent LECs today? Explain in detail why or why not?

Response: Yes, it should. Today, most LEC to LEC interconnection agreements are based on a meet point, bill and keep arrangement. Bill and keep is reciprocal, is the least cost method of compensation, minimizes the opportunity for anti-competitive cost imposition on one party or the other, and is neutral in terms of technology and architecture.

Answer provided by: Don J. Wood, consultant for Tim Warner Communications
914 Stream Valley Trail
Alpharetta, Georgia 30202

37. What are the appropriate arrangements for physical interconnection between Time Warner and Sprint United, including trunking and signaling arrangements?

Response: To protect consumers and encourage the development of competition, physical interconnection should be done in the most efficient manner. To this end, interconnection should be permitted wherever reasonably possible, and should not be arbitrarily limited. In addition, signaling networks need to be interconnected and need to pass sufficient signaling information so that all of the services possible with current technology can be offered to all customers.

Based on the types of interconnection available today, interconnection is possible at several points. For example, interexchange companies interconnect with the LEC either at their own points of presence or at the switch of the LEC. Incumbent LECs often interconnect with each other at a "meet point" (frequently at a company boundary), which is a division of ownership of a trunk connecting two switches owned by different companies. In this context it is reasonable that Time Warner should have the flexibility to interconnect at a Sprint United end office, tandem, or other mutually agreed upon point in the network--whichever is more efficient.

Answer provided by: Don J. Wood, consultant for Tim Warner Communications
914 Stream Valley Trail
Alpharetta, Georgia 30202

41. Provide an illustrative example of Time Warner's imputation proposal as identified on pages 17-18 of Don Wood's direct testimony.

Response: The reference to imputation requires that Sprint United imputes into its local exchange rates the same wholesale interconnection rates for terminating traffic it charges Time Warner.

For example, imputation requires the interconnection rate charged to Time Warner, which is $0.01 per minute of use, be multiplied times the average minutes used by the typical residential or business customer and then be added to the remaining costs underlying the retail basic exchange rate on a customer basis. (In other words, an imputation test would not add twice both the interconnection rate and Sprint United's actual costs.)

If there is a cap on Sprint United's local exchange rates, then the only imputation alternative to avoid a price squeeze is to lower the interconnection wholesale rate charged to Time Warner.

Answer provided by: Don J. Wood, consultant for Tim Warner Communications
914 Stream Valley Trail
Alpharetta, Georgia 30202

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Resolution of Petition(s) to Establish Nondiscriminatory Rates, Terms, and Conditions for Resale Involving Local Exchange Companies and Alternative Local Exchange Companies Pursuant to Section 364.161, Florida Statutes	)	Docket No. 950985-TP Filed: March 6, 1996

TIME WARNER AxS OF FLORIDA, L.P. AND DIGITAL MEDIA PARTNERS RESPONSES TO THE STAFF OF THE FLORIDA PUBLIC SERVICE COMMISSION'S ~~FIRST SET~~ 3rd set OF INTERROGATORIES (NOS. 1-2)

Time Warner AxS of Florida, L.P. and Digital Media Partners (hereinafter referred to as "Time Warner/DMP"), pursuant to Florida Administrative Code Rule 25-22.034 and Rule 1.340 of the Florida Rules of Civil Procedure, submits the following responses to The Staff of the Florida Public Service Commission's First Set of Interrogatories (Nos. ~~1-27~~ 42-43) to Time Warner/DMP.

RESPECTFULLY SUBMITTED this 6th day of March, 1996.

PETER M. DUNBAR, ESQ.
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Attorneys for Time Warner AxS of Florida, L.P. and Digital Media Partners

INTERROGATORIES

42/. **Refer to pages 16-18 of Don Wood's direct testimony. Specifically on page 18, it is stated that if interconnection is to be provided at an above cost rate, rather than at a rate set equal to incremental cost or on a compensation in kind basis, the company should be required to impute the rates that it charges to Time Warner in its retail rate structure for local exchange services in order to prevent such a price squeeze.**

a) What is meant by local exchange services?

RESPONSE: For purposes of applying an imputation test, "local exchange services" include network access and local usage. A test should be applied to existing R-1 and B-1 rates.

Information provided by: Don J. Wood
Consultant for Time Warner Communications
914 Stream Valley Trail
Alpharetta, Georgia 30202

b) If this means to impute charges into local rates, considering local rates are frozen for 3 years, how would you propose to do this?

RESPONSE: The imputation equation can be solved by adjusting any of the applicable variables. If "retail" rates are held constant, the underlying "wholesale" rates can be adjusted downward so that the test is successfully met. Of course, the adoption of a compensation in kind (i.e., bill and keep) arrangement will permit the same objectives to be met without the administrative complexity of an explicit imputation standard.

Information provided by: Don J. Wood
Consultant for Time Warner Communications
914 Stream Valley Trail
Alpharetta, Georgia 30202

43a. Refer to page 14 of Don Wood's direct testimony. It was stated that United's port charge could be a reasonable structure, but that their proposed rate was excessive.

a) What rate level would you propose and cost should United recover?

RESPONSE: An appropriately set port charge will permit United to recover the TSLRIC of providing the port. Properly calculated TSLRIC includes all costs caused by the decision or requirement to offer a service or function (including reasonable levels of "return of" and "return on" capital), but does not include costs that are not caused by the decision or requirement to offer the service or function (so-called shared and common costs). If a compensation in kind arrangement (bill and keep) is not adopted, establishing rates for these "wholesale" functions at TSLRIC will 1) fully and fairly compensate United for the use of its facilities and the costs incurred as a result, 2) mitigate the ability of United or other incumbents to create a price squeeze, 3) permit competitive market forces to test the costs of all carriers (including United), so that costs associated with inefficient investments or operations can be eliminated, and 4) create an environment in which end users will benefit from the development of effective competition.

Information provided by: Don J. Wood
Consultant for Time Warner Communications
914 Stream Valley Trail
Alpharetta, Georgia 30202

b) If a port charge were adopted, is it your position that the rate should be set at or below the R-1 or B-1 rate? Explain your answer.

RESPONSE: Please see Time Warner's response to 2a). Mr. Wood is unaware of any reason why an unbundled port charge and United's R-1 and B-1 retail rates should bear a given relationship to one another.

Information provided by: Don J. Wood
Consultant for Time Warner Communications
914 Stream Valley Trail
Alpharetta, Georgia 30202

5

AFFIDAVIT

STATE OF Georgia }
}
COUNTY OF Fulton }

BEFORE ME, the undersigned authority, personally appeared Don J. Wood, who is a consultant for Time Warner Communications, who deposed and stated that he provided the answers to the First Set of Interrogatories served on Time Warner AXS of Florida, L.P. and Digital Media Partners by the Staff of the Florida Public Service Commission on February 14, 1996, and that the responses are true and correct to the best of his information and belief.

DATED at Fulton County, this 29th day of February, 1996.

SWORN TO AND SUBSCRIBED before me this 29th day of February, 1996.

Don J. Wood
Consultant
Time Warner Communications

Notary Public - State of Georgia

Brian Piszczek
Typed/Written Name of Notary
My Commission Expires:
Commission #: Notary Public, Forsyth County, Georgia
My Commission Expires June 8, 1999

Personally known ____ OR Produced Identification ✓
Type of Identification Produced Drivers license

EXHIBIT NO. _____

DOCKET NO: 950985-TP

WITNESS: DON J. WOOD

PARTY: TIME WARNER

DESCRIPTION:

3/7/96 DEPOSITION TRANSCRIPT

PROFFERING PARTY: STAFF

I.D. # DJW-3

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO. 15
COMPANY/ WITNESS: Wood
DATE: 3/11/96

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Resolution of petition (s) to establish nondiscriminatory rates, terms, and conditions for interconnection involving local exchange companies and alternative local exchange companies pursuant to Section 364.162, Florida Statutes	DOCKET NO. 950985-TP

DEPOSITION OF:	DON WOOD
TAKEN AT THE INSTANCE OF:	THE STAFF OF THE FLORIDA PUBLIC SERVICE COMMISSION
PLACE:	GERALD L. GUNTER BUILDING ROOM 362 2540 SHUMARD OAK BOULEVARD TALLAHASSEE, FLORIDA
TIME:	COMMENCED AT 9:30 A.M. CONCLUDED AT 10:50 A.M.
DATE	MARCH 7, 1996
REPORTED BY:	NANCY S. METZKE, RPR, CCR C & N REPORTERS POST OFFICE BOX 3093 TALLAHASSEE, FLORIDA 32315

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APPEARANCES:

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J. JEFFREY WAHLEN, ESQUIRE, (by phone) Sprint United-Centel, McFarlane, Ausley, Ferguson and McMullen, 227 South Calhoun Street, Tallahassee, Florida 32301.

FLOYD R. SELF, ESQUIRE, and NORMAN H. HORTON, JR., ESQUIRE, (by phone) McCaw, Messer, Caparello, Madsen, Goldman & Metz, Post Office Box 1876, Tallahassee, Florida 32302-1876.

ANTHONY GILLMAN, (by phone), GTE, c/o Ken Waters, Esq., 106 East College Avenue, Suite 1440, Tallahassee, Florida 32301-7704.

SUE E. WEISKE, ESQUIRE, (by phone) Time Warner, 160 Inverness Drive West, Englewood, Colorado 80112.

ALSO PRESENT:

MIKE REITH, FPSC Staff.

LANS CHASE, FPSC Staff.

MARY ROSE SIRIANNI, FPSC Staff.

JILL BUTLER, Time Warner.

DON LOMBARDI, (by phone) Time Warner.

* * * *

I N D E X

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WITNESS

DON WOOD

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STIPULATION

IT IS STIPULATED that this deposition was taken pursuant to notice in accordance with the applicable Florida Rules of Civil Procedure; that objections, except as to the form of the question, are reserved until hearing in this cause; and that reading and signing was not waived.

IT IS ALSO STIPULATED that any off-the-record conversations are with the consent of the deponent.

P R O C E E D I N G S

MR. EDMONDS: We might as well go ahead and get going. This is the -- we are going to start with the deposition of Don Wood in Docket Number 950985-TP; that is the interconnection docket. And it's my understanding since Mr. Wood doesn't have a notary present that we are going to skip the swearing in of the witness now and will do it once the hearing begins on the stand.

First, does everybody agree to the usual stipulations in a deposition?

MS. WEISKE: Yes.

MR. EDMONDS: Okay. And with that, I guess we will go ahead and get started.

MS. WEISKE: Could you let me know who is there in Tallahassee, please?

MR. EDMONDS: Right. First let's -- Let's go ahead and do a roll call of everybody who is on the line.

MS. WEISKE: Sue Weiske for Time Warner.

MR. RINDLER: Rich Rindler for MFS and Telenet.

MR. WAHLEN: This is Jeff Wahlen for Sprint-United and Sprint-Centel.

MR. HORTON: This is Doc Horton and Floyd Self

for McCaw Cellular.

MR. EDMONDS: Scott Edmonds at the Commission on behalf of Commission staff.

MR. LOMBARDI: John Lombardi, Paralegal for Time Warner with Sue Weiske.

MR. EDMONDS: Is that everybody?

(NO RESPONSE)

MR. EDMONDS: Okay. With that I guess we can get started.

* * * *

Whereupon,

DON WOOD

was called as a witness by the Commission staff and was examined and testified as follows:

EXAMINATION

BY MR. EDMONDS:

Q Mr. Wood, could you state your name and business address for the record, please?

A Yes, my name is Don J. Wood. My business address is 914 Stream, S-t-r-e-a-m, Valley Trail, Alpharetta, A-l-p-h-a-r-e-t-t-a, Georgia, 30202.

Q And did you file testimony in this docket?

A Yes, I did.

Q Do you have any changes or corrections that you would like to make at this point?

A Not at this time.

Q Okay. Mr. Wood, we have a few questions for you this morning. First of all, is it Time Warner's position that until all of the issues in this docket can be resolved that no issue can be resolved on its own?

A That's certainly my understanding. Now I guess I would give you one initial word of caution, and that is, since I'm not an employee of the company but an outside consultant, I'm probably not the best source of information; but as I understand Ms. McGrath's response to a data request, Number 21, she had said that an agreement really must be a total agreement and all the elements need to be looked at in terms of the entire agreement. So it would be hard to settle one without looking at all of them; that is really the best answer I can give you.

Q Okay. As far as you know, are the Issues 2 through 14 in this docket close to being resolved, or do you feel more that there is still a large distance between the parties in terms of negotiation?

A I'm going to have to give you the same non-answer I guess. I haven't really been involved in the negotiations, so I'm probably the worst source of

information as to what the status is.

Q Okay. If I could refer you to Page 10 of your direct testimony?

A Yes.

Q On Lines 8 through 16 you discuss that if bill and keep is not implemented that the Commission should set an interconnection charge that would allow United -- or wait, I'm sorry, getting ahead of myself here. Page 10, Lines 8 through 16, you state that interconnection rates should not include contribution to universal service; is that correct?

A That's right.

Q Okay. Is it your view that the rate for interconnection should contain any contribution?

A Well, I guess we need to define what we mean by contribution. The rate for interconnection, if you're going to establish an actual payment-in-cash rate rather than a payment-in-kind arrangement, should equal the total service long-run incremental cost of local interconnection. That includes a fair return on capital. So when I say no contribution, I'm certainly including in the rate fair return of and return on capital, in other words, depreciation and what in economic literature would be called a normal rate of profit. But beyond that, I'm suggesting that you not include a contribution, that's

right.

Q Okay. What do you consider normal profit in that regard?

A Well, in the literature a normal profit is the rate of return on investments that you can obtain in the capital markets, if you will. In other words, in order -- you know, when they place the investment, United is going to incur some risks associated with placing that investment, if investors should be fully compensated for the risk that they incur by doing that. They shouldn't be compensated for taking on more risk or less risk, but in fact exactly a return that corresponds as closely as possible to the risk they undertake. So within the TSLRIC for local interconnection, for the components of local interconnection, there should be a return on capital, but it ought to be a return that is commiserate with the risk that United's investors are undertaking.

Q Do you believe that United-Centel has a built-in profit in their LRIC, built into that?

A Other than the one that I'm referring to, and I guess to be careful not to mix terms, the normal rate of return which is built in. I'm not suggesting that in their LRIC they have an additional contribution built in above incremental cost. In fact, as I understand Mr. Poag's testimony in his deposition he stated that that is not the

case, that they don't build in an additional contribution.

Q Okay. All right. Now if I could refer you to Pages 16 through 18 of your direct testimony.

A Yes.

Q And in those pages I believe you discuss that if bill and keep is not implemented that the Commission should set an interconnection charge that would allow United-Centel to pass an imputation test?

A That's right.

Q Is that the gist of your testimony there?

A Well, just to be clear, if there is not an interconnection charge based on a payment in kind, but if it is a payment in cash, first and foremost it should be set equal to TSLRIC. If you do that, you avoid the bulk of the imputation issues. Where imputation becomes absolutely essential is in the situation which you have a rate that is set higher than TSLRIC. In that regard you absolutely must, if you are going to have competition at all, establish the appropriate imputation test and make sure that United's rates pass it.

Q Okay. Could you describe what you believe would be in that situation a correct, the appropriate imputation test and maybe provide an example?

A Sure. I guess we can start off on the rates side, the rate that has to pass the test. For residential

I would use a plain old R1 rate that the customer would buy in order to buy an access line and to buy some unlimited amount of usage per month. If you've got a minute-of-use arrangement for local interconnection, you would multiply the rate that is being charged per minute of use times the average usage on a United residential line per month and basically compare those two values. If the rate is higher than the usage times the minute-of-use interconnection rate, then you don't have an imputation problem. If it's not higher, then you do; and the reason that you do is that that interconnector cannot pay those interconnection rates being charged by United for the average residential customer and recover its cost through the R1 rate.

Q Okay. Could you define what you mean by the term "local exchange services"?

A Well, in this context I'm referring to R1 and B1, I think that is how they are tariffed in United's tariffs in Florida. They were at one point referred to as that. That is the rate that you would pay for an access line and some unlimited local calling per month.

Q Would that include data services?

A Which -- I guess I need for you to tell me which services you have in mind.

Q Any type of ISDN service or data over voice.

A Certainly if you are going to have competition

for those services, you are going to need an imputation standard. The facilities used to provide ISDN are somewhat different, and I'll be perfectly honest with you, I haven't thought about an imputation in terms of ISDN as far as whether you would have to change anything. Having given that disclaimer, I think you are going to need to apply the same usage charge and apply that to an average usage but specific to that service and compare that to the basic rate for that service. And I guess we are talking about a basic rate interface type of ISDN. Obviously this wouldn't apply to a primary rate interface, which would be a dedicated facility.

Q So when you are discussing the imputation test, are you restricting that pretty much to R1 and B1 service?

A That is certainly the context in which I had discussed in this testimony, yes.

Q Okay.

A I don't mean to suggest to you that there aren't other occasions where you need to apply imputation, but those are the two that I was discussing here.

Q Okay. Are you aware that United-Centel's basic residential service rates are currently capped for a period of time?

A Yes, I understand that as a part of the implementation, of the agreement with the implementation of

their price cap plans, I believe they are capped for three years.

Q Okay. And could you reconcile your proposal for implementing an imputation test given this rate cap?

A Sure. There are -- if you've got a situation in which you look at the residential rate, the R1 rate, you look at the proposed interconnection per minute and the average usage and the -- when you multiply those together, those total costs to an interconnector, then you find that total costs are higher than the total rate.

You know, obviously in a pure world you have two options, one of which I recommend and one of which I don't. The one that I do not recommend is to adjust the R1 rates upward so that the imputation test is met. I don't recommend that because it's simply poor public policy. It's hard to argue that certainly that there is a benefit to consumers with that type of approach. And in the real world -- of course in Florida those rates are capped, so you can't avail yourself of that approach.

But the other opportunity is to adjust the interconnection rate being charged per minute of use in order to bring that equation into balance. Other commissions have had exactly this type of situation, have not wanted to or not been able to increase the retail rate and have made a specific wholesale adjustment in order to

meet an imputation test. That is exactly the type process that I would advocate.

Q Okay. Could you please give your definition of a price squeeze, and if you could use an example?

A Sure. The price squeeze occurs when the retail rate being charged by the incumbent provider does not exceed the, in a sense, the wholesale rate being charged to the dependent competitor plus any other relevant incremental costs associated with providing the retail service. That would be, in a -- That's the most practical definition of a price squeeze. You may find definitions in the economic literature which compare only those wholesale rates with the retail rates.

Obviously if there are other costs involved, there are opportunities to engage in anti-competitive pricing that may or may not meet that technical definition of price squeeze, so I wouldn't want to artificially limit it to that. But any case in which a dependent competitor, one in which must buy wholesale services from the incumbent provider and they must pay more for those services than they could then recover in a retail rate, assuming their other costs were equally efficient as the incumbent provider, that would create a price squeeze.

Q Okay. Now if I could refer you back to beginning on the bottom of Page 14 of your direct testimony and going

on to Page 15?

A Yes.

Q In there you state that several other states have adopted bill and keep arrangements?

A That's right, either on a permanent or interim basis there are quite a few of these.

Q Okay. Are you aware in which states they have a permanent arrangement?

A As I understand it, and this is all qualified with as I understand it, California is not an interim arrangement. Michigan will be public unless -- I'm sorry, permanent unless there is a finding that traffic is out of balance. I think Connecticut is an interim adoption. Washington is an interim adoption pending a permanent number portability, a data base based type number portability solution. I'm sure this list needs to be updated because it's a few months old, but I don't know offhand which other states have done this and which would be permanent and which would be interim.

Q Okay. That is fine.

A The Maryland commission has adopted a -- not a bill and keep but a cost based mechanism where they set those interconnection rates very near incremental costs, and while certainly less perfect than bill and keep, it's certainly a step in the right direction.

Q Okay. Now is it correct to state that your company signed an agreement with BellSouth for interconnection?

A It's my understanding that they did. Again, I wasn't involved in that process, so I'd probably be the least valuable person to you in terms of the details.

Q Okay. Is it your general understanding with respect to that agreement that it was an interconnection basis of a per-minute-of-use compensation scheme?

A That's my understanding.

Q Okay. Do you know, and if you don't, that's fine, but as part of the agreement, did your company require that the LEC pass an imputation test to avoid a price squeeze and not preclude competitive entry?

A I honestly do not know.

Q Okay. That's fine.

A If you want to ask me if I would have recommended that they sign on to this agreement had I seen it, I can answer that for you; but no, I wasn't involved in the process.

Q Okay. Have you reviewed the underlying costs for United-Centel's local interconnection rate proposal?

A I have seen some of the numbers as Mr. Poag has presented them.

Q Okay.

A But if the question is have I reviewed their studies and their documentation so that I can tell you, yes, what they are reporting as the cost is at least a reasonable profit of the incremental cost, I have not been able to do that. I have looked in more detail at the underlying cost of local interconnection for a number of other local exchange companies, however. But I have a pretty good idea of what looks like -- and those costs have tended to track fairly closely, so I have some idea of which costs look like they are in fact reasonable and which ones appear to be a little out of balance.

Q Okay. Now to the extent you know -- hang on a second.

(DISCUSSION OFF THE RECORD)

Q From what you understand with respect to the level of United's costs, is that reasonable compared to other LECs?

A I don't want to go afoul of any proprietary agreements. Let me see if I can state it this way, if that helps you any. The Option B per-minute-of-use rates that they apparently are proposing, or at least the ones that are contained in the ICI agreement, exceed what I have seen as a reasonable measure of cost of local interconnection, certainly by a factor of ten.

Q So with respect to United's cost, is it your

opinion that it's a high cost relative to other LECs?

A Well, yeah, to the extent that they are reporting a cost that is higher than about one tenth of their proposed rate, the answer is clearly yes. I don't want to be evasive. I understand that they have provided some cost numbers on a proprietary basis but not others, that they are recalculating some of those.

Q Okay.

A So I don't have United's numbers like for tandem interconnection, I don't have those at all. I understand that Mr. Poag has issued some disclaimers on the numbers that he has provided for end-office interconnection. So without final numbers from the company, the best answer I can give you is that reasonable costs around the country have tended to be something very near about one tenth of what they are proposing in rates. So if they are proposing a cost that is higher than that, that would certainly be a cause of concern to me.

Q Okay. Now to the extent you know, is it Time Warner's position that if the Commission sets the interconnection rates, terms and conditions in this docket that United-Centel should tariff those rates, terms and conditions?

A Yes, I think they should. Yes, I think they should, and it's my understanding that Time Warner also

thinks they should.

Q Now in response to staff's second set of interrogatories, and I'm looking at Number 27.

A Okay, let me catch up with you, just a minute.

Q Okay. Are you there?

A Yes, I am, I'm sorry.

Q Okay. You state -- hang on a second.

MR. EDMONDS: Is there somebody typing next to a phone?

MS. WEISKE: I keep hearing that too.

MR. EDMONDS: We are getting a lot of feedback here.

THE WITNESS: It's not the witness, if that helps the record any.

MR. EDMONDS: Okay.

MS. WEISKE: I certainly hope not, Don.

Well, it stopped.

MR. EDMONDS: Okay. Let me just put out this request, that if you are not speaking, if you could mute your phone, that might help resolve any background noise.

BY MR. EDMONDS:

Q Okay. Onward. In response to that interrogatory, staff's second set of interrogatories, Number 27, you state that interconnection arrangements

between Time Warner and United-Centel should be on the same terms and conditions as between the incumbent LECs today; is that correct?

A Well, that's right. Specifically that it should be based on a bill and keep arrangement and permits interconnection at the most efficient location. Of course the way the LECs resolve the most efficient location issue is typically to co-own a facility and establish a meet-point.

Q Could you elaborate on that?

A Sure. Between local exchange companies today, typically for their exchange of traffic, there is a facility, a trunking facility that for billing purposes is treated as if one LEC has built a facility to the edge of its territorial boundary, the other LEC has built also to that boundary, and they have interconnected at that point.

In reality what they have done, acted as co-investors typically to have that facility built for the two of them. What that allows them to do is to interconnect physically in the most efficient way that they have determined is possible. That's the same condition that I'm advocating be permitted for Time Warner or another new entrant; and that is, that interconnection not be artificially restricted but be available wherever it's technically possible that will allow the new entrant to

operate as efficiently as they can.

Q Okay. Now let me ask you, and I believe you stated before that you might not be the best source of information on some of the issues in this docket, and if you don't feel comfortable with commenting on them, that's okay. But let me ask you if you could explain Time Warner's position on any of these following issues, Issue 9, Issue 13 --

A I'm sorry, I don't have the issues in front of me, I don't think.

Q Okay.

A Let me see. Let me confirm that that is the case, but I'm not sure that I do. I'm afraid that I don't.

Q Okay. That's fine. I can read them to you.

A Sure.

Q All right. Issue 9 is, "What are the appropriate arrangements for the provision of billing and collection services between the respective ALECs and United-Centel, including billing and clearing credit card, collect, third party and audio text calls?"

A And that's clearly I think a question that is going to be best answered by Ms. McGrath.

Q Okay.

A If I tried to give you an answer, it would be a poor substitute for hers.

Q That's fine. Issue 13 is, "What arrangements if any are necessary to address other operational issues?"

A And I think the answer is the same on that one as well.

Q Okay. Let me ask you this, on staff's second request for production of documents --

A Yes.

Q -- Number 5?

A It may be quicker if you read that one to me.

Q Okay. "Please provide the supporting documentation you used in setting all of your prices during negotiations for interconnection." And the response was, "Enclosed Exhibit POD Number 1." And what I'm wondering is if you put together that response?

A No, I didn't.

Q Okay.

A No, I was not involved in the negotiations and I really have -- well, I just simply wasn't involved.

Q Okay. Do you know who did?

MS. WEISKE: Joan McGrath put that together.

Q Okay.

MS. WEISKE: Who is also a witness in the case.

Q Okay. If I could refer you now to Page 10 of your direct testimony?

A Yes.

Q Beginning on Line 17 you speak about temporary number portability.

A Yes.

Q Why should the Commission consider it lack of a permanent solution when determining interconnection arrangements?

A Well, I guess what I would -- having not said it that way, let me see if I can turn it back around.

Q Yeah, okay.

A I'm sorry, I would certainly encourage you to consider the availability of a, I want to say -- technically satisfactory, I guess is the best phrase, number portability solution. Within the context of the statutory requirements, that competition be able to develop, or specifically what that language is. Number portability is certainly an issue.

I have not tried a call using this remote call forwarding technology that is being used on a trial basis, but I have talked to individuals who have, and they have reported back that it's a relatively frustrating experience. It's been likened to the early days of interexchange competition where you, in order to use a carrier other than AT&T, you had to dial a seven-digit number in order to use line side interconnection. Certainly there were people who would buy that, but there

weren't many, and it wasn't particularly a rewarding experience for the consumer.

Remote call forwarding kind of falls into that same category. You have to wait for it to ring in. The line quality is degraded. There are a number of reasons why people have not been satisfied, and rightly so have not been satisfied. I certainly urged the Commission to consider permanent number portability solutions that are technically more satisfying than remote call forwarding within the context of, say, laying out the ground work, if you will, where local competition can develop.

Q Okay.

MR. EDMONDS: Okay. Thank you, Mr. Wood. Staff has no further questions.

MR. WAHLEN: This is Jeff Wahlen. Am I next?

MR. EDMONDS: Go ahead.

EXAMINATION

BY MR. WAHLEN:

Q Okay. Mr. Wood, I'm Jeff Wahlen. I represent United and Centel.

A Good morning, sir.

Q Good morning. You've been deposed before, haven't you?

A Yes, sir, I have.

Q And so if I ask you a question you don't

understand, you'll stop me and ask me to rephrase it?

A Yes, sir, I will.

Q Okay. Are you a lawyer?

A No, I'm not.

Q Do your clients rely on you for legal advice?

A No, they don't.

MS. WEISKE: No, we do not.

Q That is Ms. Weiske's job in this instance, isn't it?

A That's right.

Q Okay. If I happen to ask you any question that sounds like I'm asking for a legal opinion, I want you to understand that I'm not asking for legal opinion, is that okay?

A That's fine.

Q Okay. You talked a little bit about risk in your discussion with staff, and I just wondered if you would agree with me that the risk that United and Centel face today under competition and price regulation, that that risk is greater than the risk it faced under traditional rate of return regulation?

A I have to qualify any response that I give to you, Mr. Wahlen, on that question for a couple of regards. The answer is no as you've posed it.

Q Okay.

A It would be true under fully effective competition certainly, and it will be true as competition develops further. With regards to the pricing regulation, the question -- the answer is will you face -- The answer to the question of whether you'll face additional risk really is based on whether, by pricing regulation, the Commission is comfortable giving you along with the freedom to succeed also the freedom to fail; and that means to have the opportunity to gain, earn more or less than your authorized rate of return in that type of price cap environment.

Now if they are going to give you the freedom to fail, as I call it, then they are going to have to certainly reject the type of proposal that Mr. Poag has discussed where he talks about a make-whole type arrangement or a rate to ensure recovery of costs, or where he talks about the inability to implement forward-looking technology immediately but the lag in the continued usage of obsolete technology. Those are all costs that wouldn't be recovered in a fully competitive environment.

Q Okay. Well, let's back up for a minute there. Do you understand that under the new legislation Centel and United are no longer under rate-of-return regulation and that their authorized rate of return is not set by the

Commission any more?

A That's right. That's right. The question though --

Q So whether or not they over- or under-earned relative to their rate of return is not relevant any more; is that correct?

A I agree that that is correct. Mr. Poag, however, had suggested some rate proposals that kind of mix the old rate of return way of thinking with the price cap way of thinking. And again, when he talks about make-whole type rate proposals, when he talks about insuring recovery of certain costs, including costs associated with obsolete technology, if the Commission were to adopt that type of rate structure, they would in a sense be giving United the freedom to succeed but not the freedom to fail. And if those type rate structures are adopted and that type protection, the old fashioned rate of return type of protection is going to be afforded to the company, then the answer to your original question is clearly, no, your risk would not be increased as a result of operating under a price cap form of regulation.

Q All right. Let me change my question. Is an environment in which a company faces no competitors more or less risky than an environment in which it faces many competitors?

A All other conditions held constant, it would be less risky obviously to have no competitors.

Q Okay. Thank you.

Are you familiar with the company's general business plans and how they plan to operate the company?

A I'm sorry, which company?

Q Time Warner.

A Only in a very general sense.

Q Okay. Well, if I ask you any questions that you don't know the answer to, just say you don't know.

A That's fine. And let me state for the record, I'm not the type of person who typically defers questions, but if you have questions about specific plans that Time Warner may have that its internal employees may know better than I, I will just have to tell you that.

Q That's fair.

Do you know if Time Warner intends to be a facilities-based competitor, or do they plan to compete on a resale basis by purchasing facilities from the incumbent local exchange company?

MS. WEISKE: Mr. Wahlen, can you tie that question back to something that Mr. Wood filed? Can you refer to someplace in his testimony?

MR. WAHLEN: No, this isn't cross examination on his testimony. It's a deposition for discovery

purposes. Are you objecting?

MS. WEISKE: Well, I wanted to know if you could tie it to something he has prefiled. It sounds like your answer is no. We'll see where you go on this in terms of how long I go before I object.

MR. WAHLEN: Okay.

BY MR. WAHLEN:

Q Do you know the answer to the question?

A Well, I can give you an answer based on my general understanding. Now let me say up front that you will certainly get more detailed information from a company employee.

Q Sure.

A It is my understanding that long-term Time Warner certainly has objected to be a facilities-based carrier, but they will very likely have to enter the market like any carrier would have to enter the market, and that is, initially by reselling facilities because they will have none of their own or few of their own.

Q Right.

A And then over time to migrate from primarily resale to primary facilities based. If -- Two things are true. Number 1, if that is their objective and their business plan; and then the second thing, if they find it efficient to do so. And whether or not a build or buy

strategy is efficient really is going to be determined by the economics of doing so. The only way for a new entrant like Time Warner to be able to make rational decisions about whether it should build or buy is if the rate structure put in place for local interconnection truly reflects costs. In other words, if the rate differential for tandem versus end-office interconnection exaggerates the cost differential, that will send very poor information to a new entrant and might cause them to make poor strategic investments or to poorly answer that build or buy decision.

Q Okay. Do you know if they intend to offer local telephone service in areas where Time Warner currently provides cable service first?

A I would suspect that they would certainly not exclude those areas.

Q Do you know if that is where their primary focus will be?

A I would have no idea about their primary focus.

Q Would you agree with me that having a group of customers with whom they already have a relationship could provide some marketing advantage?

A Certainly having a relationship with a customer, if it's a good relationship, is a marketing advantage. I would think based on United's relationship with its

customers that it has such an advantage. Hopefully Time Warner has the same type of relationship with its customers, but the answer is yes.

Q You are not suggesting that Time Warner has a bad relationship with its existing customers?

A That's right, no, I'm not. But I'm suggesting that any relationship is not necessarily as good as any other.

Q Okay. And just in general terms, if they market to their existing customers with whom they have a relationship and are providing cable service, that would give them opportunities to bundle the provision of local telephone service with the provision of cable service, isn't that correct?

A Well, it would certainly give them the opportunity to offer both services. Of course they would still have to recover their cost on the telephone side if they were going to rationally offer the service. And I shy away from bundling because it has specific meanings in an antitrust context that I certainly don't -- I'm certainly not giving you a legal opinion on antitrust. But certainly, yes, they would be able to offer both services to an end user.

Q Okay. And that might provide marketing opportunities that are not available to a telephone company

that does not provide cable service; is that correct?

A Well, that's right. Anytime a company offers more than one service and some of those additional services are not offered by its competitors, there is a marketing opportunity. Whether or not that marketing opportunity becomes a marketing advantage really depends on the skill and the efforts of the company.

Q Okay. Let's talk about the cost information that you testified at length about. You haven't seen that cost information, have you?

A That's right. That's why I said if that cost information is different than what I've seen nationally I would have a concern.

Q But you haven't reviewed the specific information?

A Well, as I understand it, United hasn't provided the specific information.

Q Would you agree with me, subject to check, that Time Warner hasn't asked for it?

A Sure.

Q Okay. Thank you.

Have you signed a non-disclosure agreement covering confidential information for United and Centel?

A Mr. Wahlen, I should know the answer to that. I honestly don't know whether I have signed one in this case or not. I'll have to defer to Ms. Butler and

Ms. Weiske.

Q Okay. It's not a trick question. I just was curious.

A No, I sign quite a few of them on a regular basis, and of course I adhere to them strictly, but I don't know if I have signed one in this case or not.

Q Okay. Well, I was just curious because -- Well, I'll go on.

Do you expect that traffic will be in balance? When I say traffic, I mean the amount of local traffic terminated on Time Warner's network and the local traffic terminated on United and Centel's network will be in balance, approximately equal?

A Approximately equal. Mathematically it almost has to work out that way over time. Certainly you can pick a time period in which it may not. You can certainly pick probably two locations within each network, look at traffic between them and see that it's not; but in the aggregate, over time it almost has to work out that way.

Q Okay. Have you seen any studies performed by Time Warner, or anyone else for that matter, that addresses this subject?

A No, I haven't.

Q But that's just your supposition based on your experience in the business?

A That's right.

Q Now your position in this case is that bill and keep is the best solution; is that correct?

A It is the best solution, yes, for a number of reasons.

Q Right, and I've read your testimony.

A Okay.

Q And then I guess second in line there would be a port charge, if you don't get bill and keep?

A No, second in line, certainly from my perspective, and you'll have to talk to a Time Warner representative if there is a difference, but certainly from my perspective, a minute-of-use charge set equal to TSLRIC would be a second best option.

Q That would be better than a port charge?

A Yes, it would. The port charge suffers from a number of draw backs.

Q Okay.

A Although I certainly would not suggest that a port charge or port option that is properly priced shouldn't be made available because there are other carriers who may view interconnection differently from a technical or financial standpoint and may want to avail themselves of the flat rate port option.

Q How do you feel about -- well, let me ask the

question a different way. Which is better, a minute-of-use charge set at TSLRIC or a port charge set at TSLRIC?

A I don't know what basis we would have to do this kind of pick and choose exercise. I'm really not sure ultimately what we gain by doing it. But all other things equal -- and again, the answer is going to depend on the new entrants' interconnection strategy.

Q Okay.

A And not speaking as a new entrant but speaking purely as someone who reviews these type of proposals, I would give a slight advantage if we are going to try to create a rating scheme for a minute-of-use charge at TSLRIC purely because one can then apply very directly an imputation test to prevent or at least mitigate the ability of the incumbent to engage in anti-competitive pricing. It's much more difficult to apply an effective imputation test to a flat rate port type arrangement. So purely on that basis, I would give an edge, and I'm not sure what value my opinion would be in this particular regard, to a minute-of-use type arrangement at TSLRIC, but other new entrants may have different strategies, so I would certainly advocate making both options available at the appropriate price.

Q Okay. Let's talk about the minute-of-use charge for a minute set at TSLRIC.

A Yes.

Q Is it your position that it should be reciprocal and mutual?

A Yes.

Q And am I correct in understanding that if it's reciprocal and mutual and traffic is in balance there will be no net cash payment one way or the other?

A Well, there need not be. It's certainly possible to do it either way. As I described as an advantage of bill and keep, avoiding those cash type payments, there is a transaction cost involved, so to the extent you can avoid that you should. If traffic is in balance and you then agree not to exchange cash, it would certainly appear some efficiency in doing so because you'd avoid the transaction cost.

Q Okay. Now let's talk about a minute-of-use charge at TSLRIC plus a one-hundred-percent contribution. If that's reciprocal and mutual and traffic is in balance, is there a need to have a cash exchange?

A One need not have a cash exchange.

Q Okay. And so long as traffic is in balance, it really doesn't matter what the rate is; is that correct?

A Oh, no, it matters quite a bit if you are an end user. It would be an absolute injustice and nothing short of that to end users of these services if that

interconnection rate is set at TSLRIC plus one hundred percent or any other type mark up. They would clearly be the users under that type of arrangement?

Q When you say end user, who do you mean?

A I'm sorry?

Q When you say end user, who do you mean?

A I mean the purchaser of the retail service.

Q Okay.

A From either the incumbent -- the retail local service from either the incumbent or the new entrant.

Q All right. Help me out. I may be a little slow. If the amount paid by United to Time Warner is exactly equal to the amount Time Warner pays to United and they decide not to exchange checks at the end of the month --

A Yes.

Q -- so you eliminate the transaction cost?

A Yes.

Q How is any cost imposed on the end user of Time Warner, because there is no cost, isn't that correct?

A Well, no, there is a cost, and you are not going to know prior to the decision not to exchange cash that that would in fact be your decision, so pricing of retail services is going to occur very likely based on the costs that are being incurred by each carrier.

Q Are you suggesting that you're not confident that

traffic will be in balance?

A No, sir, what I'm suggesting is -- You had asked if traffic were exactly in balance, if we have a price per minute of use, if traffic is perfectly in balance, need cash be exchanged, and the answer is clearly no.

Q Okay.

A If over any given time period that traffic is not in balance and you want to advocate then a cash exchange, one -- would be necessary in order to settle the books of both companies. Now again, this is a scenario that I don't recommend. But you are creating an environment in which the only rational pricing strategy for those carriers is to look at the cost of interconnection.

Q Well, that's what I'm trying to get at, what is the cost of interconnection if traffic is going to be in balance and the minute-of-use charge is reciprocal and mutual? What economic cost is going to be imposed on Time Warner that they are going to feel compelled to pass on to the end user that is going to create such a great injustice for the end user as you previously testified?

A Well, no, and that is not the scenario in which I was describing the injustice to the end user. It's not a passing on to the end users of Time Warner specifically. The problem is that when you mark up those rates, those

interconnection rates to recover, as Mr. Poag describes them, some shared and common type costs, some costs beyond his calculation of incremental costs, some of those costs may be efficient in United's existing cost structure, some may not. Standing here today, we can't identify which are which, but the market can do that if you allow competitive market forces to act and act effectively. When you build in those sorts of costs into the rate and create a structure in which carriers then base a retail rate on those costs, what you are doing is insulating quite effectively a portion of the incumbent carrier's cost structure from retail market forces and, therefore, we'll never know whether those costs are efficient or not.

Q Okay. Well, I guess here is what I'm trying to get to, if you're pricing your services, you are Time Warner and you are pricing your services and you expect to have a net cost of zero for interconnection because traffic is in balance, why would you consider the per-minute charge that is created when you are pricing your services to the end user, because it's not a cost?

A Well, no, it certainly is a cost.

Q How is it a cost?

A Well, you've asked me if I expect traffic to be in balance over time, and the answer clearly is, yes, I think it has to be. In the interim, will there be time

periods when it's not? Certainly. Will there be points within networks where traffic does not balance in each direction? Certainly. Does that create a need for working capital by both companies? Yes, absolutely.

The distinction, it's certainly not splitting hairs here. There is a very real cost that is created by the process that you are describing. If I'm in a business where bill and keep has been identified, then there will be no month for certain in which I make a cash payment; therefore, I need not hold cash in order to make those payments. And holding cash has a cost, it has a very real cost; it's called working capital. And the working capital that you have to hold times your weighted average cost of capital as a firm is your cost of doing that. Under your scenario, there may be from time to time, and I would certainly expect there to be from time to time, cash payments made by each company to the other in any given short period of time, such as a month.

Q But your position is --

A Under that scenario, both companies would have to hold working capital for that purpose and incur that cost. It's simply not equivalent, and to say there is a zero cost environment under the scenario you described is simply not accurate.

Q Okay. Over time, since according to you traffic

is going to be in balance, wouldn't those costs net out?

A No, sir. No, sir. Would the cash payment perhaps net out? Yes. But the fact that you're making cash payments where under a bill -- on any given month, where under a bill and keep arrangement you would not be, creates a cost. And just because the cash payments, they net out over time, the costs of having to create and hold the working capital in order to make those cost payments, there is no netting effect there. That is a cost, and it just continues to accumulate month after month.

Q Have you done any studies that estimate what that cost is?

A Directly, no.

Q Do you have any indirect knowledge of what that cost would be?

A Well, it wouldn't be hard to work it out. You can look at over a short time what the company's expectations -- and this would be a forecast that would be made individually by each company -- for those cash needs, and then the cost of holding that cash of course is a cost of capital that is specific to each company.

Q So it's the time value of money, right?

A No, it actually isn't. It's a cost of capital issue, which is not necessarily time value.

Q Okay. So it's the --

A Let me try and give you a numerical example. If you and I are exchanging services and we are paying each other a dollar an hour, which is probably close to the correct rate, for both of us maybe, and we expect over time those to net out, but in any given month I might pay you ten dollars and in any month you might pay me ten dollars, well, for me to set aside the ten dollars to pay you, and perhaps I'm a little risk aversed, maybe I set aside 15 to make sure that I can, then I have a cost, and it's the cost of setting aside 15 dollars a month and doing nothing with it.

Q So it's an opportunity cost?

A Cost of capital can be described as an opportunity cost, yes. That is 15 dollars I can't use for any other purpose and for which I had to go to the capital markets and secure. So I've got to pay my stakeholders a fair return on their 15 dollars every month, and that is a cost that accumulates month after month, it doesn't net out. And it's created purely by the scenario you describe in which a cash payment is associated rather than with a bill and keep scenario, in which case I would have no reason to set aside my stakeholders' 15 dollars a month.

Q Well, in order to do that little forecast that you were talking about, you would have to make some

assumptions about how far out of balance traffic is going to be in the interim, right?

A That's right.

Q Do you have any idea about how far out of balance it will be in the interim?

A Oh, no. In any given month, I'm sure it could vary significantly from the base line, but I don't know what that would be.

Q Okay.

A United would have to make that forecast. Time Warner would have to make that forecast. Any other ALEC would have to make that forecast and set aside funds accordingly.

Q Are there any other costs that would be associated with this mutual and reciprocal minute-of-use charge besides this opportunity cost of money?

A Well, you've certainly got -- well, I'm not sure I want to call it the opportunity cost of money. It's certainly -- it's the cost of additional working capital, I think is the most accurate way to describe it. Certainly there are going to be billing and collection auditing costs. If you look at the existing caps, billing systems and all the costs that surround it, you probably get a pretty good proxy for what we would be talking about.

Q Okay. Let's talk about bill and keep for a

minute. Under bill and keep as you've described it, won't it be necessary for Time Warner to measure local traffic so it can determine how much is local and how much is toll?

A I'm sorry, in order to report that to United?

Q Yes.

A Yes.

Q So they are going to have to measure the amount of traffic terminating on their network in any event; is that correct?

A Well, they are certainly going to have to report, I guess the rough equivalent of a PIU.

Q Right, and there will be auditing costs associated with that, won't there?

A Well, there could be.

Q Sure. I mean unless people are just going to trust each other, right?

A Well, that's right.

Q Okay. So the auditing cost that will be there for bill and keep is probably about the same as the auditing cost that might be there for this minute-of-use charge, correct?

A Well, no, actually there are -- the audit you just described, unless I'm missing something, would occur on both a bill and keep and on a minute of use because the reporting would still occur.

Q Okay. That's --

A So that's not an avoidable audit; that is one that exists under both scenarios. So if we are comparing the merits of the scenarios, that is not one that we would include.

Q Okay. I would like to talk with you about Pages 14 and 15 of your testimony, and do you have that in front of you?

A Yes, I do.

Q I want to make sure I understand something. I think you testified that California had adopted a permanent local competition rule that involved bill and keep. Did I hear you correctly?

A It's my understanding that what they adopted was not labeled, certainly not labeled an interim agreement. Now as you probably know, to say that anything is permanent in California is probably an overstatement. They tend to have a very large number of phases of each proceeding, so I don't want to over characterize that one, but it's my understanding that they didn't set that aside as an interim agreement.

Q So you wouldn't characterize that as interim?

A That's my understanding.

Q Would you look at Page 15 of your testimony, please, Line 1.

A Yes.

Q First word.

A Yes.

Q Am I correct when I read that you say that California PUC recently adopted the interim local competition rules that include bill and keep?

A That's right.

Q Okay.

A But let me be clear, and again, I don't want to quibble over the language, but they adopted interim local competition rules, and bill and keep is included. Of course any of those rules may become permanent, and until the commission decides in a subsequent phase to change them they will be, and there is no language there that I have seen that suggests that bill and keep ought to be merely on an interim basis. So interim here applies to the fact that those rules have been adopted and will be reviewed. It doesn't apply to a description of bill and keep as an interim solution pending some other development.

Q But the whole decision is up for review again; is that correct?

A I think in California every decision remains perpetually up for review.

Q Okay.

A But I'm distinguishing here between, to be clear,

a decision like Washington, which says bill and keep on an interim basis until data base number portability is implemented. That is clearly adopting bill and keep on an interim basis with the contemplation that something different might be done later. That's not the language --

Q And Connecticut has adopted bill and keep for 12 months; is that correct?

A I'm sorry?

Q Connecticut has adopted bill and keep for 12 months?

A I believe that is correct.

Q Now let's talk about the Michigan Public Service Commission decision. Did you participate in that case?

A I was not involved in that case.

Q Have you read the order?

A I have seen the order, and it's here somewhere, but I don't have it in front of me.

Q Your testimony says that the Michigan Public Service Commission decision adopts bill and keep if the traffic is in balance within five percent.

A I think that's right. I think they have a kick in if there is, if the 105 is reached on either side.

Q So would you agree with me that the Michigan Public Service Commission has acknowledged the possibility that traffic won't be in balance?

A Sure.

Q Okay. Do you know anything about where Time Warner has installed switches in Florida?

A I would have no idea.

Q Okay.

MR. WAHLEN: Those are all the questions I have. Thank you.

MR. EDMONDS: Does anybody else on the line have questions for Mr. Wood?

MR. RINDLER: I just have a couple. I don't know whether anybody else does.

MR. EDMONDS: Go ahead.

MR. RINDLER: This is Rich Rindler representing MFS and Telenet.

EXAMINATION

BY MR. RINDLER:

Q Good morning, Mr. Wood.

A Good morning.

Q I just have a couple of questions I want to follow up on.

(WHEREUPON, THE PHONE LINE WENT DEAD)

BY MR. RINDLER:

Q Mr. Wood, earlier you were talking about reasonable costs that you had seen around the country for interconnection. Do you recall that?

A Yes.

Q How do you define a reasonable cost?

A Well, it's a cost that has been developed according to a total service long-run incremental cost methodology that correctly captures the right increment and that I've had -- I guess I reserve the reasonable label for those that I've studied, where I've had an opportunity to review the documentation in some detail and have been satisfied that that methodology was applied correctly. I would distinguish that from some studies that I've seen that attempts to add in, not only costs that are incremental to providing local interconnection, but also universal service preservation type costs, or in a sense what you can only call LEC preservation type costs, which are an attempt to recover costs that are I guess similar to what Mr. Poag described. Perhaps the obsolete technology is a good example, costs which otherwise wouldn't be recoverable in a competitive market place but in which the LEC wants to take an opportunity to try and collect through a monopoly rate to an interconnector.

Q Okay. And with respect to that reasonable cost, I believe you testified, though I can't immediately find it in my notes so I guess I'll reask you. Did you say that if Mr. Poag's proposed rate, if the costs were not less than a factor of ten you would be surprised?

A I think what I said was that looking at the rates, at least agreed to in the ICI stipulation and which I understand are being proposed here, my experience is that the costs that I've looked at and am comfortable with differ from those rates by a factor of ten; and if Mr. Poag's costs are significantly in excess of that, that would certainly be a cause for concern.

Q You and I both have the luxury of not having seen the underlying papers, so let me ask you this, there is a number that was recently publicly discussed at a Commission meeting, and it was point two five cents, and that was deemed to be substantially above cost. Does that fit within what you understand from your review of costs around the country?

A It is certainly not an exaggeration to call that substantially above the costs that I have seen by more than a factor of ten.

Q Do you recall, and give me some examples of states where you have looked at this question?

A Sure. I have looked at it specifically -- well, in Bell Atlantic territory in general, some specific state proceedings in Pennsylvania and Maryland, although I have looked -- Bell Atlantic does costing on a region-wide basis, so in a sense I've looked at it for the Bell Atlantic region. I've also looked extensively at some U.S.

West produced cost studies, and to a lesser extent some Southwestern Bell.

Q Are you aware -- and I understand from your prior testimony you are not an engineer; is that correct?

A That's right.

Q With that qualification, however, are you aware of any particular reasons why United-Centel's costs would be substantially above those of Bell Atlantic or Southwest Bell?

A No, I'm not, and that's actually a piece that I started to add on to why I would have a concern because I'm not aware of any reason, and I've not seen either -- in the company's testimony or through the deposition, at least of Mr. Poag, any suggestion that there are circumstances, technical, geographic or otherwise, that would make United-Centel in Florida unique in that regard. But I don't have any reason at this point to expect a different cost for them than I have seen around the country.

Q Thank you.

You also discussed the various methods of compensation, bill and keep, minute of use and a flat port charge. Do you recall that discussion?

A Yes.

Q And you indicated that there were some problems you had with the flat port charge although it would differ

depending upon what the strategy was of the individual ALEC, and you indicated one of those was that it is much more difficult, if not impossible, to do an imputation test if you have a flat port charge; is that correct?

A That's right. It's much easier to apply an imputation standard on a minute-of-use type charge.

Q Are there other deficiencies you believe exist in the flat port charge?

A Well, as it's been proposed, we don't have a cost number or a promise of a cost number that would be relevant in order to review how proper the rate might be, and let me explain that. If I understand the methodology that was used to develop the flat rate port rate, it's based on the assumed minute-of-use charge, I guess which is the Option B, times what United has calculated as the efficient level of traffic in order to make full use of that port.

That's really not a direct calculation of cost in any sense. This is in fact a -- essentially it's a termination of a DS-1 facility, and it is certainly possible to, on a bottom-up basis and on a very direct basis, calculate the cost of those facilities without including any sort of usage type charge. So if United were to do that type of cost analysis and set a flat rate port charge equal to that cost, that would certainly eliminate another significant problem. To state it more

directly, there is no cost basis at this point for the proposed flat rate port charge, and that is another draw back.

Q I believe you also discussed the issue with staff, the issue of the BellSouth agreement very briefly. Do you recall that?

A Yes, very briefly.

Q And I think you indicated that you were not involved in either the negotiation or providing a recommendation on that agreement; is that correct?

A That's right. I was not involved in that process at all.

Q And based on your testimony the point two five cents includes a substantial, very substantial I think you said, contribution above cost. Would I be correct in assuming that you think the cost above a penny is significantly out of line?

A Well, it's significantly far in excess of costs, or at least in a cost measure that I have seen around the country, and would therefore run afoul with my recommendation that any minute-of-use charge be set equal to TSLRIC.

Q I'm going to switch back to a question I asked you a minute ago. You have not seen any BellSouth studies on costs, have you? You mentioned Bell Atlantic, Southwest

Bell.

A Well, let me be clear. Local interconnection consists of a set of discrete network functions, and those network functions are used for things other than terminating local calls originated by a competing local carrier. So while I have not seen a cost study that is labeled cost of local interconnection, I've certainly seen BellSouth studies for those same network components being used in another capacity, if you will. So yes, I've seen BellSouth costs that I think are relevant. No, I have not seen a study entitled BellSouth cost of local interconnection.

Q Since BellSouth and United-Centel operate in the same area -- in Florida, in the State of Florida, and that is the issue in this case, isn't it correct to say that your statement with respect generally to the unlikelihood in your view of cost differing between GTE, United and Bell Atlantic and Southwest Bell would also apply to your view of cost between United-Centel and BellSouth?

A Well, let me be clear. What I said was I was certainly not aware of any technical or geographic reason why United's costs would differ from the other companies, and I would be surprised if they did. If the geographic area in Florida served by BellSouth is very similar geographically in terms of its characteristics to the area

served by United-Centel, then you would expect the same type strategies for the deployment of the facilities that we are talking about here and, therefore, you would expect a very similar cost structure.

MR. RINDLER: I don't have any further questions, Mr. Wood. Thank you very much.

MR. EDMONDS: Does anybody else on the line have any questions?

MR. GILLMAN: This is Tony Gillman. I called in a little late. I don't have any questions I believe.

MR. EDMONDS: Ms. Weiske, redirect?

MS. WEISKE: Just one or two.

EXAMINATION

BY MS. WEISKE:

Q Do you by chance know what decision was reached on interconnection rates in Oregon?

A In Oregon? Not off hand, no, I'm sorry.

Q What about in Ohio?

A In Ohio I believe a bill and keep arrangement has been adopted.

Q Do you know for what time frame?

A As far as I know, it's a permanent solution.

MS. WEISKE: That's all I had.

MR. EDMONDS: Okay. Well, I guess that concludes this deposition.

Thank you, Mr. Wood.

THE WITNESS: Thank you.

(WHEREUPON, THE DEPOSITION WAS CONCLUDED)

• • • •

ERRATA SHEET

DOCKET NUMBER 950985
DON WOOD
MARCH 7, 1996

CERTIFICATE OF DEPONENT

This is to certify that I, DOCTOR NINA W. CORNELL, have read the foregoing transcription of my testimony, Page 1 through 56, given on March 7, 1996 in Docket Number 950985, and find the same to be true and correct, with the exceptions, and/or corrections, if any, as shown on the errata sheet attached hereto.

_____

DON WOOD

Sworn to and subscribed before me this
_____ day of _____, 19_____

_____
NOTARY PUBLIC
State of _____
My Commission Expires:

STATE OF FLORIDA)
: CERTIFICATE OF REPORTER
COUNTY OF LEON)

I, NANCY S. METZKE, RPR, CCR, Certified Shorthand Reporter and Registered Professional Reporter,

DO HEREBY CERTIFY that I was authorized to and did stenographically report the foregoing deposition of Don Wood.

I FURTHER CERTIFY that this transcript, consisting of 59 pages, constitutes a true record of the testimony given by the witness.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel connected with the action, nor am I financially interested in the action.

DATED this 7th day of March, 1996.

NANCY S. METZKE, RPR, CCR

7/22/96 - D. Test. of Devine

ANDREWS OFFICE PRODUCTS CAPITOL HEIGHTS, MD (K)

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO 16
COMPANY/
WITNESS: Devine
DATE: 3/12/96

MFS COMMUNICATIONS COMPANY, INC.

GOVERNMENT AFFAIRS OFFICE
3000 K STREET, N.W., SUITE 300
WASHINGTON, D.C. 20007
TEL. (202) 424-7709
FAX (202) 424-7645

July 19, 1995

Mr. John W. Clayton
Director - National Carrier Accounts
Sprint - Local Telecommunications Division
2330 Shawnee Mission Parkway
Westwood, KS 66205

Dear John:

In preparation for the upcoming Co-carrier meeting between MFS and Sprint , I have prepared the following outline of MFS's proposed arrangements for the co-provision of local exchange services.

I. Number Assignments - MFS will order its own NXX's through the established industry guidelines. MFS will establish rating points for these NXX's, and will list the numbers in the appropriate industry routing and rating guides.

II. Tandem Subtending/Meet-point Billing - Under established industry guidelines, MFS will interconnect with a Sprint access tandem for the provision of switched access services to interexchange carriers. MFS will negotiate the appropriate billing percentages for jointly provided transport services. MFS prefers a single-bill approach for the provision of these services. Included in this arrangement is the routing of 800 calls originated by an MFS end user.

III. Interconnection and Reciprocal Compensation - This defines the physical arrangements that MFS and Sprint will configure to exchange local and toll traffic, and the financial arrangements associated with such arrangements. Existing switched access charges are not appropriate for the termination of local traffic because these rates greatly exceed the long run incremental cost of terminating traffic, and in many cases exceed the retail rate of local calling services.

A. Interconnection of Networks - MFS proposes that interconnection of networks be accomplished through meet points. Each carrier will be responsible for providing trunking to the meet point for the hand off of combined local and toll traffic, and be responsible for completing calls to all end user on their networks at the appropriate interconnection rate.

DOCUMENT NUMBER-DATE
00782 JAN 23 96
FPSC-RECORDS/REPORTING

B. Shared trunk groups - Carriers will pass both toll and local traffic over a single trunk group. A percent local utilization factor will be used to provide the proper local vs. toll percentage, subject to audit.

C. Pricing of interconnection arrangements - MFS proposes that a Bill and Keep, or mutual exchange, arrangement be utilized for the termination of local calls until the long run incremental cost of terminating calls is developed. Under this arrangement. the local portion of traffic completed by the other carrier is not billed. Toll traffic will be billed under the appropriate state or interstate access rates.

IV. Shared Platform Arrangements - The following shared platform arrangements are necessary to provide the full range of necessary local exchange services. MFS would like to explore. where possible, the ability to update appropriate databases by electronic means.

A. Interconnection to 911 systems - Provides for the establishment of trunking between MFS and established 911 hubs for the proper routing of calls.

B. 911 database access - Provides for the update of established ALI databases for the inclusion of new entrant customers.

C. Directory Listings - Provides that new entrants customers are provided the same free initial listing in the existing Bell white and yellow pages as they would receive as a Bell end user.

D. Directory Publishing and Delivery - Provides that new entrant customers are provided the same free service for the delivery of white pages as they would receive as a Bell end user.

E. Directory Assistance Database - Provides that new entrant customers are included in the existing Bell Directory Assistance Database.

F. Access to the Master Street Access Guide (MSAG) - This provides emergency service numbers and information for the correct routing of 911 calls.

G. Interconnection of Operator Service Platforms for the provision of Busy Line Verification and Interrupt Services.

H. Billing Arrrangements for Mass Announcement Services

O

V. Unbundling - Unbundling refers to the utilization of components of Sprint's presently tariffed services. MFS's initial unbundling proposal is to begin utilization of loop facilities between a Sprint central office and a customer premises. Unbundling will require the utilization of collocation for intrastate services, and the utilization of digital loop carrier systems within the collocation arrangements. Loop pricing should be appropriately discounted from the retail price for bundled dial tone line services.

VI. Interim Number Portability - MFS proposes that a remote call forwarding approach be utilized. with SS7 signalling to allow the utilization of certain Class features, until such a point where full number portability is made available. No charge should be applied, with the agreement that MFS would provide the same arrangement back to Sprint at no charge.

I look forward to discussing these issues with you at the meeting. Please call me at (212) 843-3056 if you would like to discuss any of these issues before hand.

Sincerely,

Gary J. Ball
Director of Regulatory Affairs

MFS
Communications Company, Inc.

INFORUM, SUITE 2200
250 WILLIAMS STREET
ATLANTA, GEORGIA 30303-1034
TEL. (404) 224-6000
FAX (404) 224-6060

November 9, 1995

Mr. Jack Burge
Carrier Account Manager
Sprint United/Centel
555 Lake Border Drive
MC-5322
Apopka, Florida 32703

Via Facsimile & Overnite Mail
@407 884 7020

Dear Jack:

Attached please find a Co-carrier agreement which I am proposing for MFS and Sprint United/Centel to execute to address Interconnection and Unbundling between our companies in the state of Florida. I am requesting that Sprint United/Centel review the agreement and provide me written comments by the close of business Wednesday, November 22.

Also, I am proposing that we schedule a meeting the week of November 13 to discuss the proposed agreement. I am available to meet next week, any day, except Tuesday, November 14.

Please contact me at 404 224 6115 if you have any questions, and to schedule a meeting date.

Sincerely,

Timothy T. Devine

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Please contact me at 404 224 6115 if you have any questions, and to schedule a meeting date.

Sincerely,

Timothy T. Devine

The Parties, each of which currently provides or intends to provide Exchange Services over their own respective switching networks in the State of Florida, agree pursuant to this Stipulation and Agreement to extend certain arrangements to one another as described and according to the terms, conditions and pricing specified hereunder. The Parties enter into this agreement without prejudice to any positions they have taken previously, or may take in the future in any legislative, regulatory, or other public forum.

I. RECITALS & PRINCIPLES

WHEREAS, universal connectivity between common carriers is the defining characteristic of the public switched telecommunications network in which all common carriers participate; and

WHEREAS, absent such connectivity the utility of communications services to individual consumers and to society as a whole would be severely and unnecessarily diminished; and

WHEREAS, encouraging fair, efficient and reasonable connectivity of networks has been identified as being in the public interest and as a guiding principle of U.S. telecommunications policy throughout this century[1]; and

WHEREAS, the events of the last three decades have made it abundantly clear that competition in communications markets has been highly beneficial to consumers and society as a whole; and

WHEREAS, it is now possible and eminently desirable to extend the benefits of competition to the local exchange services market; and

WHEREAS, the most basic prerequisite for the mere introduction of local exchange competition is the establishment of certain arrangements between and among incumbent and entrant local exchange carriers; and

WHEREAS, in order that the greatest possible benefits should accrue to consumers and society, such arrangements must: (1) allow the natural development of full, fair, efficient and effective local exchange competition; (2) allow each carrier to recognize and respond to competitive market incentives to configure robust, high quality, least-cost, efficient networks, to innovate, to optimize overall operations, to improve total customer service and customer responsiveness; and (3) ensure optimal inter-operability and service transparency to all end users, regardless of the carrier from which the end user chooses to receive service; and

[1] Beginning at least with the "Kingsbury Commitment of 1913", wherein the Bell System, in a bid to stave off anti-trust action, committed to the United States Attorney General to, among other things, connect its networks with those of independent telephone companies.

WHEREAS, in order for efficiency and fairness to uphold in these arrangements, it is essential that each incumbent and entrant local exchange carrier be allowed the greatest possible flexibility and discretion to develop its own basic business strategies -- especially with respect to network design, technology and capital choice and deployment, management of operating expenses, product offerings and product packaging -- and should take sole responsibility for, and bear all risks associated with its own strategies and decisions in these areas; and

WHEREAS, no carrier should be in a position to shift any burdens arising from its own unilateral decisions and strategies in these areas onto its competitors, nor be able to confiscate from a competitor any benefits arising from that competitor's own unilateral decisions and strategies; and

WHEREAS, in the service of maximum inter-operability, each incumbent and entrant local exchange carrier should be able to efficiently, flexibly, and robustly exchange traffic and signaling with every other carrier operating in the same area at well-defined and standardized points of mutually agreed interconnection;

NOW, THEREFORE, in consideration of the mutual provisions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ELEC and ILEC hereby covenant and agree as follows:

II. DEFINITIONS

A. "Automatic Number Identification" or "ANI" refers to the number transmitted through the network identifying the calling party.

B. "Central Office Switch", "Central Office" or "CO" means a switching entity within the public switched telecommunications network, including but not limited to:

"End Office Switches" which are Class 5 switches from which end user Exchange Services are directly connected and offered.

"Tandem Office Switches" which are Class 4 switches which are used to connect and switch trunk circuits between and among Central Office Switches.

Central Office Switches may be employed as combination End Office/Tandem Office switches (combination Class 5/Class 4).

C. "CLASS Features" (also called "Vertical Features") include: Automatic Call Back; Automatic Recall; Call Forwarding Busy Line/Don't Answer; Call Forwarding Don't Answer; Call Forwarding Variable; Call Forwarding - Busy Line; Call Trace; Call Waiting; Call Number Delivery Blocking Per

Call; Calling Number Blocking Per Line; Cancel Call Waiting; Distinctive Ringing/Call Waiting; Incoming Call Line Identification Delivery; Selective Call Forward; Selective Call Rejection; Speed Calling; and Three Way Calling/Call Transfer.

D. "Co-Location" or "Co-Location Arrangement" is an interconnection architecture method in which one carrier extends network transmission facilities to a wire center/aggregation point in the network of a second carrier, whereby the first carrier's facilities are terminated into equipment installed and maintained in that wire center by or on the behalf of the first carrier for the primary purpose of interconnecting the first carrier's facilities to the facilities of the second carrier.

E. "Commission" means the Florida Public Service Commission (PSC).

F. "Common Channel Signaling" or "CCS" means a method of digitally transmitting call set-up and network control data over a special network fully separate from the public switched network that carries the actual call.

G. "Cross Connection" means an intra-wire center channel connecting separate pieces of telecommunications equipment including equipment between separate co-location facilities.

H. "DID" means direct inward dialing.

I. "DS-1" is a digital signal rate of 1.544 Mbps (Mega Bit Per Second).

J. "DS-3" is a digital signal rate of 44.736 Mbps.

K. "DSX panel" is a cross-connect bay/panel used for the termination of equipment and facilities operating at digital rates.

L. "Electronic File Transfer" refers to any system/process which utilizes an electronic format and protocol to send/receive data files.

M. "Entrant Local Exchange Carrier" or "ELEC" means a LEC which is not the current or former Incumbent Local Exchange Carrier in any geographic area.

N. "Exchange Message Record" or "EMR" is the standard used for exchange of telecommunications message information among Local Exchange Carriers for billable, non-billable, sample, settlement and study data. EMR format is contained in BR-010-200-010 *CRIS Exchange Message*

Record, a Bellcore document which defines industry standards for exchange message records.

O. "Exchange Service" refers to all basic access line, PBX trunk, Centrex/ESSX-like services, ISDN services, or any other services offered to end users which provide end users with a telephonic connection to, and a unique telephone number address on, the public switched telecommunications network, and which enable such end users to place or receive calls to all other stations on the public switched telecommunications network.

P. "Incumbent Local Exchange Carrier" or "ILEC" means a LEC which is currently or was previously the exclusive LEC in a given geographic area.

Q. "Interconnection" means the connection of separate pieces of equipment, transmission facilities, etc., within, between or among networks. The architecture of interconnection may include several methods including, but not limited to co-location arrangements and mid-fiber meet arrangements.

R. "Interexchange Carrier" or "IXC" means a provider of stand-alone interexchange telecommunications services.

S. "Interim Number Portability" or "INP" means the transparent delivery of Local Telephone Number Portability ("LTNP") capabilities, from a customer standpoint in terms of call completion, and from a carrier standpoint in terms of compensation, through the use of existing and available call routing, forwarding, and addressing capabilities.

T. "ISDN" means Integrated Services Digital Network; a switched network service providing end-to-end digital connectivity for the simultaneous transmission of voice and data. Basic Rate Interface-ISDN (BRI-ISDN) provides for digital transmission of two 64 Kbps bearer channels and one 16 Kbps data channel (2B+D). Primary Rate Interface-ISDN (PRI-ISDN) provides for digital transmission of twenty-three (23) 64 Kbps bearer channels and one 16 Kbps data channel (23 B+D).

U. "Line Side" refers to an end office switch connection that has been programmed to treat the circuit as a local line connected to a ordinary telephone station set. Line side connections offer only those transmission and signaling features appropriate for a connection between an end office and an ordinary telephone station set.

V. "Link Element" or "Link" is a component of an Exchange Service; for purposes of general illustration, the "Link Element" is the transmission

facility (or channel or group of channels on such facility) which extends from a Main Distribution Frame, DSX-panel, or functionally comparable piece of equipment in an ILEC end office wire center, to a demarcation or connector block in/at a customer's premises. Traditionally, links were provisioned as 2-wire or 4-wire copper pairs running from the end office distribution frame to the customer premise; however, a link may be provided via other media, including radio frequencies, as a channel on a high capacity feeder/distribution facility which may in turn be distributed from a node location to the customer premise via a copper or coax drop facility, etc. Links fall into the following categories:

"2-wire analog voice grade links" will support analog transmission of 300-3000 Hz, repeat loop start or ground start seizure and disconnect in one direction (toward the end office switch), and repeat ringing in the other direction (toward the end user). This link is commonly used for local dial tone service.

"2-wire ISDN digital grade links" will support digital transmission of two 64 Kbps bearer channels and one 16 Kbps data channel. This is a 2B+D basic rate interface Integrated Services Digital Network (BRI-ISDN) type of loop which will meet national ISDN standards.

"4-wire DS-1 digital grade links" will support full duplex transmission of isochronous serial data at 1.544 Mbps. This T-1/DS-1 type of loop provides the equivalent of 24 voice grade/DS0 channels.

W. "Local Exchange Carrier" or "LEC" means any carrier that provides facility-based Exchange Services utilizing a switch it owns or substantially controls in conjunction with unique central office codes assigned directly to that carrier. This includes both Incumbent Local Exchange Carriers ("ILEC") and Entrant Local Exchange Carriers ("ELEC").

X. "Local Telephone Number Portability" or "LTNP" means the technical ability to enable an end user customer to utilize its telephone number in conjunction with any exchange service provided by any Local Exchange Carrier operating within the geographic number plan area with which the customer's telephone number(s) is associated, regardless of whether the customer's Chosen Local Exchange Carrier is the carrier which originally assigned the number to the customer, without penalty to either the customer or its chosen local exchange carrier.

Y. "Main Distribution Frame" or "MDF" is the primary point at which outside plant facilities terminate within a wire center, for interconnection to other telecommunications facilities within the wire center.

Z. "Meet-Point Billing" or "MPB" refers to an arrangement whereby two LECs jointly provide the transport element of a switched access service to one of the LEC's end office switches, with each LEC receiving an appropriate share of the transport element revenues as defined by their effective access tariffs.

AA. "MECAB" refers to the *Multiple Exchange Carrier Access Billing (MECAB)* document prepared by the Billing Committee of the Ordering and Billing Forum (OBF), which functions under the auspices of the Carrier Liaison Committee (CLC) of the Alliance for Telecommunications Industry Solutions (ATIS). The MECAB document, published by Bellcore as Special Report SR-BDS-000983, contains the recommended guidelines for the billing of an access service provided by two or more LECs, or by one LEC in two or more states within a single LATA.

BB. "MECOD" refers to the *Multiple Exchange Carriers Ordering and Design (MECOD) Guidelines for Access Services - Industry Support Interface*, a document developed by the Ordering/Provisioning Committee under the auspices of the Ordering and Billing Forum (OBF), which functions under the auspices of the Carrier Liaison Committee (CLC) of the Alliance for Telecommunications Industry Solutions (ATIS). The MECOD document, published by Bellcore as Special Report SR STS-002643, establish methods for processing orders for access service which is to be provided by two or more LECs.

CC. "Mid-Fiber Meet" is an interconnection architecture method whereby two carriers meet at a fiber splice in a junction box.

DD. "NANP" means the "North American Numbering Plan", the system of telephone numbering employed in the United States, Canada, and the Caribbean countries which employ NPA 809.

EE. "Numbering Plan Area" or "NPA" is also sometimes referred to as an area code. This is the three digit indicator which is defined by the "A", "B", and "C" digits of each 10-digit telephone number within the North American Numbering Plan ("NANP"). Each NPA contains 800 possible NXX Codes. There are two general categories of NPA, "Geographic NPAs" and "Non-Geographic NPAs". A "Geographic NPA" is associated with a defined geographic area, and all telephone numbers bearing such NPA are associated with services provided within that geographic area. A "Non-Geographic NPA", also known as a "Service Access Code" or

"SAC Code" is typically associated with a specialized telecommunications service which may be provided across multiple geographic NPA areas; 800, 900, 700, and 888 are examples of Non-Geographic NPAs.

FF. "NXX", "NXX Code", "Central Office Code" or "CO Code" is the three digit switch entity indicator which is defined by the "D", "E", and "F" digits of a 10-digit telephone number within the North American Numbering Plan ("NANP"). Each NXX Code contains 10,000 station numbers. Historically, entire NXX code blocks have been assigned to specific individual local exchange end office switches.

GG. "On-Line Transfer" means the transferring of an incoming call to another telephone number without the call being disconnected.

HH. "Permanent Number Portability" or "PNP" means the use of a database solution to provide fully transparent LTNP for all customers and all providers without limitation.

II. "Plain Old Telephone Service Traffic" or "POTS traffic" refers to calls between two or more Exchange Service users, where both Exchange Services bear NPA-NXX designations associated with the same LATA or other authorized area (e.g., Extended Area Service Zones in adjacent LATAs). POTS traffic includes the traffic types that have been traditionally referred to as "local calling", as "extended area service (EAS)", and as "intraLATA toll".

JJ. "Port Element" or "Port" is a component of an Exchange Service; for purposes of general illustration, the "Port" is a line card and associated peripheral equipment on an ILEC end office switch which serves as the hardware termination for the customer's exchange service on that switch and generates dial tone and provides the customer a pathway into the public switched telecommunications network. Each Port is typically associated with one (or more) telephone number(s) which serves as the customer's network address. Port categories include:

"2-wire analog line port" is a line side switch connection employed to provide basic residential and business type Exchange Services.

"2-wire ISDN digital line port" is a Basic Rate Interface (BRI) line side switch connection employed to provide ISDN Exchange Services.

"2-wire analog DID trunk port" is a direct inward dialing (DID) trunk side switch connection employed to provide incoming trunk type Exchange Services.

"4-wire DS-1 digital DID trunk port" is a direct inward dialing (DID) trunk side switch connection employed to provide the equivalent of 24 analog incoming trunk type Exchange Services.

"4-wire ISDN digital DS-1 trunk port" is a Primary Rate Interface (PRI) trunk side switch connection employed to provide the ISDN Exchange Services.

KK. "Rate Center" means the specific geographic point and corresponding geographic area which have been identified by a given LEC as being associated with a particular NPA-NXX code which has been assigned to the LEC for its provision of Exchange Services. The "rate center point" is the finite geographic point identified by a specific V&H coordinate, which is used to measure distance-sensitive enduser traffic to/from Exchange Services bearing the particular NPA-NXX designation associated with the specific Rate Center. The "rate center area" is the exclusive geographic area which the LEC has identified as the area within which it will provide Exchange Services bearing the particular NPA-NXX designation associated with the specific Rate Center. The Rate Center point must be located within the Rate Center area.

LL. "Rating Point", sometimes also referred to as "Routing Point" means a location which a LEC has designated on its own network as the homing (routing) point for traffic inbound to Exchange Services provided by the LEC which bear a certain NPA-NXX designation. Pursuant to Bellcore Practice BR 795-100-100, the Rating Point may be an "End Office" location, or a "LEC Consortium Point of Interconnection". Pursuant to that same Bellcore Practice, examples of the latter shall be designated by a common language location identifier (CLLI) code with (x)KD in positions 9, 10, 11, where (x) may be any alphanumeric A-Z or 0-9. The Rating Point/Routing Point need not be the same as the Rate Center Point, nor must it be located within the Rate Center Area.

MM. "Reference of Calls" refers to a process in which calls are routed to an announcement which states the new telephone number of an end user.

NN. "Service Control Point" or "SCP" is the node in the signaling network to which informational requests for service handling, such as routing, are directed and processed. The SCP is a real time database system that, based on a query from the SSP, performs subscriber or application-specific service logic, and then sends instructions back to the SSP on how to continue call processing.

OO. "Signal Transfer Point" or "STP" performs a packet switching function that routes signaling messages among SSPs, SCPs and other STPs in order to set up calls and to query databases for advanced services.

PP. "Synchronous Optical Network" or "SONET" means ...

QQ. "Switched Access Service" means the offering of facilities for the purpose of the origination or termination of non-POTS traffic to or from Exchange Services offered in a given area. Switched Access Services include: Feature Group A, Feature Group B, Feature Group D, 800 access, and 900 access.

RR. "Trunk Side" refers to a central office switch connection that is capable of, and has been programmed to treat the circuit as, connecting to another switching entity, for example a private branch exchange ("PBX") or another central office switch. Trunk side connections offer those transmission and signaling features appropriate for the connection of switching entities, and can not be used for the direct connection of ordinary telephone station sets.

SS. "Wire Center" means a building or space within a building which serves as an aggregation point on a given carrier's network, where transmission facilities and circuits are connected or switched.

III. DEFAULT NETWORK INTERCONNECTION ARCHITECTURE

LECs shall interconnect their networks as necessary to effect the Co-Carrier Arrangements identified in Parts V., VI., VII., and IX. Any two or more LECs shall be free to employ whatever network interconnection architecture and at whatever points as the may mutually agree, provided that each LEC makes available the same arrangements to each other LEC operating within the same areas. Notwithstanding any mutual agreements which may be established between carriers regarding the architecture of network interconnection arrangements they may voluntarily establish between their networks, each LEC shall, upon request by any other LEC, minimally make available to that LEC interconnection arrangements conforming to the default network interconnection architecture defined below:

A. In each LATA within which at least one ELEC provides Exchange Service, the ILEC wire center housing the ILEC tandem switch with the greatest traffic volume in the LATA shall be designated as the Default Network Interconnection Point ("D-NIP"). The D-NIP shall be the point at which all LECs providing Exchange Services within the LATA shall have the right to interconnect to all other LECs providing Exchange Services within the LATA.

B. Where an ELEC and an ILEC interconnect at a D-NIP, ELEC shall have the right to specify any of the following interconnection methods:

1. a mid-fiber meet at the D-NIP, or in a manhole or other appropriate junction point near to or just outside the D-NIP;

2. a digital cross-connection hand-off, DSX panel to DSX panel, where both the ELEC and the ILEC maintain such facilities at the D-NIP;

3. a co-location facility maintained by ELEC, or by a 3rd-party with whom ELEC has contracted for such purposes, at an ILEC wire center, where such wire center has been designated as the D-NIP; or

4. a co-location facility maintained by ILEC, or by a 3rd-party with whom ILEC has contracted for such purposes, at an ELEC wire center, where such wire center has been designated as the D-NIP.

C. In extending network interconnection facilities to the D-NIP, ELEC shall have the right to extend its own facilities or to lease dark fiber facilities or digital transport facilities from ILEC or from any 3rd-party, subject to the following terms:

1. Such leased facilities shall extend from any point designated by ELEC on its own network (including a co-location facility maintained by ELEC at an ILEC wire center) to the D-NIP or associated manhole or other appropriate junction point.

2. Where ELEC leases such facilities from ILEC, ELEC shall have the right to lease under the most favorable tariff or contract terms ILEC offers.

D. Where an interconnection occurs via a co-location facility, no incremental cross-connection charges shall apply for the circuits required by this agreement.

E. Upon reasonable notice, ELEC may change from one of the interconnection methods specified above, to one of the other methods specified above, with no penalty, conversion, or rollover charges.

IV. NUMBER RESOURCE ARRANGEMENTS

A. Nothing in this agreement shall be construed to in any manner limit or otherwise adversely impact any LEC's right to employ or to request and

be assigned any NANP number resources including, but not limited to, central office (NXX) codes pursuant to the Central Office Code Assignment Guidelines[2].

B. As contemplated by the Central Office Code Assignment Guidelines, each LEC shall designate within the geographic NPA with which each of its assigned NXX codes is associated, a Rate Center area within which it intends to offer Exchange Services bearing that NPA-NXX designation, and a Rate Center point to serve as the measurement point for distance-sensitive traffic to/from the Exchange Services bearing that NPA-NXX designation.

C. Each LEC will also designate a Rating Point for each assigned NXX code. A LEC may designate one location within each Rate Center as the Rating Point for the NPA-NXXs associated with that Rate Center; alternatively, the LEC may designate a single location within one Rate Center to serve as the Rating Point for all the NPA-NXXs associated with that Rate Center and with one or more other Rate Centers served by the LEC within the same LATA.

D. To the extent any ILEC serves as Central Office Code Administrator for a given region, the ILEC will support all other LEC requests related to central office (NXX) code administration and assignments in an effective and timely manner.

E. All LECs will comply with code administration requirements as prescribed by the Federal Communications Commission, the Public Service Commission, and accepted industry guidelines.

F. It shall be the responsibility of each LEC to program and update its own switches and network systems to recognize and route traffic to each other LEC's assigned NXX codes at all times. No LEC shall impose any fees or charges whatsoever on any other LEC for such activities.

V. MEET-POINT BILLING ARRANGEMENTS

A. Description

1. Each ELEC may at its sole option and discretion establish meet-point billing arrangements with an ILEC in order to provide Switched Access Services to third parties via an ILEC access tandem switch, in accordance with the Meet-Point Billing

[2] Last published by the Industry Numbering Committee ("INC") as INC 95-0407-008, Revision 4/7/95, formerly ICCF 93-0729-010.

guidelines adopted by, and contained in the Ordering and Billing Forum's MECAB and MECOD documents, except as modified herein.

2. Except in instances of capacity limitations, ILEC shall permit and enable ELEC to sub-tend the ILEC access tandem switch(es) nearest to the ELEC Rating Point(s) associated with the NPA-NXX(s) to/from which the Switched Access Services are homed. In instances of capacity limitation at a given access tandem switch, ELEC shall be allowed to sub-tend the next-nearest ILEC access tandem switch in which sufficient capacity is available.

3. Except in those instances where ELEC and ILEC have negotiated mutually-agreeable alternative network interconnection arrangements, interconnection for the meet-point arrangement shall occur at the D-NIP.

4. Common channel signalling ("CCS") shall be utilized in conjunction with meet-point billing arrangements to the extent such signaling is resident in the ILEC access tandem switch.

5. ELEC and ILEC will use their best reasonable efforts, individually and collectively, to maintain provisions in their respective federal and state access tariffs, and/or provisions within the National Exchange Carrier Association ("NECA") Tariff No. 4, or any successor tariff, sufficient to reflect this meet-point billing arrangement, including meet-point billing percentages.

6. As detailed in the MECAB document, ELEC and ILEC will in a timely fashion exchange all information necessary to accurately, reliably and promptly bill third parties for Switched Access Services traffic jointly handled by ELEC and ILEC via the meet-point arrangement.[3] Information shall be exchanged in Electronic Message Record ("EMR") format, on magnetic tape or via a mutually acceptable electronic file transfer protocol.

7. ELEC and ILEC shall employ the calendar month billing period for meet-point billing, and shall provide each other, at no charge, the Usage Data.

[3] Including, as necessary, call detail records, interstate/intrastate/intraLATA percent of use factors, carrier name and billing address, carrier identification codes, serving wire center designation, etc., associated with such switched access traffic.

B. Compensation

1. At ELEC's option, billing to 3rd-parties[4] for the Switched Access Services jointly provided by ELEC and ILEC via the meet-point arrangement shall be according to the single-bill/single tariff method, single-bill/multiple-tariff method, multiple-bill/single-tariff method, or multiple-bill/multiple-tariff method.

2. Switched Access charges to 3rd-parties shall be calculated utilizing the rates specified in ELEC's and ILEC's respective federal and state access tariffs, in conjunction with the appropriate meet-point billing factors specified for each meet-point arrangement either in those tariffs or in the NECA No. 4 tariff.

3. ELEC shall be entitled to the balance of the switched access charge revenues associated with the jointly handled switched access traffic, less the amount of transport element charge revenues[5] to which ILEC is entitled pursuant to the above-referenced tariff provisions.

4. Where ELEC specifies one of the single-bill methods, ILEC shall bill and collect from 3rd parties, promptly remitting to ELEC the total collected switched access charge revenues associated with the jointly-handled switched access traffic, less only the amount of transport element charge revenues to which ILEC is otherwise entitled.

5. MPB will apply for all traffic bearing the 800, 888, or any other non-geographic NPA which may be likewise designated for such traffic in the future, where the responsible party is an IXC. In those situations where the responsible party for such traffic is a LEC, full switched access rates will apply.

VI. RECIPROCAL TRAFFIC EXCHANGE ARRANGEMENT

A. Description

LECs shall reciprocally terminate POTS calls originating on each others' networks. Except in those instances where two (or more) LECs have

[4] Including any future ILEC separate interexchange subsidiaries.

[5] For purposes of clarification, this does not include the interconnection charge, which is to be remitted to the end office provider, which in this case would be ELEC.

negotiated mutually-agreeable alternative network interconnection arrangements, reciprocal traffic exchange shall occur as follows:

1. LECs shall make available to each other interconnection facilities for the reciprocal exchange of POTS traffic at the D-NIP. The POTS reciprocal traffic exchange facilities established between any two LECs shall be configured as two separate trunk groups, whereby the first LEC shall utilize the first trunk group to terminate traffic to the second LEC, and the second LEC shall utilize the second trunk group to terminate traffic to the first LEC.

2. The connections between the interconnection trunk groups shall be made at a DS-1 or multiple DS-1 level (including SONET) and shall be jointly-engineered to an objective P.01 grade of service.

3. Initial connections shall be made at an aggregate network level per D-NIP, such that a single trunk group shall be established in each direction between the two LEC networks, unless otherwise agreed to by the two LECs.

   In those instances where the total traffic in either direction between the networks of two LECs (other than the ILEC with the greatest traffic in the LATA) is less than 2,000,000 per month for a sustained period of six (6) months, the ILEC which carries the greatest amount of traffic within the LATA shall allow those two LECs to route traffic between their respective networks via the aggregate traffic exchange trunk groups each LEC maintains with the ILEC for the exchange of traffic with the ILEC. In such instances, ILEC shall route traffic between the two LECs as if the originating LEC network was a single switching entity within the ILEC's own network.

4. Whenever the total traffic in either direction between discrete switching entities in two separate LEC networks exceeds 2,000,000, per month for a sustained period of three (3) months, disaggregated traffic exchange trunk group paths shall be established between those two switching entities at the option of either LEC. The interconnection architecture shall be the same as that which pertained for the aggregated connections.

5. Each party shall deliver to each other party POTS traffic at the D-NIP associated with the LATA in which the POTS traffic occurs.

6. LECs will provide Common Channel Signalling (CCS) to one another, where and as available, in conjunction with all traffic

exchanged at the D-NIP. LECs will cooperate on the exchange of Transactional Capabilities Application Part (TCAP) messages to facilitate full inter-operability of CCS-based features between their respective networks, including all CLASS features and functions. All CCS signalling parameters will be provided including automatic number identification (ANI), originating line information (OLI) calling party category, charge number, etc. All privacy indicators will be honored. Network signalling information such as Carrier Identification Parameter (CCS platform) and CIC/OZZ information (non-CCS environment) will be provided wherever such information is needed for call routing or billing. For traffic for which CCS is not available, in-band multi-frequency (MF), wink start, E&M channel-associated signalling with ANI will be forwarded.

7. LECs shall establish company-wide CCS interconnections STP-to-STP. Such interconnections shall be made at the D-NIP, as necessary.

8. Where any two LECs exchange traffic at the D-NIP, one LEC may request, and the second LEC shall provide within 60 days of receiving such request, a separated trunk group from the D-NIP to a specific end office or tandem switching entity in the network of the second LEC, in that the first LEC may utilize such separated trunk group in order to both terminate POTS traffic to points subtending that specific switch, and terminate and originate to such points non-POTS which would otherwise be terminated or originated to such switch via Feature Group ("FGD") Switched Access Services which the first LEC would otherwise purchase from the second LEC. All POTS traffic carried over such trunk group shall be subject solely to the compensation arrangements specified below for POTS traffic. All non-POTS traffic carried over such trunk group shall be subject solely to the applicable tariffed FGD Switched Access charges which would otherwise apply to such traffic, as described below.

B. Compensation

1. A POTS call handed-off at the D-NIP corresponding to the LATA in which the call occurs, shall be exchanged on an in-kind basis, with no charges, including CCS charges, applying in either direction.

2. A POTS call which is routed between two LECs via the aggregate traffic exchange trunk groups which each LEC maintains between its own network and the network of the largest ILEC operating in

the LATA, shall be exchanged on an in-kind basis, with no charges applying in either direction between the two LECs at either end of the call. However, the LEC on whose network the call originated shall pay the ILEC the lesser of : (1) ILEC's interstate Switched Access Service per minute tandem switching rate element; (2) ILEC's intrastate Switched Access Service per minute tandem switching rate element; or (3) a per minute rate of $0.002. Should non-POTS traffic be exchanged over such arrangements, in either direction, such traffic will be subject to the standard meet-point billing compensation and procedures which would otherwise apply.

3. FGD charges for non-POTS traffic carried together with POTS traffic over a separated trunk group shall be calculated as follows:

   a. FGD charges for non-POTS traffic shall be applied as if the D-NIP is the serving wire center for the FGD service.

   b. Non-POTS traffic which would otherwise be subject to originating FGD charges will be rated and billed according to procedures which otherwise apply for the rating and billing of originating FGD traffic.

   c. Non-POTS traffic which would otherwise be subject to terminating FGD charges will be rated and billed according to the procedures which otherwise apply for the rating and billing of terminating FGD traffic, with the following modifications:

      (1) The initial written request for separated trunk groups to a specific switching entity shall include percentage of use factors for POTS traffic, intrastate non-POTS traffic, and interstate non-POTS traffic (the sum of which should equal 100%) the requesting (first) LEC expects to terminate over the separated trunk group.

      (2) The initial estimated percentages shall be employed by the second LEC to rate and bill all traffic terminated over the separated trunk group, beginning on the date on which non-POTS traffic is initially terminated over over such trunk group, up to and including the last day of the calendar quarter following the quarter in which such terminations were initiated.

(3) Beginning with the calendar quarter immediately following the calendar quarter in which termination of non-POTS traffic was initiated, the first LEC shall by the 45th day of each new calendar quarter provide to the second LEC the actual terminating traffic percentages from the immediately preceding calendar quarter shall be provided for application in the next following calendar quarter. The second LEC shall utilize these percentages in calculating the terminating traffic exchange charges, terminating intrastate FGD charges, and terminating interstate FGD charges due from the first LEC.

VII. SHARED NETWORK PLATFORM ARRANGEMENTS

A. Interconnection Between ELECs Co-Located in an ILEC Wire Center

1. Description

ILEC will enable any two ELECs to directly interconnect their respective networks, where both ELECs maintain co-location facilities at the same ILEC wire center, by effecting a cross-connection between those co-location facilities, as jointly directed by the two ELECs.

2. Compensation

For cross-connections between two ELEC co-location facilities in the same ILEC wire center, ILEC will charge each ELEC one-half the standard tariffed special access cross-connect rate.

B. 9-1-1/E9-1-1

1. Description

a. ELEC will interconnect to the ILEC 9-1-1/E-9-1-1 selective routers/911 tandems which serve the areas in which ELEC provides exchange services, for the provision of 9-1-1/E9-1-1 services and for access to all sub-tending Public Safety Answering Points ("PSAP"). ILEC will provide ELEC with the appropriate CLLI codes and specifications of the tandem serving area.

b. Except in those instances where ELEC and ILEC have negotiated mutually-agreeable alternative network interconnection arrangements, interconnection shall be made at the D-NIP.

c. ILEC and ELEC will arrange for the automated input and daily updating of 9-1-1/E-9-1-1 database information related to ELEC end users. ILEC will provide ELEC with the Master Street Address Guide (MSAG) so that ELEC can ensure the accuracy of the data transfer. Additionally, ILEC shall provide to ELEC the ten-digit POTS number for each PSAP that sub-tends each ILEC selective router/9-1-1 tandem to which ELEC is interconnected.

d. ILEC will use its best efforts to facilitate the prompt, robust, reliable and efficient interconnection of ELEC systems to the 9-1-1/E-9-1-1 platforms.

2. Compensation

No charges shall apply for the provision of 911/E911 services between ILECs and ELECs.

C. Information Services Billing and Collection

1. Description

a. Except in those instances where ELEC and ILEC have negotiated mutually-agreeable alternative network interconnection arrangements, ELEC shall deliver information services traffic originated over ELEC's Exchange Services to information services provided over ILEC's information services platform (*e.g.*, 976) over the reciprocal traffic exchange trunk groups interconnected at the D-NIP designated by the ILEC for receipt of such traffic.

b. ILEC will at ELEC's option provide a direct real-time electronic feed or a daily or monthly magnetic tape in a mutually-specified format, listing the appropriate billing listing and effective daily rate for each information service by telephone number.

c. To the extent ELEC determines to provide a competitive information services platform, ILEC will cooperate with ELEC to develop a LATA-wide NXX code(s) which ELEC

may use in conjunction with such platform. Additionally, ILEC shall route calls to such platform and ELEC will provide billing listing/daily rate information on terms reciprocal to those specified above.

2. Compensation

a. ELEC will bill and collect from its end users the specific end user calling rates ILEC bills its own end users for such services, unless ELEC obtains tariff approval from the Public Service Commission ("PSC") specifically permitting ELEC to charge its end users a rate different than the rate set forth in ILEC's tariff for such services.

b. ELEC will remit the full specified charges for such traffic each month to ILEC, less $0.05 per minute, and less uncollectibles.

c. In the event ELEC provides an information service platform, ILEC shall bill its end users and remit funds to ELEC on terms reciprocal to those specified above.

D. Directory Listings and Directory Distribution

1. Description

The directory listings and distribution terms and rate specified in this section shall apply to listings of ELEC customer numbers falling within NXX codes directly assigned to ELEC, and to listings of ELEC customer telephone numbers which are retained by ELEC pursuant to Local Telephone Number Portability Arrangements described below.

a. ILEC will include ELEC's customers' telephone numbers in its "White Pages" and "Yellow Pages" directory listings and directory assistance databases associated with the areas in which ELEC provides services to such customers, and will distribute such directories to such customers, in the identical and transparent manner in which it provides those functions for its own customers' telephone numbers.

b. ELEC will provide ILEC with its directory listings and daily updates to those listings in in an industry-accepted format; ILEC will provide ELEC a magnetic tape or computer disk containing the proper format.

c. ELEC and ILEC will accord ELEC' directory listing information the same level of confidentiality which ILEC accords its own directory listing information, and ILEC shall ensure that access to ELEC's customer proprietary confidential directory information will be limited solely to those ILEC employees who are directly involved in the preparation of listings.

2. Compensation

a. ILEC shall remit to ELEC a royalty payment for sales of any bulk directory lists to third parties, where such lists include ELEC customer listings.

b. Such royalty payments shall be in proportion to the number of ELEC listings to ILEC listings contained in the list purchased by the third party, less 10% which ILEC may retain as sales commission.

E. Directory Assistance (DA)

1. Description

At ELEC' request, ILEC will:

a. provide to ELEC operators or to an ELEC-designated operator bureau on-line access to ILEC's directory assistance database, where such access is identical to the type of access ILEC's own directory assistance operators utilize in order to provide directory assistance services to ILEC end users;

b. provide to ELEC unbranded directory assistance service ELEC which is comparable in every way to the directory assistance service ILEC makes available to its own end users;

c. provide to ELEC directory assistance service under ELEC's brand which is comparable in every way to the directory assistance service ILEC makes available to its own end users;

d. allow ELEC or an ELEC-designated operator bureau to license ILEC's directory assistance database for use in providing competitive directory assistance services; and/or

e. in conjunction with VII.E.1.b. or VII.E.1.c., above, provide caller-optional directory assistance call completion service which is comparable in every way to the directory assistance call completion service ILEC makes available to its own end users.

2. Compensation

ILEC will charge ELEC Long Run Incremental Cost (LRIC)--based rates for the following functionality:

a. $0.0__ per directory assistance database query.

b. $0.0_ per unbranded directory assistance call.

c. $0.0_ per branded directory assistance call.

d. $____ for licensing of each directory assistance database.

e. $0.0_ per use of caller-optional directory assistance call completion. (ILEC will provide calling and billing detail to ELEC in an acceptable format to ELEC for customer billing.

F. Yellow Page Maintenance

ILEC will work cooperatively with ELEC to ensure that Yellow Page advertisements purchased by customers who switch their service to ELEC (including customers utilizing ELEC-assigned telephone numbers and ELEC customers utilizing co-carrier number forwarding) are maintained without interruption. ILEC will allow ELEC customers to purchase new yellow pages advertisements without discrimination, at non-discriminatory rates, terms and conditions. ILEC and ELEC will implement a commission program whereby ELEC may, at ELEC's sole discretion, act as a sales, billing and collection agent for Yellow Pages advertisements purchased by ELEC's exchange service customers.

G. Transfer of Service Announcements

When an end user customer changes from ILEC to ELEC, or from ELEC to ILEC, and does not retain its original telephone number, the party formerly providing service to the end user will provide a transfer of service announcement on the abandoned telephone number. This announcement will provide details on the new number to be dialed to

reach this customer. These arrangements will be provided reciprocally, free of charge to either the other carrier or the end user customer.

H. Coordinated Repair Calls

ELEC and ILEC will employ the following procedures for handling misdirected repair calls:

1. ELEC and ILEC will educate their respective customers as to the correct telephone numbers to call in order to access their respective repair bureaus.

2. To the extent the correct provider can be determined, misdirected repair calls will be referred to the proper provider of local exchange service in a courteous manner, at no charge, and the end user will be provided the correct contact telephone number. Extraneous communications beyond the direct referral to the correct repair telephone number are strictly prohibited.

3. ELEC and ILEC will provide their respective repair contact numbers to one another on a reciprocal basis.

I. Busy Line Verification and Interrupt

1. Description

Each LEC shall establish procedures whereby its operator bureau will coordinate with the operator bureaus of each other LEC operating in the LATA in order to provide Busy Line Verification ("BLV") and Busy Line Verification and Interrupt ("BLVI") services on calls between their respective end users. BLV and BLVI inquiries between operator bureaus shall be routed over the Reciprocal Traffic Exchange Trunk groups.

2. Compensation

Each LEC shall equally and reciprocally compensate each other LEC for BLV and BLVI inquiries according to the following LRIC-based rates:

	per inquiry
BLV	$0.__
BLVI	$0.__

J. Information Pages

ILEC will include in the "Information Pages" or comparable section of its White Pages Directories for areas served by ELEC, listings provided by ELEC for ELEC's installation, repair and customer service and other information. Such listings shall appear in the manner and likenesses as such information appears for subscribers of the ILEC and other LECs.

K. Operator Reference Database (ORDB)

ILEC will provide the ELEC with monthly updates of the ILEC's Operator Reference Database (ORDB) in electronic format at no charge to enable ELECs to promptly respond to emergency agencies (i.e. fire, police, etc) in an timely fashion when emergencies occur.

VIII. UNBUNDLED EXCHANGE SERVICE ARRANGEMENTS

A. Description

ILEC shall immediately unbundle all its Exchange Services into two separate packages: (1) link element plus cross-connect element; and (2) port element plus cross-connect element. The following link and port categories shall be provided:

Link Categories	Port Categories
2-wire analog voice grade	2-wire analog line
2 wire ISDN digital grade	2-wire ISDN digital line
4-wire DS-1 digital grade	2-wire analog DID trunk
	4-wire DS-1 digital DID trunk
	4-wire ISDN DS-1 digital trunk

ILEC shall unbundle and separately price and offer these elements such that ELEC will be able to lease and interconnect to whichever of these unbundled elements ELEC requires, and to combine the ILEC-provided elements with any facilities and services that ELEC may itself provide, in order to efficiently offer telephone services to end users, pursuant to the following terms:

1. Interconnection shall be achieved via co-location arrangements ELEC shall maintain at the wire center at which the unbundled elements are resident.

2. At ELEC' discretion, each link or port element shall be delivered to the ELEC co-location arrangement over an individual 2-wire hand-

off, in multiples of 24 over a digital DS-1 hand-off in any combination or order ELEC may specify, or through other technically feasible and economically comparable hand-off arrangements requested by ELEC (e.g., SONET STS-1 hand-off).

3. All transport-based features, functions, service attributes, grades-of-service, install, maintenance and repair intervals which apply to the bundled service should apply to unbundled links.

4. All switch-based features, functions, service attributes, grades-of-service, and install, maintenance and repair intervals which apply to the bundled service should apply to unbundled ports.

5. ILEC will permit any customer to convert its bundled service to an unbundled service and assign such service to ELEC, with no penalties, rollover, termination or conversion charges to ELEC or the customer.

6. ILEC will bill all unbundled facilities purchased by ELEC (either directly or by previous assignment by a customer) on a single consolidated statement per wire center.

7. Where ILEC utilizes digital loop carrier ("DLC")[6] technology to provision the link element of an bundled Exchange Service to an end user customer who subsequently determines to assign the link element to ELEC and receive Exchange Service from ELEC via such link, ILEC shall deliver such link to ELEC on an unintegrated basis, pursuant to ELEC' chosen hand-off architecture, without a degradation of end user service or feature availability.

8. ILEC will permit ELEC to co-locate remote switching modules and associated equipment in conjunction with co-location arrangements ELEC maintains at an ILEC wire center, for the purpose of interconnecting to unbundled link elements.

9. ILEC shall provide ELEC with an appropriate on-line electronic file transfer arrangement by which ELEC may place, verify and receive confirmation on orders for unbundled elements, and issue and track trouble-ticket and repair requests associated with unbundled elements.

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[6] *See*, Bellcore TR-TSY-000008, *Digital Interface Between the SLC-96 Digital Loop Carrier System and Local Digital Switch* and TR-TSY-000303, *Integrated Digital Loop Carrier (IDLC) Requirements, Objectives, and interface.*

B. Compensation

Prices for unbundled elements should be based on long run service incremental cost, should depart from cost in equal proportions, and should be imputed into the bundled service rates, such that the following pricing formulae are satisfied:

$$P_B/C_B = P_L/C_L = P_P/C_P = P_C/C_C$$

and

$$P_B = P_L + P_P + P_C$$

Where:

P_B	=	Price of the bundled service (including all applicable discounts).
C_B	=	Long-run service incremental cost ("LRSIC") of the bundled service.
P_L	=	Price of the unbundled link element.
C_L	=	LRSIC of the unbundled link element.
P_P	=	Price of the unbundled port element.
C_P	=	LRSIC of the unbundled port element.
P_C	=	Price of the unbundled cross-connect element.
C_C	=	LRSIC of the unbundled cross-connect element.

ILEC shall provide links and ports to ELEC at the following monthly recurring rates:

	Price, each when delivered over: an individual 2-wire hand-off	Price, each when delivered over: a digital DS-1 hand-off
2-wire analog voice grade link	$_____	$_____
2 wire ISDN digital grade link	$_____	$_____
4-wire DS-1 digital grade link	$ n/a	$ [7]

[7] To be provided as a Special Access or Private Line DS-1 Channel Termination/Local Distribution Channel, subject to the most favorable tariff or contract terms for which ELEC is eligible, except in those situations where:

-- The ILEC offers its own end user customers a bundled DS-1 digital grade Exchange Service at a bundled rate which is less than the sum of the unbundled 4-wire DS-1 digital DID trunk port rate and the most favorable Channel Termination/Local Distribution Channel rate for which ELEC is eligible. In such instances, the ILEC shall provide 4-wire DS-1 digital grade links to ELEC at a rate less than or equal to the price of the bundled DS-1 digital grade Exchange Service less the unbundled 4-wire DS-1 digital DID trunk port rate, for ELEC's use in the provision of DS-1 digital grade Exchange Services.

and/or

-- The ILEC offers its own end user customers a bundled DS-1 digital grade Exchange Service

(continued...)

2-wire analog line port	$_____	$_____
2-wire ISDN digital line port	$_____	$_____
2-wire analog DID trunk port	$_____	$_____
4-wire DS-1 digital DID trunk port	$ n/a	$_____
4-wire ISDN-PRI digital trunk port	$ n/a	$_____

C. Process for Requests for Further Essential Facilities

In the event that an ELEC identifies a new essential facility or function that would facilitate its provision of a competitive basic local exchange service offering, it shall submit a written request to the Commission and the appropriate ILEC for the provision of that essential facility or function. This request shall contain the name of the requesting entity, the date of the request, and the specific type of unbundling requested. The ILEC shall file a tariff providing the new essential facility or function service offering within 60 days, or within 30 days it should file a statement with the Commission indicating why it would not be technologically practicable to provide the component as a separate service offering. Any provider whose request for the provision of an essential facility or function is denied or not acted upon in a timely manner may file a complaint in accordance with current Commission rules.

IX. LOCAL TELEPHONE NUMBER PORTABILITY ARRANGEMENTS

A. Description

ILEC and ELEC will provide Local Telephone Number Portability ("LTNP") on a reciprocal basis between their networks to enable each of their end user customers to utilize telephone numbers associated with an Exchange Service provided by one carrier, in conjunction an Exchange Service provided by the other carrier, upon the coordinated or simultaneous termination of the first Exchange Service and activation of the second Exchange Service.

1. ELEC and ILEC will provide reciprocal LTNP immediately upon execution of this agreement via Interim Number Portability ("INP") measures. ILEC and ELEC will migrate from INP to a database-driven Permanent Number Portability ("PNP") arrangement as soon

---

[7] (...continued)
with performance specifications (including, but not limited to, installation intervals, service intervals, service priority, bit-error rates, interruption/availability rates, quality or conditioning) superior to that provided for Special Access or Private Line Channel Terminations/Local Distribution Channels. In such instances, the ILEC shall provide the same or better performance characteristics to ELEC for all DS-1 digital grade links ELEC purchases for use in the provision of DS-1 digital grade Exchange Services.

as practically possible, without interruption of service to their respective customers.

2. INP shall operate as follows:

a. A customer of Carrier A elects to become a customer of Carrier B. The customer elects to utilize the original telephone number(s) corresponding to the Exchange Service(s) it previously received from Carrier A, in conjunction with the Exchange Service(s) it will now receive from Carrier B. Upon receipt of a signed letter of agency from the customer assigning the number to Carrier B, Carrier A will implement one of the following arrangements:

(1) For the portability of telephone numbers which are not part of a DID number block, Carrier A will implement an arrangement whereby all calls to the original telephone number(s) will be forwarded to a new telephone number(s) designated by Carrier B. Carrier A will route the forwarded traffic to Carrier B via the mutual traffic exchange arrangements, as if the call had originated from the original telephone number and terminated to the new telephone number.

(2) For the portability of telephone numbers which are part of a DID number block, Carrier A will provide Carrier B an aggregated, digital DS-1 or higher grade DID trunk group at each D-NIP (interface to be achieved in the same manner as the traffic exchange trunk groups at each D-NIP), such that all inbound traffic to ported DID numbers will be delivered to Carrier B over this digital DID trunk facility. In order for a customer to port its DID numbers from Carrier A to Carrier B, the customer will be required to assign entire 20-number DID blocks to Carrier B.

b. Carrier B will become the customer of record for the original Carrier A telephone numbers subject to the INP arrangements. Carrier A will provide Carrier B a single consolidated master billing statement for all collect, calling card, and 3rd-number billed calls associated with those numbers, with sub-account detail by retained number. At Carrier B's sole discretion, such billing statement shall be

delivered in real time via an agreed-upon electronic data transfer, or via daily or monthly magnetic tape.

c. Carrier A will update its Line Information Database ("LIDB") listings for retained numbers, and restrict or cancel calling cards associated with those forwarded numbers, as directed by Carrier B.

d. Within two (2) business days of receiving notification from the customer, Carrier B shall notify Carrier A of the customer's termination of service with Carrier B, and shall further notify Carrier A as to the Customer's instructions regarding its telephone number(s). Carrier A will cancel the INP arrangements for the customer's telephone number(s). If the Customer has chosen to retain its telephone number(s) for use in conjunction with Exchange Services provided by Carrier A or by another LEC which participates in INP arrangements with Carrier A, Carrier A will simultaneously transition the number(s) to the customer's preferred carrier.

3. Under either an INP or PNP arrangement, ELEC and ILEC will implement a process to coordinate LTNP cut-overs with Unbundled Link conversions (as described in Paragraph VIII., above). ELEC and ILEC pledge to use their best efforts to ensure that LTNP arrangements will not be utilized in instances where a customer changes locations and would otherwise be unable to retain its number without subscribing to foreign exchange service.

B. Compensation

1. ELEC and ILEC shall provide LTNP (either INP or PNP) arrangements to one another at no charge, except for authorized collect, calling card and 3rd-number billed calls billed to the retained numbers. However, for all traffic forwarded between ELEC and ILEC in the manner described above, reciprocal compensation charges (pursuant to paragraph VI., above) and Switched Access charges (pursuant to each carrier's respective access tariffs), for POTS traffic and non-POTS traffic, respectively, shall be passed through as if the caller had directly dialed the new telephone number.

2. In INP arrangements, in order to effect this pass-through of reciprocal compensation and Switched Access charges to which each carrier would otherwise have been entitled if the ported

traffic had been directly dialed to the new number, each carrier will be required to classify and include ported traffic in its quarterly percentage of use reports as POTS, intrastate non-POTS, or interstate non-POTS.

X. RESPONSIBILITIES OF THE PARTIES

A. ILEC and ELEC agree to treat each other fairly, non-discriminatorily, and equally for all items included in this agreement, or related to the support of items included in this agreement.

B. ELEC and ILEC will work cooperatively to minimize fraud associated with 3rd-number billed calls, calling card calls, or any other services related to this agreement.

C. ELEC and ILEC agree to promptly exchange all necessary records for the proper billing of all traffic.

D. For network expansion, ELEC and ILEC will review engineering requirements on a quarterly basis and establish forecasts for trunk utilization. New trunk groups will be implemented as dictated by engineering requirements for both ILEC and ELEC. ILEC and ELEC are required to provide each other the proper call information (e.g., originated call party number and destination call party number, CIC, OZZ, etc.) to enable each company to bill in a complete and timely fashion.

E. There will be no re-arrangement, reconfiguration, disconnect, or other non-recurring fees associated with the initial reconfiguration of each carrier's traffic exchange arrangements upon execution of this agreement, other than the cost of establishing a new co-location arrangement where one does not already exist.

F. ILEC shall assess no cross-connect fee on ELEC where ELEC establishes a meet-point billing connection, a D-NIP interconnection, or accesses a 911 or E911 port through a co-location arrangement at a ILEC wire center.

XI. TERM

ELEC and ILEC agree to provide service to each other on the terms defined in this agreement until superseded by another agreement or until standard arrangements are approved by the Public Service Commission, whichever occurs first. By mutual agreement, ELEC and ILEC may amend this agreement to extend the term of this agreement. Also by mutual agreement, ILEC and ELEC may jointly petition the appropriate regulatory bodies for permission to have

this agreement supersede any future standardized agreements or rules such regulators might adopt or approve.

XII. INSTALLATION

ILEC and ELEC shall effectuate all the terms of this agreement by within 90 days upon execution of this agreement.

XIII. NETWORK MAINTENANCE AND MANAGEMENT

ELEC and ILEC will work cooperatively to install and maintain a reliable network. ELEC and ILEC will exchange appropriate information (e.g., maintenance contact numbers, network information, information required to comply with law enforcement and other security agencies of the Government, etc.) to achieve this desired reliability.

ELEC and ILEC will work cooperatively to apply sound network management principles by invoking network management controls to alleviate or to prevent congestion.

XIV. OPTION TO ELECT OTHER TERMS

If, at any time while this agreement is in effect, either of the parties to this agreement provides arrangements similar to those described herein to a third party operating within the same LATAs (including associated Extended Area Service Zones in adjacent LATAs) as for which this agreement applies, on terms different from those available under this agreement (provided that the third party is authorized to provide local exchange services), then the other party to this agreement may opt to adopt the rates, terms, and conditions offered to the third party for its own reciprocal arrangements with the first party. This option may be exercised by delivering written notice to the first party. The party exercising its option under this paragraph must continue to provide services to the first party as required by this agreement, subject either to the rates, terms, and conditions applicable to the third party or to the rates, terms, and conditions of this agreement, whichever is more favorable to the first party.

XV. CANCELLATION, CONVERSION, NON-RECURRING OR ROLL-OVER CHARGES

Neither ELEC nor ILEC shall impose cancellation charges upon each other.

XVI. FORCE MAJEURE

[to be inserted]

XVII. LIMITATION OF LIABILITY

[to be inserted]

* * * * * * * * * * * * * * * *

Each of the signatories below agree to abide by the terms of this stipulation and agreement.

Sprint United/Centel Date

Metropolitan Fiber Systems of Florida, Inc. Date

MFS™
Communications Company, Inc.

INFORUM, SUITE 2200
250 WILLIAMS STREET
ATLANTA, GEORGIA 30303-1034
TEL. (404) 224-6000
FAX (404) 224-6060

January 3, 1996

Mr. Jack Burge
Carrier Account Manager
Sprint United/Centel
555 Lake Border Drive
MC-5322
Apopka, Florida 32703

Via Facsimile & Overnite Mail
@407 884 7020

Dear Jack:

On July 19, 1995 MFS initiated Interconnection and Unbundling negotiations with Sprint United/Centel Florida by detailing MFS' request in a letter to your colleague Mr. John Clayton, subsequently on November 9, 1995, MFS further defined its request to Sprint United/Centel when I sent a 30 page proposed agreement to your attention. In my November 9 letter I specifically requested that Sprint United/Centel respond to MFS' proposed agreement in writing by November 22.

While we have had a couple of conference calls, Sprint United/Centel has not provided MFS with a comprehensive detailed written response to MFS' request for Interconnection and Unbundling, therefore I am planning to file a petition against Sprint United/Centel for Interconnection and Unbundling with the Florida Public Service Commission (PSC) as early as next week.

Even though I am planning to initiate a petition at the PSC next week, I would like Sprint United/Centel to become more forthright with MFS in an attempt to reach agreement on our request and thus avoid litigation before the PSC.

Please contact me immediately at my new office location listed on the attached so we may discuss this issue in more detail.

Thank you in advance for your attention to this matter.

Sincerely,

Timothy T. Devine

Tim Devine New Contact Information:

Timothy T. Devine
Senior Director, External & Regulatory Affairs
MFS Communications Company, Inc.
Six Concourse Parkway, Suite 2100
Atlanta, Georgia 30328-5351

Voice: 770 399 8378
Fax: 770 399 8398
Pager: 800 306 1459

Sprint
United Telephone-Florida
Centel-Florida

Box 165000, MC 5322
Altamonte Springs, Florida 32716-5000
Telephone: 407-889-6747
Fax: 407-884-7020

Jack K. Burge
Account Executive

January 5, 1996

Mr. Timothy T. Devine
Senior Director, External &
Regulatory Affairs
MFS Communications Company, Inc.
Six Concourse Parkway, Suite 2100
Atlanta, GA 30328-5351

Dear Tim:

The purpose of this letter is to respond to your letter dated January 3, 1996. I was a little surprised to read your depiction of the status of interconnection discussions between our two companies.

I would like to respond with my view of interconnection discussions between our two companies and then offer to meet with you either in person or via a conference call any time after January 10, 1996.

My recollection of the course of events on our discussions is as follows:

MFS sent a letter to Mr. John Clayton, Sprint/Local Telephone Division, on about July 19, 1995. Mr. John Clayton responded to that letter and asked for a response from MFS. No response was provided by MFS.

MFS overnighted a 31-page document to S/UTF that was received on Friday, November 10, 1995. In the document, MFS requested to meet and discuss the document the week of November 13, 1995. Numerous calls were made by me to you over the next couple of weeks asking to clarify some language in the document and the calls were not returned for a couple of weeks. Therefore, it was impossible to meet your request of a written response by November 22, 1995. Our two companies did participate on a conference call on November 28, 1995 and one of the action items of that conference call was that MFS was to provide S/UTF with a Bilateral Agreement within a couple of days. I never received anything further from MFS.

S/UTF is ready and willing to continue discussions with MFS. I am requesting that you provide me some dates that MFS would be available to resume interconnection discussions. I feel that it is premature to ask the FPSC to arbitrate until meaningful negotiations have taken place.

I am in the process of moving my office to Kansas City. You may leave a message at my existing number, (407) 889-6747 or I will contact you from Kansas City during the week of January 8, 1996 with my new contact number.

Sincerely,

Jack K. Burge

Tim Devine
Received From
Sprint 1-18-96

STIPULATION AND AGREEMENT

This Stipulation and Agreement is entered into by and between the undersigned parties to settle outstanding issues in Docket No. 950985-TP, addressing the establishment, on an interim basis, of nondiscriminatory rates, terms and conditions for local interconnection pursuant to Section 364.162, Florida Statutes, issues associated with Docket No. 950737-TP, addressing a temporary telephone number portability solution, e.g., Remote Call Forwarding pursuant to Section 364.16(4), Florida Statutes, and Docket No. 950984-TP, addressing unbundling and resale of local exchange telecommunications company network features, functions and capabilities pursuant to Section 364.161, Florida Statutes, to the extent identified herein.

The undersigned parties are entering into this comprehensive Stipulation and Agreement for the purpose of facilitating the introduction of local exchange competition on an expedited basis and avoiding the uncertainty and expense of litigation. It is the intention of the undersigned parties that this comprehensive Stipulation and Agreement become effective on the date of signature and remain in effect until December 31, 1997. The undersigned parties understand that as experience is gained in the marketplace it may become apparent that prices, terms and conditions other than those set forth in this agreement for purposes of introducing competition may be more appropriate to support the continued development of competition upon the expiration of this agreement. The parties intend for this Stipulation and Agreement to establish the interim prices, terms, conditions and mechanisms necessary to facilitate the introduction of local exchange competition, as required by the above-referenced section of Florida Chapter Law 95-403. This Stipulation and Agreement will dispose of all known outstanding issues in the aforementioned dockets. Thereafter, to the extent permitted by law, the parties intend to renegotiate these provisions based upon experience gained in the marketplace.

The undersigned parties agree that the issues addressed in the aforementioned proceedings, which have been framed in response to the requirements of the above-referenced sections of Florida Chapter Law 95-403, shall be resolved during the two year term of this agreement as follows:

A. Local Interconnection - Docket No. 950985-TP

Section 364.16, Florida Statutes, requires, among other things, that each incumbent local exchange telecommunications company (LEC) provide access to and interconnection with its telecommunications facilities to any other provider of local exchange telecommunications services requesting such access and interconnection at non-discriminatory prices, rates, terms, and conditions established by the procedures set forth in Section 364.162, Florida Statutes. Section 364.162, Florida Statutes, provides that an alternative local exchange telecommunications company (ALEC) shall have until August 31, 1995, or sixty (60) days, to negotiate with the LEC mutually acceptable prices, terms and conditions of interconnection and for the resale of LEC services and facilities. The statute also provides that if the parties are not able to negotiate a price by August 31, 1995, or within sixty days, either party may petition the Commission to establish non-discriminatory rates, terms and conditions of interconnection and for the resale of LEC services and facilities. Whether set by negotiation or by the Commission, interconnection and resale prices, rates, terms and conditions shall be filed with the Commission before their effective date.

The parties were unable to negotiate mutually acceptable prices, terms and conditions of interconnection by August 31, 1995, or within sixty days. After further negotiations, however, the undersigned parties now agree to the following interim prices, terms, and conditions for interconnection and the exchange of traffic with Sprint United-Florida/Centel-Florida (hereinafter referred to as S-UTF/CF) through December 31, 1997:

1. "Local interconnection" as defined as including the delivery of local traffic to be terminated on each company's local network, the LEC unbundled network features, functions and capabilities contained in Attachment D, and temporary telephone number portability to be implemented pursuant to Section 364.16(4), Florida Statutes. While the parties have endeavored in good faith to resolve the issues relating to local interconnection, the parties recognize that they are unable to foresee and account for every issue that may arise as this Stipulation and Agreement is implemented. Thus, to

the extent that the prices, terms and conditions for local interconnection are not specifically established herein, the additional prices, terms and conditions shall be established pursuant to negotiation or set by the Commission, upon request, as required by to Section 364.161(6), Florida Statutes. If the Commission does not render its vote within 120 days, then the parties agree that the Commission's decision will be retroactive to the 120th day after a petition is filed.

2. The delivery of local traffic between the undersigned ALEC and S-UTF/CF shall be reciprocal and compensation will be mutual. S-UTF/CF makes available two forms of interconnection: a flat-rated port charge arrangement (hereinafter referred to as Option A) or a per minute of use charge (hereinafter referred to as Option B). The Option chosen by the ALEC will remain in effect for the duration of the agreement.

   a. If Option A is elected, the ALEC purchases the capacity of a DS1 for terminating traffic to S-UTF/CF. Similarly, S-UTF/CF would purchase the capacity of a DS1 from the ALEC. Depending on the ALEC's network requirements and traffic patterns, the ALEC could purchase the DS1 capacity at S-UTF/CF's access tandem, local tandem or at an end office. The flat-rated port charge, Option A, is based on a fixed monthly charge for a DS1 interconnection at the access tandem or the individual end office. Both the tandem and the end office port charges are developed based on the access charge rate elements. The tandem port rates, include the additional switching and transport functions associated with a tandem. Also, recognizing that trunking efficiencies increase with the number of ports, a price reduction to the first tandem port of 50% of the difference between the end office and tandem charges is provided. This price reduction is only applicable at the first tandem in each LATA. The rates for end office and tandem connection are shown in Attachment A.

   b. If Option B is elected, the parties will compensate each other using S-UTF/CF's terminating local switched access rates as provided in Attachment B for terminating

local traffic on each other's network. Any rate reductions to S-UTF/CF's interexchange switched access rates for these rate elements will be flowed through to the local Option A and B rates. If it is mutually agreed that the administrative costs associated with Option B are greater than the net monies exchanged, the parties will exchange local traffic on an in kind basis; foregoing compensation in the form of cash or cash equivalent.

3. When Option B is chosen, in order to mitigate the potential adverse impact on a local exchange provider which might occur because of an imbalance of terminating local traffic between the local exchange providers, and to reflect the fact that terminating costs are associated with peak period demand, a local exchange provider shall not be required to compensate another local exchange provider for more than up to one-hundred-ten percent (110%) of the total minutes of use of the local exchange provider with the lower minutes of use in the same month. This cap shall apply to the total local minutes of use calculated on a company-wide basis in the State of Florida. For example, if in a given month S-UTF/CF has 10,000 minutes of local traffic terminated on an ALEC's local exchange network and the ALEC has 15,000 minutes of local traffic terminated on S-UTF/CF's local exchange network, the ALEC would be required to compensate S-UTF/CF for local interconnection on the basis of 11,000 terminating minutes (10,000 mins. X 110% = 11,000 mins.) and S-UTF/CF would compensate the ALEC for 10,000 terminating minutes. Seven additional examples are contained on Attachment C which is incorporated herein by reference. If each local provider does not have the appropriate software to measure terminating traffic then each local provider will report to the other provider the amount of local traffic terminated. Interconnecting facilities shall conform, at the minimum, to the telecommunications industry standard of DS1 (Bellcore Standard No. TR-NWT-00499). STP (signal transfer point) SS7 (Signalling System 7) connectivity is also required.

The parties recognize that various aspects of the interconnection process including physical interconnection arrangements (i.e., collocation, midspan meet) technical requirements, trouble reporting and resolution, billing processes, resolution of operating issues, provisioning, ordering, deadlines, performance standards, recording of traffic, including start and stop time, reporting and payment, dispute resolutions, rounding measurements, financial penalties for late payments, and the provision of inter-carrier clearinghouse functions are not resolved in this document, and the parties agree to cooperatively work toward resolution of these issues. Either party may petition the PSC for resolution should unresolved issues remain 90 days from the effective date of this agreement. If the Commission does not render its vote within 120 days of the petition, then the parties agree that the Commission's decision will be retroactive to the 120th day after a petition is filed.

4. The parties stipulate and agree that the exchange of traffic on S-UTF/CF's Extended Area Service, Extended Calling Service and other local calling routes shall be considered local traffic. The parties will therefore compensate each other for such traffic pursuant to paragraphs 2 and 3 above.

5. S-UTF/CF shall work with the numbering administrator and the ALEC to the extent possible to see that the ALECs have a sufficient quantity of numbering resources so that S-UTF/CF can tell whether a call from S-UTF/CF customer to an ALEC's customer is local or toll. Whenever S-UTF/CF delivers traffic to an ALEC for termination on the ALEC's network, if S-UTF/CF cannot determine whether the traffic will be local or toll because of the manner in which the ALEC uses NXX codes, S-UTF/CF will not compensate the ALEC for local interconnection but will, instead, charge the ALEC originating intrastate network access service charges unless the ALEC can provide S-UTF/CF with sufficient information to make a determination as to whether the traffic is local or toll. In the event that the ALEC cannot determine whether traffic delivered to S-UTF/CF is local or toll, then the same provision shall apply.

6. Either S-UTF/CF or an ALEC will provide intermediary tandem switching and transport to connect the end user of a local exchange provider to the end user of another ALEC, a LEC other than S-UTF/CF, another telecommunications company (e.g., pay telephone provider, operator services provider) or a wireless telecommunications service provider for the purpose of making a local call. The local exchange provider performing this intermediary function, will bill tandem switching and transport as shown on Attachment B.

7. When S-UTF/CF or an ALEC provides intermediary functions for network access, i.e., between an IXC and an ALEC, the ALEC and S-UTF/CF will each provide their own network access service elements on a meet-point basis. Each carrier will bill its own access service rate elements to the IXC. S-UTF/CF or the ALEC may bill the residual interconnection charge ("RIC") to the IXC when either provides the intermediary tandem function.

8. The delivery of intrastate toll traffic between the undersigned ALEC and S-UTF/CF shall also be reciprocal and compensation will be mutual. The undersigned ALEC and S-UTF/CF shall pay each other identical rates for terminating the same type of traffic on each other's network. The parties will pay each other S-UTF/CF's intrastate switched network access service rate elements on a per minute of use basis for originating and terminating intrastate toll traffic as appropriate. For example, when an ALEC customer places a toll call to a S-UTF/CF customer and the ALEC serves as the toll carrier, S-UTF/CF will charge the ALEC terminating network access charges, the price of which will vary depending upon whether the call goes through a S-UTF/CF tandem or is directly routed to the S-UTF/CF end office. If the ALEC is serving as the S-UTF/CF customer's presubscribed IXC, or the S-UTF/CF customer uses the ALEC on a 10XXX basis, the S-UTF/CF will charge the ALEC the appropriate originating network access charges. Likewise, if S-UTF/CF is serving as the ALEC customer's presubscribed IXC, or the ALEC customer uses S-UTF/CF on a 10XXX basis, the ALEC will bill S-UTF/CF

the appropriate originating network access charges. Examples of these network access rate elements and prices are identified on Attachment D which is incorporated herein by reference.

Because the undersigned parties lack sufficient data with respect to the volumes of local terminating traffic being delivered to each LEC and ALEC, the prices, terms and conditions of local interconnection agreed to herein are deemed transitional in nature. The parties deem them acceptable only in the interests of compromise to enable the introduction of local exchange competition to Florida's consumers.

The undersigned parties stipulate and agree that because the local interconnection and traffic arrangements agreed to herein are considered transitional, the agreements shall be renegotiated with the new provisions becoming effective after January 1, 1998. Accordingly, by no later than June 1, 1997, the undersigned parties shall commence negotiations with regard to their terms, conditions and prices of interconnection arrangements to be effective beginning January 1, 1998. If the parties are unable to satisfactorily negotiate new interconnection terms, conditions and prices within 90 days of commencing negotiations, any party may petition the Commission to establish appropriate interconnection arrangements. The parties will encourage the Commission to issue its order by no later than December 31, 1997. In the event the Commission does not issue its order prior to January 1, 1998, or if the parties continue to negotiate the interconnection arrangements beyond January 1, 1998, the parties stipulate and agree that the terms, conditions and prices ultimately ordered by the Commission, or negotiated by the parties, will be effective retroactive to January 1, 1998. Until the revised interconnection arrangements become effective, the parties shall continue to exchange traffic on a reciprocal basis pursuant to the terms of this Stipulation and Agreement.

B. Unbundling and Resale of Local Exchange Telecommunications Company Network Features, Functions and Capabilities Docket No. 950984-TP

Section 364.161, Florida Statutes, requires each LEC, upon request, to unbundle each of its network features, functions and capabilities, including access to signaling data bases, systems and routing process, and offer them to any other telecommunications provider requesting such features, functions or

capabilities for resale to the extent technically and economically feasible and at prices that are not below cost. The statute also requires that the parties first negotiate the terms, conditions and prices of any feasible unbundling request. If the parties cannot reach a satisfactory resolution within 60 days, either party may petition the Commission to arbitrate the dispute and the Commission shall make a determination within 120 days.

The undersigned parties have now satisfactorily resolved the terms, conditions and prices of these network features, functions and capabilities that are technically and economically feasible of unbundling as set forth in Attachment E, which is incorporated herein by reference. It is understood by the parties that the list of network features, functions and capabilities is not exhaustive and the parties commit to cooperate in the negotiation of additional network features, functions and capabilities as the parties' future needs require.

The parties acknowledge that the provisions of Chapter 364, Florida Statutes, relating to the unbundling and resale of facilities and services, reflect a thoughtfully crafted and well-balanced approach to the introduction of local exchange competition, and the parties therefore commit that these provisions will be fairly and equitably implemented and adhered to in order to effectuate and remain consistent with legislative intent. The parties recognize that the application of current tariffed prices and resale purposes will not be inconsistent with this commitment. The parties agree that the issue of imputation of LEC unbundled service prices into its retail rates is not addressed by the Stipulation and Agreement, and that the ALECs reserve their right to further address imputation for these services, including unbundled local loops.

C. Temporary Number Portability - Docket No. 950797-TP

For purposes of number portability the parties recognize the recurring and nonrecurring rates and conditions set forth by the Florida Public Service Commission in Docket No. 957037-TP. For that terminating toll traffic ported to the ALEC, S-UTF/CF will bill the IXC tandem switching, the residual interconnection charge and a portion of the transport, and the ALEC will bill the IXC local switching, the carrier common line and a portion of the transport. If S-UTF/CF is unable to provide the necessary access

records to permit the ALECs to bill the IXCs directly for terminating access to ported numbers, then the parties agree to work cooperatively to develop a surrogate method to approximate the access minutes and revenues, and a settlement process based on the above distribution. If intraLATA calls are delivered to the other party via a ported number, the originating party will pay the terminating party.

D. Resolution of Disputes

The undersigned parties agree that if any dispute arises as to the interpretation of any provision of this Stipulation and Agreement or as to the proper implementation of any of the matters agreed to in this Stipulation and Agreement the parties will petition the Commission for a resolution of the dispute. However, each undersigned party reserves any rights it may have to seek judicial review of any ruling made by the Commission concerning this Stipulation and Agreement.

E. Duration

This Stipulation and Agreement takes effect when signed by the parties and remains in effect until each of the matters and issues addressed herein has been implemented or resolved as contemplated by the undersigned parties or as modified by mutual consent of the parties but will terminate December 31, 1997.

F. Representations

Each person signing this Stipulation and Agreement represents that he or she has the requisite authority to bind the party on whose behalf the person is signing. By signing this Stipulation and Agreement, each undersigned party represents that it agrees to each of the stipulations and agreements set forth herein. In the event there are parties to the aforementioned dockets that do not sign this Stipulation and Agreement, the comprehensive resolution of the issues set forth in this Stipulation and Agreement shall, nonetheless, be binding upon the undersigned parties. Each undersigned party commits to use its best efforts to persuade the Commission, prior to and during the hearings scheduled in the aforementioned dockets, to accept the stipulations agreed to by the undersigned parties.

G. Limitation of Use

The undersigned parties understand and agree that this Stipulation and Agreement was entered into to resolve issues and matters which are unique to the State of Florida because of regulatory precedent and legislative requirements. The undersigned parties therefore agree that none of the agreements and stipulations contained herein shall be proffered by an undersigned party in another jurisdiction as evidence of any concession or as a waiver of any position taken by another undersigned party in that jurisdiction or for any other purpose.

H. Waivers

Any failure by any undersigned party to insist upon the strict performance by any other entity of any of the provisions of this Stipulation and Agreement shall not be deemed a waiver of any of the provisions of this Stipulation and Agreement, and each undersigned party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Stipulation and Agreement

I. Billing

To the extent either party is unable to implement the exact terms of this agreement as a result of technical difficulties, a reasonable surrogate will be developed for billing until such time as an actual bill can be implemented or the parties agree that the billing is sufficient for the term of this agreement.

J. Governing Law

This Stipulation and Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Florida, without regard to its conflict of laws principles.

K. Purposes

The undersigned parties acknowledge that this Stipulation and Agreement is being entered into for the purposes of facilitating the introduction of local exchange competition; complying with the requirements of Florida Chapter Law 95-403 with respect to negotiating the matters at issue in Docket Nos. 950737-TP and 950985-TP. Neither this Stipulation and Agreement nor any action taken to reach, effectuate or further this Stipulation and Agreement may be construed as, or may be used as an admission by or against any party.

L. Arm's Length Negotiations

This Stipulation and Agreement was executed after arm's length negotiations between the undersigned parties and reflects the conclusion of the undersigned that this Stipulation and Agreement is in the best interests of all the undersigned parties.

M. Joint Drafting

The undersigned parties participated jointly in the drafting of this Stipulation and Agreement, and therefore the terms of this Stipulation and Agreement are not intended to be construed against any undersigned party by virtue of draftsmanship.

N. Single Instrument

This Stipulation and Agreement may be executed in several counterparts, each of which, when executed, shall constitute an original, and all of which shall constitute but one and the same instrument.

ATTACHMENT A

OPTION A

SPRINT UNITED TELEPHONE-FLORIDA/CENTEL-FLORIDA

LOCAL INTERCONNECTION PORT CHARGES

RATE ELEMENTS AND RATE LEVELS

Access Tandem - First		$4,528
	Each Additional	$5,024
End Office		$4,032

ATTACHMENT B

OPTION B

SPRINT UNITED TELEPHONE-FLORIDA/CENTEL-FLORIDA

LOCAL INTERCONNECTION

RATE ELEMENTS AND RATE LEVELS

Rate Elements	Rate Levels as of[2] February 6, 1996	
Transport[1]	Tandem	End Office
DS1 Local Channel - Entrance Facility	0.00097	0.00097
Switched Common Transport per minute of use (10 miles)	0.00040	
Facilities Termination per MOU	0.00020	
Tandem Switching	0.00399	
Local Switching	0.00980	0.00980
Line Termination	0.00790	0.00790
	0.02326	0.01867

[1] Assumptions:
- Tandem Connection with Common Transport
- No Collocation
- DS1 local channel @ 9000 minutes per month and 24 voice grade equivalents

[2] S-UTF/CF's switched access rates, reflecting local transport restructure, have been approved with a February 6, 1996 effective date.

ATTACHMENT C

OPTION B

EXAMPLE OF "10% CAP"[1]

Case 1:

S-UTF/CF terminates 10,000 min. to ALEC X

ALEC X terminates 15,000 min. to S-UTF/CF

ALEC X bills S-UTF/CF for 10,000 min.

S-UTF/CF bills ALEC X for 11,000 min. (10,000 + 10%)

Case 2:

S-UTF/CF terminates 15,000 min. to ALEC X

ALEC X terminates 10,000 min. to S-UTF/CF

ALEC X bill S-UTF/CF for 11,000 min. (10,000 + 10%)

S-UTF/CF bills ALEC X for 10,000 min.

Case 3:

S-UTF/CF terminates zero min. to ALEC X

ALEC X terminates 10,000 min. to S-UTF/CF

ALEC X bills S-UTF/CF zero

S-UTF/CF bills ALEC X zero

Case 4:

S-UTF/CF terminates 10,000 min. to ALEC X

ALEC X terminates zero min. to S-UTF/CF

ALEC X bills S-UTF/CF zero

S-UTF/CF bills ALEC X zero

Case 5:

S-UTF/CF terminates 10,000 min. to ALEC X

ALEC X terminates 10,200 min. to S-UTF/CF

ALEC X bills S-UTF/CF for 10,000 min.

S-UTF/CF bills ALEC X for 10,200 min. (difference is less than cap)

Case 6:

S-UTF/CF terminates 10,200 min. to ALEC X

ALEC X terminates 10,000 min. to S-UTF/CF

ALEC X bills S-UTF/CF for 10,200 min. (Difference is less than cap)

S-UTF/CF bills ALEC X for 10,000 min.

Case 7:

S-UTF/CF and ALEC X both terminate 10,000 min. to each other

ALEC X and S-UTF/CF both bill each other 10,000 min.

[1] For Case 1 and Case 2 in recognition that the composition of terminating minutes could include minutes charged at an end office rate and minutes charged a tandem differential the local exchange provider who utilizes the formula for purposes of the amount of minutes to base this payment on shall calculate their payment based on the same proportion of end office minutes and tandem minutes for their total minutes in that month. For example (using Case 1):

S-UTF/CF terminates 10,000 min. to ALEC X at the end office

ALEC X terminates 15,000 min. to S-UTF/CF, 9,000 (60%) at end office rate and 6,000 (40%) at tandem rate

ALEC X bills S-UTF/CF for 10,000 min.

S-UTF/CF bills ALEC X for 11,000 min. (10,000 + 10%), 6,600 (60%) at end office rate and 4,400 (40%) at tandem rate

ATTACHMENT D

SPRINT UNITED TELEPHONE-FLORIDA/CENTEL-FLORIDA

INTRASTATE SWITCHED ACCESS

RATE ELEMENTS AND RATE LEVELS

Rate Elements	Rate Levels as of[2] February 6, 1996	
	UTF	CF
Carrier Common Line		
Originating	$0.02580	$0.030400
Terminating	$0.33600	$0.038200
Transport[1]		
DS1 Local Channel - Entrance Facility	$0.000970	$0.000970
Residual Interconnection	$0.013997	$0.021037
Switched Common Transport per minute of use per mile	$0.00004	$0.000040
Facilities Termination per MOU	$0.000200	$0.000200
Access Tandem Switching		
Premium	$0.000880	$0.000880
Transitional	$0.000877	$0.000877
Local Switching 2	$0.009800	$0.009800
Line Termination	$0.007900	$0.007900

[1] Assumptions:
- Tandem Connection with Common Transport
- No Collocation
- DS1 local channel @ 9000 minutes per month and 24 voice grade equivalents

[2] S-UTF/CF's switched access rates, reflecting local transport restructure, have been approved with a February 6, 1996 effective date.

ATTACHMENT E

UNBUNDLED NETWORK FEATURES, FUNCTIONS AND CAPABILITIES

The parties to the Stipulation and Agreement have negotiated the following additional terms, conditions and prices relating to unbundled network features, functions and capabilities:

(1) Access to 911/E911 Emergency Network.

For basic 911 service, S-UTF/CF will provide a list consisting of each municipality in Florida that subscribes to Basic 911 service. The list will also provide the E911 conversion date and for network routing purposes a ten-digit directory number representing the appropriate emergency answering position for each municipality subscribing to 911 service. Each ALEC will arrange to accept 911 calls from its customers in municipalities that subscribe to Basic 911 service and translate the 911 call to the appropriate 10-digit directory number as stated on the list provided by S-UTF/CF and route that call to S-UTF/CF at the appropriate tandem or end office. When a municipality converts to E911 service, the ALEC shall discontinue the Basic 911 procedures and begin the E911 procedures.

For E911 service, the ALEC will connect the necessary trunks to the appropriate E911 tandem, including the designated secondary tandem. If a municipality has converted to E911 service, the ALEC will forward 911 calls to the appropriate E911 primary tandem, along with ANI, based upon the current E911 end office to tandem homing arrangement as provided by S-UTF/CF. If the primary tandem trunks are not available, the ALEC will alternate route the call to the designated secondary E911 tandem. If the secondary tandem trunk are not available, the ALEC will alternate route the call to the appropriate Traffic Operator Position System (TOPS) tandem.

In order to ensure the proper working of the system, along with accurate customer data, the ALEC will provide daily updates to the E911 data-base. S-UTF/CF will work cooperatively with the ALEC to define record layouts, media requirements, and procedures for this process.

In some instances S-UTF/CF is responsible for maintenance of the E911 data-base and is compensated for performing these functions by either the municipality or the ALEC - for maintaining the ALEC's information. In no event, however, shall S-UTF/CF be entitled to compensation from both parties for the same function.

(2) Directory Listings and Directory Distribution.

S-UTF/CF will arrange for ALECs' customers' primary listings to be included in the white page (residence and business listings) and yellow page (business listings) directories as long as the ALEC provides information to S-UTF/CF in a manner compatible with S-UTF/CF's operational system. S-UTF/CF will coordinate the printing of all customers' information in the white and yellow pages directories on the same terms and conditions and at the same compensation level as S-UTF/CF pays its publisher(s) to have its directories compiled, printed and distributed. S-UTF/CF will work cooperatively with the ALEC on issues concerning lead time, timeliness, format, and the content of listing information.

(3) Directory Assistance Services

S-UTF/CF will arrange for ALECs to have three options for the provision of directory assistance service. First, S-UTF/CF will provide a resale option, where the ALEC would utilize S-UTF/CF's directory assistance service for the ALEC's customers. Second, S-

UTF/CF will provide a database purchase option. Third, S-UTF/CF will provide ALECs with a database access option, when it is technically feasible for S-UTF/CF.

(4) IntraLATA 800 Traffic

S-UTF/CF will compensate ALECs for the origination of 800 traffic terminated to S-UTF/CF pursuant to the ALEC's originating switched access charges, including the data-base query. The ALEC will provide to S-UTF/CF the appropriate records necessary for S-UTF/CF to bill its customers. The records will be provided in a standard ASR/EMR format. S-UTF/CF will compensate the ALEC based on tariffed rates for this function. At such time as an ALEC elects to provide 800 services, the ALEC will reciprocate this arrangement.

(5) Busy Line Verification/Emergency Interrupt Services.

S-UTF/CF and the ALECs shall mutually provide each other busy line verification and emergency interrupt services pursuant to tariff.

(6) Network Design and Management

S-UTF/CF and the ALECs will work cooperatively to install and maintain reliable interconnected telecommunications networks. A cooperative effort will include, but not be limited to, the exchange of appropriate information concerning network changes that impact services to the local service provider, maintenance contact numbers and escalation procedures. The interconnection of all networks will be based upon accepted industry/national guidelines for transmission standards and traffic blocking criteria. S-UTF/CF and the ALECs will work cooperatively to apply sound network management principles by invoking appropriate network management controls, i.e., call gapping, to alleviate or prevent network congestion. It is S-UTF/CF's intention not to charge rearrangement, reconfiguration, disconnect, or other non-recurring fees associated with

the initial reconfiguration of each carrier's interconnection arrangements. However, each ALEC's interconnection reconfigurations will have to be considered individually as to the application of a charge.

(7) CLASS Interoperability.

S-UTF/CF and the ALECs will provide LEC-to-LEC Common Channel Signalling (CCS) to one another, where available, in conjunction with all traffic in order to enable full interoperability of CLASS features and functions. All CCS signalling parameters will be provided including automatic number identification (ANI), originating line information (OLI) calling party category, charge number, etc. All privacy indicators will be honored, and S-UTF/CF and the ALECs will cooperate on the exchange of Transactional Capabilities Application Part (TCAP) messages to facilitate full inter-operability of CCS-based features between their respective networks.

(8) Network Expansion.

For network expansion, S-UTF/CF and the ALECs will review engineering requirements on a quarterly basis and establish forecasts for trunk utilization. New trunk groups will be implemented as dictated by engineering requirements for both S-UTF/CF and the ALEC. S-UTF/CF and the ALEC are required to provide each other the proper call information (i.e., originated call party number and destination call party number, CIC, OZZ, etc.) to enable each company to bill accordingly.

(9) Signaling.

In addition to CLASS interoperability, as discussed above, S-UTF/CF will offer use of its signaling network on an unbundled basis at tariffed rates. Signaling functionality will be available with both A-link and B-link connectivity.

(10) Local Loop.

The price of S-UTF/CF unbundled local loop will be the price set forth in S-UTF/CF's Special Access Tariff.

MFS™
Communications Company, Inc.

INFORUM, SUITE 2200
250 WILLIAMS STREET
ATLANTA, GEORGIA 30303-1034
TEL. (404) 224-6000
FAX (404) 224-6060

January 19, 1996

Mr. Jack Burge
Carrier Account Manager
Sprint United/Centel
565 Lake Border Drive
MC-5322
Apopka, Florida 32703

Via Facsimile & Overnite Mail
@407 884 7020

Dear Jack:

Thank you for providing me your proposed Stipulation and Agreement that I received via overnite mail on January 18, 1996.

After a detailed review of the Stipulation it is apparent that we significantly disagree regarding several issues. Specifically, and most importantly, while MFS has proposed bill and keep, in-kind compensation, Sprint has proposed an unequal rate of compensation up to 2.3 cents per minute of use.

In addition, there are other areas of disagreement, including, meet-point billing compensation, switched access compensation for interim number portability calls, and the lack of details and rates Sprint has neglected to provide for other unbundled platform arrangements.

Also, Sprints proposal to provide Special Access service and rates as a substitute for unbundled dial-tone loops in unacceptable.

Therefore, MFS will immediately be filing a petition at the Florida Public Service Commission exercising our right to ask for the Commission's intervention. Although, in an attempt to avoid hearings in March, MFS would like to continue to attempt to reach agreement on all or any issues in an effort to avoid unnecessary litigation.

Please contact me at 770 399 8378 if you have any questions and to schedule a meeting date. I am available any day the week of January 22, in either Atlanta or Orlando to continue our discussions.

Sincerely,

Timothy T. Devine

EXHIBIT TTD-6

Usage Ratios in NYC Show MFS Inbound Traffic Greater Than Outbound Traffic

January 1995 through August 1995

	Outbound %	Inbound %
January	40.40	59.60
February	42.00	58.00
March	42.20	57.80
April	44.90	55.10
May	36.80	63.20
June	35.30	64.70
July	36.80	63.20
August	36.00	64.00
1/95-8/95 Eight Month Avg.	38.80	61.20

Based upon customer base of 10's of thousands of voice-grade lines.

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO 17
COMPANY/ MFS
WITNESS:
DATE: 3/12/96

DOCUMENT NUMBER-DATE
02035 FEB 20 96
FPSC-RECORDS/REPORTING

MFS Communications

EXHIBIT TTD-7

February 1,, 1996
2:30 PM

STIPULATION AND AGREEMENT

This Stipulation and Agreement is entered into by and between the undersigned parties to settle outstanding issues in Docket No. 950985-TP, addressing the establishment, on an interim basis, of nondiscriminatory rates, terms and conditions for local interconnection pursuant to Section 364.162, Florida Statutes, issues associated with Docket No. 950737-TP, addressing a temporary telephone number portability solution, e.g., Remote Call Forwarding pursuant to Section 364.16(4), Florida Statutes, and Docket No. 950984-TP, addressing unbundling and resale of local exchange telecommunications company network features, functions and capabilities pursuant to Section 364.161, Florida Statutes, to the extent identified herein.

The undersigned parties are entering into this comprehensive Stipulation and Agreement for the purpose of facilitating the introduction of local exchange competition on an expedited basis and avoiding the uncertainty and expense of litigation. It is the intention of the undersigned parties that this comprehensive Stipulation and Agreement become effective on the date of signature and remain in effect until December 31, 1997. The undersigned parties understand that as experience is gained in the marketplace it may become apparent that prices, terms and conditions other than those set forth in this agreement for purposes of introducing competition may be more appropriate to support the continued development of competition upon the expiration of this agreement. The parties intend for this Stipulation and Agreement to establish the interim prices, terms, conditions and mechanisms necessary to facilitate the introduction of local exchange competition, as required by the above-referenced section of Florida Chapter Law 95-403. This Stipulation and Agreement will dispose of all known outstanding issues in the aforementioned dockets. Thereafter, to the extent permitted by law, the parties intend to renegotiate these provisions based upon experience gained in the marketplace.

The undersigned parties agree that the issues addressed in the aforementioned proceedings, which have been framed in response to the requirements of the above-referenced sections of Florida Chapter Law 95-403, shall be resolved during the term of this agreement as follows:

A. Local Interconnection - Docket No. 950985-TP

Section 364.16, Florida Statutes, requires, among other things, that each incumbent local exchange telecommunications company (LEC) provide access to and interconnection with its telecommunications facilities to any other provider of local exchange telecommunications services requesting such access and interconnection at non-discriminatory prices, rates, terms, and conditions established by the procedures set forth in Section 364.162, Florida Statutes. Section 364.162, Florida Statutes, provides that an alternative local exchange telecommunications company (ALEC) shall have until August 31, 1995, or sixty (60) days, to negotiate with the LEC mutually acceptable prices, terms and conditions of interconnection and for the resale of LEC services and facilities. The statute also provides that if the parties are not able to negotiate a price by August 31, 1995, or within sixty days, either party may petition the Commission to establish non-discriminatory rates, terms and conditions of interconnection and for the resale of LEC services and facilities. Whether set by negotiation or by the Commission, interconnection and resale prices, rates, terms and conditions shall be filed with the Commission before their effective date.

The parties were unable to negotiate mutually acceptable prices, terms and conditions of interconnection by August 31, 1995, or within sixty days. After further negotiations, however, the undersigned parties now agree to the following interim prices, terms, and conditions for interconnection and the exchange of traffic with Sprint United-Florida/Centel-Florida (hereinafter referred to as S-UTF/CF) through December 31, 1997:

1. "Local interconnection" is defined as including the delivery of local traffic to be terminated on each company's local network, the LEC unbundled network features, functions and capabilities contained in Attachment E, and temporary telephone number portability to be implemented pursuant to Section 364.16(4), Florida Statutes. While the parties have endeavored in good faith to resolve the issues relating to local interconnection, the parties recognize that they are unable to foresee and account for every issue that may arise as this Stipulation and Agreement is implemented. Thus, to the extent that the prices, terms and conditions for local interconnection are not

specifically established herein, the additional prices, terms and conditions shall be established pursuant to negotiation or set by the Commission, upon request, as required by to Section 364.161(5), Florida Statutes. If the Commission does not render its vote within 120 days, then the parties agree that the Commission's decision will be retroactive to the 120th day after a petition is filed.

2. The delivery of local traffic between the undersigned ALEC and S-UTF/CF shall be reciprocal and compensation will be mutual. S-UTF/CF makes available two forms of interconnection: a flat-rated port charge arrangement (hereinafter referred to as Option A) or a per minute of use charge (hereinafter referred to as Option B). The Option chosen by the ALEC will remain in effect for the duration of the agreement.

   a. If Option A is elected, the ALEC purchases the capacity of a DS1 for terminating traffic to S-UTF/CF. Similarly, S-UTF/CF would purchase the capacity of a DS1 from the ALEC. Depending on the ALEC's network requirements and traffic patterns, the ALEC could purchase the DS1 capacity at S-UTF/CF's access tandem, local tandem or at an end office. The flat-rated port charge, Option A, is based on a fixed monthly charge for a DS1 interconnection at a tandem or an individual end office. Both the tandem and the end office port charges are developed based on the access charge rate elements. The tandem port rates include the additional switching and transport functions associated with a tandem. Also, recognizing that trunking efficiencies increase with the number of ports, a price reduction on the first three ports of 50%, 30% and 10%, respectively, is provided. This price reduction is only applicable for the first three ports in each LATA. The rates for end office and tandem connection are shown in Attachment A.

   b. If Option B is elected, the parties will compensate each other using S-UTF/CF's terminating local switched access rates as provided in Attachment B for terminating local traffic on each other's network. If it is mutually agreed that the administrative costs associated with Option B are greater than the net minutes exchanged, the

parties will exchange local traffic on an in kind basis; foregoing compensation in the form of cash or cash equivalent.

c. S-UTF/CF is required to reduce its intrastate switched access rates by 5% in October, 1996 per Section 364.163(5), Florida Statutes. S-UTF/CF will propose to apply the 5% reduction to the line termination rate and to spread the balance of the line termination rate element revenues proportionately to the originating and terminating carrier common line rate elements effective October 1, 1996. The resulting rate reduction will be applicable to both Option A and Option B rates.

3. When Option B is chosen, in order to mitigate the potential adverse impact on a local exchange provider which might occur because of an imbalance of terminating local traffic between the local exchange providers, and to reflect the fact that terminating costs are associated with peak period demand, a local exchange provider shall not be required to compensate another local exchange provider for more than up to one-hundred-five percent (105%) of the total minutes of use of the local exchange provider with the lower minutes of use in the same month. This cap shall apply to the total local minutes of use calculated on a company-wide basis in the State of Florida. For example, if in a given month S-UTF/CF has 10,000 minutes of local traffic terminated on an ALEC's local exchange network and the ALEC has 15,000 minutes of local traffic terminated on S-UTF/CF's local exchange network, the ALEC would be required to compensate S-UTF/CF for local interconnection on the basis of 10,500 terminating minutes (10,000 mins. X 105% = 10,500 mins.) and S-UTF/CF would compensate the ALEC for 10,000 terminating minutes. Seven additional examples are contained on Attachment C which is incorporated herein by reference. If each local provider does not have the appropriate software to measure terminating traffic then each local provider will report to the other provider the amount of local traffic terminated. Interconnecting facilities shall conform, at the minimum, to the telecommunications industry standard of

DS1 (Bellcore Standard No. TR-NWT-00499). STP (signal transfer point) SS7 (Signalling System 7) connectivity is also required.

The parties recognize that various aspects of the interconnection process including physical interconnection arrangements (i.e., collocation, midspan meet) technical requirements, trouble reporting and resolution, billing processes, resolution of operating issues, provisioning, ordering, deadlines, performance standards, recording of traffic, including start and stop time, reporting and payment, dispute resolutions, rounding measurements, financial penalties for late payments, and the provision of inter-carrier clearinghouse functions are not resolved in this document, and the parties agree to cooperatively work toward resolution of these issues. Either party may petition the PSC for resolution should unresolved issues remain 90 days from the effective date of this agreement. If the Commission does not render its vote within 120 days of the petition, then the parties agree that the Commission's decision will be retroactive to the 120th day after a petition is filed.

4. The parties stipulate and agree that the exchange of traffic on S-UTF/CF's Extended Area Service, Extended Calling Service and other local calling routes shall be considered local traffic. The parties will therefore compensate each other for such traffic pursuant to paragraphs 2 and 3 above.

5. S-UTF/CF shall work with the numbering administrator and the ALEC to the extent possible to see that the ALECs have a sufficient quantity of numbering resources so that S-UTF/CF can tell whether a call from S-UTF/CF customer to an ALEC's customer is local or toll. Whenever S-UTF/CF delivers traffic to an ALEC for termination on the ALEC's network, if S-UTF/CF cannot determine whether the traffic will be local or toll because of the manner in which the ALEC uses NXX codes, S-UTF/CF will not compensate the ALEC for local interconnection but will, instead, charge the ALEC originating intrastate network access service charges unless the ALEC can provide S-UTF/CF with sufficient information to make a determination as to whether the traffic is

local or toll. In the event that the ALEC cannot determine whether traffic delivered to S-UTF/CF is local or toll, then the same provision shall apply.

6. Either S-UTF/CF or an ALEC will provide intermediary tandem switching and transport to connect the end user of a local exchange provider to the end user of another ALEC, a LEC other than S-UTF/CF, another telecommunications company (e.g., pay telephone provider, operator services provider) or a wireless telecommunications service provider for the purpose of making a local call. The local exchange provider performing this intermediary function will bill a $0.002 per minute charge over and above its appropriate local interconnection rate elements on Attachment B.

7. When S-UTF/CF or an ALEC provides intermediary functions for network access, i.e., between an IXC and an ALEC, the ALEC and S-UTF/CF will each provide their own network access service elements on a meet-point basis. Each carrier will bill its own access service rate elements to the IXC. S-UTF/CF or the ALEC may bill the residual interconnection charge ("RIC") to the IXC when either provides the intermediary tandem function.

8. The delivery of intrastate toll traffic between the undersigned ALEC and S-UTF/CF shall also be reciprocal and compensation will be mutual. The undersigned ALEC and S-UTF/CF shall pay each other identical rates for terminating the same type of traffic on each other's network. The parties will pay each other S-UTF/CF's intrastate switched network access service rate elements on a per minute of use basis for originating and terminating intrastate toll traffic as appropriate. For example, when an ALEC customer places a toll call to a S-UTF/CF customer and the ALEC serves as the toll carrier, S-UTF/CF will charge the ALEC terminating network access charges, the price of which will vary depending upon whether the call goes through a S-UTF/CF tandem or is directly routed to the S-UTF/CF end office. If the ALEC is serving as the S-UTF/CF customer's preselected IXC, or the S-UTF/CF customer uses the ALEC on a 10XXX basis, the S-UTF/CF will charge the ALEC the appropriate originating network access

charges. Likewise, if S-UTF/CF is serving as the ALEC customer's preselected IXC, or the ALEC customer uses S-UTF/CF on a 10XXX basis, the ALEC will bill S-UTF/CF the appropriate originating network access charges. Examples of these network access rate elements and prices are identified on Attachment D which is incorporated herein by reference.

Because the undersigned parties lack sufficient data with respect to the volumes of local terminating traffic being delivered to each LEC and ALEC, the prices, terms and conditions of local interconnection agreed to herein are deemed transitional in nature. The parties deem them acceptable only in the interests of compromise to enable the introduction of local exchange competition to Florida's consumers.

The undersigned parties stipulate and agree that because the local interconnection and traffic arrangements agreed to herein are considered transitional, the agreements shall be renegotiated with the new provisions becoming effective after January 1, 1998. Accordingly, by no later than June 1, 1997, the undersigned parties shall commence negotiations with regard to their terms, conditions and prices of interconnection arrangements to be effective beginning January 1, 1998. If the parties are unable to satisfactorily negotiate new interconnection terms, conditions and prices within 90 days of commencing negotiations, any party may petition the Commission to establish appropriate interconnection arrangements. The parties will encourage the Commission to issue its order by no later than December 31, 1997. In the event the Commission does not issue its order prior to January 1, 1998, or if the parties continue to negotiate the interconnection arrangements beyond January 1, 1998, the parties stipulate and agree that the terms, conditions and prices ultimately ordered by the Commission, or negotiated by the parties, will be effective retroactive to January 1, 1998. Until the revised interconnection arrangements become effective, the parties shall continue to exchange traffic on a reciprocal basis pursuant to the terms of this Stipulation and Agreement.

B. Unbundling and Resale of Local Exchange Telecommunications Company Network Features, Functions and Capabilities Docket No. 950984-TP

Section 364.161, Florida Statutes, requires each LEC, upon request, to unbundle each of its network features, functions and capabilities, including access to signaling data bases, systems and routing process, and offer them to any other telecommunications provider requesting such features, functions or capabilities for resale to the extent technically and economically feasible and at prices that are not below cost. The statute also requires that the parties first negotiate the terms, conditions and prices of any feasible unbundling request. If the parties cannot reach a satisfactory resolution within 60 days, either party may petition the Commission to arbitrate the dispute and the Commission shall make a determination within 120 days.

The undersigned parties have now satisfactorily resolved the terms, conditions and prices of these network features, functions and capabilities that are technically and economically feasible of unbundling as set forth in Attachment E, which is incorporated herein by reference. It is understood by the parties that the list of network features, functions and capabilities is not exhaustive and the parties commit to cooperate in the negotiation of additional network features, functions and capabilities as the parties' future needs require.

The parties acknowledge that the provisions of Chapter 364, Florida Statutes, relating to the unbundling and resale of facilities and services, reflect a thoughtfully crafted and well-balanced approach to the introduction of local exchange competition, and the parties therefore commit that these provisions will be fairly and equitably implemented and adhered to in order to effectuate and remain consistent with legislative intent. The parties recognize that the application of current tariffed prices for resale purposes will not be inconsistent with this commitment. The parties agree that the issue of imputation of LEC unbundled service prices into its retail rates is not addressed by the Stipulation and Agreement, and that the ALECs reserve their right to further address imputation for these services, including unbundled local loops.

C. Universal Service/Carrier of Last Resort - Docket No. 950696-TP

The parties agree that Section 364.025, Florida Statutes, contains a Legislative finding that each telecommunications company should contribute its fair share to the support of the local exchange telecommunications company's universal service/carrier of last resort ("US/COLR") obligations. For a transitional period, the Commission is required to establish an interim US/COLR mechanism for maintaining universal service and funding carrier of last resort obligations, pending the implementation of a permanent mechanism. This interim mechanism is to be implemented by January 1, 1996 and applied in a manner that ensures that each alternative local exchange company contributes its fair share to the support of the local exchange telecommunications company's US/COLR obligations. The interim mechanism shall reflect a fair share of the LEC's recovery of investment made in fulfilling its COLR obligations and the maintenance of universal service objectives. The statute further provides that the Commission shall ensure that the interim mechanism, which is to remain in effect, if necessary, until the implementation of a permanent mechanism, but not later than January 1, 2000, ensures the maintenance of universal service through a carrier of last resort, but does not impede the development of residential consumer choice or create an unreasonable barrier to competition.

The undersigned parties stipulate and agree that S-UTF/CF will guarantee the provision of universal service as the carrier-of-last-resort throughout its territory until January 1, 1998, without pursuing ALEC contributions through the interim mechanism. Notwithstanding the foregoing, if S-UTF/CF subsequently believes that competition is in any way undermining its ability to provide universal service during the duration of this agreement it may petition the Commission to commence a proceeding to quantify the amount of support, if any, needed to maintain universal service. The amount of support needed, if any, and related issues are matters of proof on a case-by-case basis. Moreover, the parties in no way waive their right to petition the Commission pursuant to Section 364.025(3), Florida Statutes.

D. Temporary Number Portability - Docket No. 930797-TP

With regard to the rates and charges to be paid for remote call forwarding between carriers, which is the temporary telephone number portability solution approved for implementation January 1, 1996, the undersigned parties agree to pay recurring rates as follows: $1.25 per line per month per residential customer for one path and $1.25 per line per month per business customer for one path. For additional paths, the undersigned parties agree to pay $.50 per month, per additional path per residential customer and $.50 per month, per additional path per business customer, with no additional non-recurring charge if the additional path is ordered at the same time as the first path. The undersigned parties further agree to pay a non-recurring charge of no more than $25.00 per order for multiple residential or business lines placed on the same order in a single exchange.

The temporary number portability charges listed above shall also apply whenever a S-UTF/CF customer switches to an ALEC and changes her location within the same S-UTF/CF central office. The same charges will apply when an ALEC customer switches to S-UTF/CF and changes her location within the same ALEC central office.

For that terminating toll traffic ported to the ALEC, S-UTF/CF will bill the IXC tandem switching, the residual interconnection charge and a portion of the transport, and the ALEC will bill the IXC local switching, the carrier common line and a portion of the transport. If S-UTF/CF is unable to provide the necessary access records to permit the ALECs to bill the IXCs directly for terminating access to ported numbers, then the parties agree to work cooperatively to develop a surrogate method to approximate the access minutes and revenues, and a settlement process based on the above distribution. If intraLATA calls are delivered to the other party via a ported number, the originating party will pay the terminating party.

E. Resolution of Disputes

The undersigned parties agree that if any dispute arises as to the interpretation of any provision of this Stipulation and Agreement or as to the proper implementation of any of the matters agreed to in this Stipulation and Agreement the parties will petition the Commission for a resolution of the dispute.

However, each undersigned party reserves any rights it may have to seek judicial review of any ruling made by the Commission concerning this Stipulation and Agreement.

F. Duration

This Stipulation and Agreement takes effect when signed by the parties and remains in effect until each of the matters and issues addressed by the undersigned parties or as modified by mutual consent of the parties but will terminate December 31, 1997.

G. Representations

Each person signing this Stipulation and Agreement represents that he or she has the requisite authority to bind the party on whose behalf the person is signing. By signing this Stipulation and Agreement, each undersigned party represents that it agrees to each of the stipulations and agreements set forth herein. In the event there are parties to the aforementioned dockets that do not sign this Stipulation and Agreement, the comprehensive resolution of the issues set forth in this Stipulation and Agreement shall, nonetheless, be binding upon the undersigned parties. Each undersigned party commits to use its best efforts to persuade the Commission, prior to and during the hearings scheduled in the aforementioned dockets, to accept the stipulations agreed to by the undersigned parties.

H. Limitation of Use

The undersigned parties understand and agree that this Stipulation and Agreement was entered into to resolve issues and matters which are unique to the State of Florida because of regulatory precedent and legislative requirements. The undersigned parties therefore agree that none of the agreements and stipulations contained herein shall be proffered by an undersigned party in another jurisdiction as evidence of any concession or as a waiver of any position taken by another undersigned party in that jurisdiction or for any other purpose.

I. Waivers

Any failure by any undersigned party to insist upon the strict performance by any other entity of any of the provisions of this Stipulation and Agreement shall not be deemed a waiver of any of the provisions of this Stipulation and Agreement, and each undersigned party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Stipulation and Agreement.

J. Billing

To the extent either party is unable to implement the exact terms of this agreement as a result of technical difficulties, a reasonable surrogate will be developed for billing until such time as an actual bill can be implemented or the parties agree that the billing is sufficient for the term of this agreement.

K. Governing Law

This Stipulation and Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Florida, without regard to its conflict of laws principles.

L. Purposes

The undersigned parties acknowledge that this Stipulation and Agreement is being entered into for the purposes of facilitating the introduction of local exchange competition; complying with the requirements of Florida Chapter Law 95-403 with respect to negotiating the matters at issue in Docket Nos. 950737-TP and 950985-TP. Neither this Stipulation and Agreement nor any action taken to reach, effectuate or further this Stipulation and Agreement may be construed as, or may be used as an admission by or against any party.

M. Arm's Length Negotiations

This Stipulation and Agreement was executed after arm's length negotiations between the undersigned parties and reflects the conclusion of the undersigned that this Stipulation and Agreement is in the best interests of all the undersigned parties.

N. Joint Drafting

The undersigned parties participated jointly in the drafting of this Stipulation and Agreement, and therefore the terms of this Stipulation and Agreement are not intended to be construed against any undersigned party by virtue of draftsmanship.

O. Single Instrument

This Stipulation and Agreement may be executed in several counterparts, each of which, when executed, shall constitute an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, this Stipulation and Agreement has been executed as of the _____ day of _____, 1996, by the undersigned representatives for the parties hereto.

Florida Cable Telecommunications Association, Inc.

By:_____
Authorized Representative

Sprint United Telephone-Florida/Centel-Florida

By:_____
Authorized Representative

Continental Cablevision, Inc.

By:_____
Authorized Representative

Time Warner AXS/Digital Media Partners

By:_____
Authorized Representative

Intermedia Communications, Inc.

By:_____
Authorized Representative

Sprint Metropolitan Network Inc.

By:_____
Authorized Representative

February 1,, 1996
2:30 PM

ATTACHMENT B

OPTION B

SPRINT UNITED TELEPHONE-FLORIDA/CENTEL-FLORIDA

LOCAL INTERCONNECTION

RATE ELEMENTS AND RATE LEVELS

Rate Elements	Rate Levels as of[2] February 6, 1996	
Transport[1]	Tandem	End Office
DS1 Local Channel - Entrance Facility[3]	0.00097	0.00097
Switched Common Transport		
per minute of use per mile	0.00004	
Facilities Termination per MOU	0.00020	
Tandem Switching	0.00088	
Local Switching	0.00980	0.00980
Line Termination	0.00790	0.00790
	0.01979	0.01867

[1] Assumptions:
- Tandem Connection with Common Transport
- No Collocation
- DS1 local channel @ 9000 minutes per month and 24 voice grade equivalents

[2] S-UTF/CF's switched access rates, reflecting local transport restructure, have been approved with a February 6, 1996 effective date.

[3] Entrance facility is optional; interconnect may also be ordered on a meet-point or virtual collocation basis in which case the special access or collocation tariffs would be applicable, respectively.

February 1,, 1996
2:30 PM

ATTACHMENT C

OPTION B

EXAMPLE OF "5% CAP"

Case 1:

S-UTF/CF terminates 10,000 min. to ALEC X

ALEC X terminates 15,000 min. to S-UTF/CF

ALEC X bills S-UTF/CF for 10,000 min.

S-UTF/CF bills ALEC X for 10,500 min. (10,000 + 5%)

Case 2:

S-UTF/CF terminates 15,000 min. to ALEC X

ALEC X terminates 10,000 min. to S-UTF/CF

ALEC X bill S-UTF/CF for 10,500 min. (10,000 + 5%)

S-UTF/CF bills ALEC X for 10,000 min.

Case 3:

S-UTF/CF terminates zero min. to ALEC X

ALEC X terminates 10,000 min. to S-UTF/CF

ALEC X bills S-UTF/CF zero

S-UTF/CF bills ALEC X zero

Case 4:

S-UTF/CF terminates 10,000 min. to ALEC X

ALEC X terminates zero min. to S-UTF/CF

ALEC X bills S-UTF/CF zero

S-UTF/CF bills ALEC X zero

Case 5:

S-UTF/CF terminates 10,000 min. to ALEC X

ALEC X terminates 10,200 min. to S-UTF/CF

ALEC X bills S-UTF/CF for 10,000 min.

S-UTF/CF bills ALEC X for 10,200 min. (difference is less than ccp)

Case 6:

S-UTF/CF terminates 10,200 min. to ALEC X	ALEC X bills S-UTF/CF for 10,200 min. (Difference is less than cap)
ALEC X terminates 10,000 min. to S-UTF/CF	S-UTF/CF bills ALEC X for 10,000 min.

Case 7:

S-UTF/CF and ALEC X both terminate 10,000 min. to each other	ALEC X and S-UTF/CF both bill each other 10,000 min.

[1] For Case 1 and Case 2 in recognition that the composition of terminating minutes could include minutes charged at an end office rate and minutes charged a tandem differential the local exchange provider who utilizes the formula for purposes of the amount of minutes to base this payment on shall calculate their payment based on the same proportion of end office minutes and tandem minutes for their total minutes in that month. For example (using Case 1):

S-UTF/CF terminates 10,000 min. to ALEC X at the end office	ALEC X bills S-UTF/CF for 10,000 min.
ALEC X terminates 15,000 min. to S-UTF/CF, 9,000 (60%) at end office rate and 6,000 (40%) at tandem rate	S-UTF/CF bills ALEC X for 10,500 min. (10,000 + 5%), 6,300 (60%) at end office rate and 4,200 (40%) at tandem rate

ATTACHMENT D

SPRINT UNITED TELEPHONE-FLORIDA/CENTEL-FLORIDA

INTRASTATE SWITCHED ACCESS

RATE ELEMENTS AND RATE LEVELS

Rate Elements	Rate Levels as of[2] February 6, 1996	
	UTF	CF
Carrier Common Line		
Originating	$0.02580	$0.030400
Terminating	$0.03360	$0.038200
Transport[1]		
DS1 Local Channel - Entrance Facility	$0.000970	$0.000970
Residual Interconnection	$0.013997	$0.021037
Switched Common Transport per minute of use per mile	$0.00004	$0.000040
Facilities Termination per MOU	$0.000200	$0.000200
Access Tandem Switching		
Premium	$0.000880	$0.000880
Transitional	$0.000877	$0.000877
Local Switching	$0.009800	$0.009800
Line Termination	$0.007900	$0.007900

[1] Assumptions:
- Tandem Connection with Common Transport
- No Collocation
- DS1 local channel @ 9000 minutes per month and 24 voice grade equivalents

[2] S-UTF/CF's switched access rates, reflecting local transport restructure, have been approved with a February 6, 1996 effective date.

February 1,, 1996
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ATTACHMENT E

UNBUNDLED NETWORK FEATURES, FUNCTIONS AND CAPABILITIES

The parties to the Stipulation and Agreement have negotiated the following additional terms, conditions and prices relating to unbundled network features, functions and capabilities:

(1) Access to 911/E911 Emergency Network.

For basic 911 service, S-UTF/CF will provide a list consisting of each municipality in Florida that subscribes to Basic 911 service. The list will also provide the E911 conversion date and for network routing purposes a ten-digit directory number representing the appropriate emergency answering position for each municipality subscribing to 911 service. Each ALEC will arrange to accept 911 calls from its customers in municipalities that subscribe to Basic 911 service and translate the 911 call to the appropriate 10-digit directory number as stated on the list provided by S-UTF/CF and route that call to S-UTF/CF at the appropriate tandem or end office. When a municipality converts to E911 service, the ALEC shall discontinue the Basic 911 procedures and begin the E911 procedures.

For E911 service, the ALEC will connect the necessary trunks to the appropriate E911 tandem, including the designated secondary tandem. If a municipality has converted to E911 service, the ALEC will forward 911 calls to the appropriate E911 primary tandem, along with ANI, based upon the current E911 end office to tandem homing arrangement as provided by S-UTF/CF. If the primary tandem trunks are not available, the ALEC will alternate route the call to the designated secondary E911 tandem. If the secondary tandem trunk are not available, the ALEC will alternate route the call to the appropriate Traffic Operator Position System (TOPS) tandem.

In order to ensure the proper working of the system, along with accurate customer data, the ALEC will provide daily updates to the E911 data-base. S-UTF/CF will work cooperatively with the ALEC to define record layouts, media requirements, and procedures for this process.

In some instances S-UTF/CF is responsible for maintenance of the E911 data-base and is compensated for performing these functions by either the municipality or the ALEC - for maintaining the ALEC's information. In no event, however, shall S-UTF/CF be entitled to compensation from both parties for the same function.

(2) Directory Listings and Directory Distribution.

S-UTF/CF will arrange for ALECs' customers' primary listings to be included in the white page (residence and business listings) and yellow page (business listings) directories as long as the ALEC provides information to S-UTF/CF in a manner compatible with S-UTF/CF's operational system. S-UTF/CF will coordinate the printing of all customers' information in the white and yellow pages directories on the same terms and conditions and at the same compensation level as S-UTF/CF pays its publisher(s) to have its directories compiled, printed and distributed. S-UTF/CF will work cooperatively with the ALEC on issues concerning lead time, timeliness, format, and the content of listing information.

(3) Directory Assistance Services

S-UTF/CF will arrange for ALECs to have three options for the provision of directory assistance service. First, S-UTF/CF will provide a resale option, where the ALEC would utilize S-UTF/CF's directory assistance service for the ALEC's customers. Second, S-

UTF/CF will provide a database purchase option. Third, S-UTF/CF will provide ALECs with a database access option, when it is technically feasible for S-UTF/CF.

(4) IntraLATA 800 Traffic

S-UTF/CF will compensate ALECs for the origination of 800 traffic terminated to S-UTF/CF pursuant to the ALEC's originating switched access charges. At such time as an ALEC elects to provide 800 services, the ALEC will compensate S-UTF/CF at S-UTF/CF's originating access charges for intraLATA 800 traffic terminated to the ALEC. The originating company will record the call and forward the appropriate billing information in a standard ASR/EMR format.

(5) Busy Line Verification/Emergency Interrupt Services.

S-UTF/CF and the ALECs shall mutually provide each other busy line verification and emergency interrupt services pursuant to tariff.

(6) Network Design and Management

S-UTF/CF and the ALECs will work cooperatively to install and maintain reliable interconnected telecommunications networks. A cooperative effort will include, but not be limited to, the exchange of appropriate information concerning network changes that impact services to the local service provider, maintenance contact numbers and escalation procedures. The interconnection of all networks will be based upon accepted industry/national guidelines for transmission standards and traffic blocking criteria. S-UTF/CF and the ALECs will work cooperatively to apply sound network management principles by invoking appropriate network management controls; i.e., call gapping, to alleviate or prevent network congestion. It is S-UTF/CF's intention not to charge rearrangement, reconfiguration, disconnect, or other non-recurring fees associated with the initial reconfiguration of each carrier's interconnection arrangements. However,

each ALEC's interconnection reconfigurations will have to be considered individually as to the application of a charge.

(7) CLASS Interoperability.

S-UTF/CF and the ALECs will provide LEC-to-LEC Common Channel Signalling (CCS) to one another, where available, in conjunction with all traffic in order to enable full interoperability of CLASS features and functions. All CCS signalling parameters will be provided including automatic number identification (ANI), originating line information (OLI), calling party category, charge number, etc. All privacy indicators will be honored, and S-UTF/CF and the ALECs will cooperate on the exchange of Transactional Capabilities Application Part (TCAP) messages to facilitate full inter-operability of CCS-based features between their respective networks.

(8) Network Expansion.

For network expansion, S-UTF/CF and the ALECs will review engineering requirements on a quarterly basis and establish forecasts for trunk utilization. New trunk groups will be implemented as dictated by engineering requirements for both S-UTF/CF and the ALEC. S-UTF/CF and the ALEC are required to provide each other the proper call information (i.e., originated call party number and destination call party number, CIC, OZZ, etc.) to enable each company to bill accordingly.

(9) Signaling.

In addition to CLASS interoperability, as discussed above, S-UTF/CF will offer use of its signaling network on an unbundled basis at tariffed rates. Signaling functionality will be available with both A-link and B-link connectivity.

(10) **Local Loop**

The price of S-UTF/CF 's unbundled local loop will be the price set forth in S-UTF/CF's Special Access Tariff.

MFS™
Communications Company, Inc.

INFORUM, SUITE 2200
250 WILLIAMS STREET
ATLANTA, GEORGIA 30303-1034
TEL. (404) 224-6000
FAX (404) 224-6060

November 9, 1995

Mr. Mike Marczyk
Senior Account Manager
GTE Telephone Operations
One Tampa City Center
Post Office Box 110 MC FLTC0009
Tampa, Florida 33601-0110

Via Facsimile & Overnite Mail
@813 228 5326

Dear Mike:

Attached please find a Co-carrier agreement which I am proposing for MFS and GTE to execute to address Interconnection and Unbundling between our companies in the state of Florida. I am requesting that GTE review the agreement and provide me written comments by the close of business Wednesday, November 22.

Also, I am proposing that we schedule a meeting the week of November 13 to discuss the proposed agreement. I am available to meet next week, any day, except Tuesday, November 14.

Please contact me at 404 224 6115 if you have any questions, and to schedule a meeting date.

Sincerely,

Timothy T. Devine

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO. 18
COMPANY/
WITNESS:
DATE: 3/12/96

The Parties, each of which currently provides or intends to provide Exchange Services over their own respective switching networks in the State of Florida, agree pursuant to this Stipulation and Agreement to extend certain arrangements to one another as described and according to the terms, conditions and pricing specified hereunder. The Parties enter into this agreement without prejudice to any positions they have taken previously, or may take in the future in any legislative, regulatory, or other public forum.

I. RECITALS & PRINCIPLES

WHEREAS, universal connectivity between common carriers is the defining characteristic of the public switched telecommunications network in which all common carriers participate; and

WHEREAS, absent such connectivity the utility of communications services to individual consumers and to society as a whole would be severely and unnecessarily diminished; and

WHEREAS, encouraging fair, efficient and reasonable connectivity of networks has been identified as being in the public interest and as a guiding principle of U.S. telecommunications policy throughout this century[1]; and

WHEREAS, the events of the last three decades have made it abundantly clear that competition in communications markets has been highly beneficial to consumers and society as a whole; and

WHEREAS, it is now possible and eminently desirable to extend the benefits of competition to the local exchange services market; and

WHEREAS, the most basic prerequisite for the mere introduction of local exchange competition is the establishment of certain arrangements between and among incumbent and entrant local exchange carriers; and

WHEREAS, in order that the greatest possible benefits should accrue to consumers and society, such arrangements must: (1) allow the natural development of full, fair, efficient and effective local exchange competition; (2) allow each carrier to recognize and respond to competitive market incentives to configure robust, high quality, least-cost, efficient networks, to innovate, to optimize overall operations, to improve total customer service and customer responsiveness; and (3) ensure optimal inter-operability and service transparency to all end users, regardless of the carrier from which the end user chooses to receive service; and

[1] Beginning at least with the "Kingsbury Commitment of 1913", wherein the Bell System, in a bid to stave off anti-trust action, committed to the United States Attorney General to, among other things, connect its networks with those of independent telephone companies.

WHEREAS, in order for efficiency and fairness to uphold in these arrangements, it is essential that each incumbent and entrant local exchange carrier be allowed the greatest possible flexibility and discretion to develop its own basic business strategies -- especially with respect to network design, technology and capital choice and deployment, management of operating expenses, product offerings and product packaging -- and should take sole responsibility for, and bear all risks associated with its own strategies and decisions in these areas; and

WHEREAS, no carrier should be in a position to shift any burdens arising from its own unilateral decisions and strategies in these areas onto its competitors, nor be able to confiscate from a competitor any benefits arising from that competitor's own unilateral decisions and strategies; and

WHEREAS, in the service of maximum inter-operability, each incumbent and entrant local exchange carrier should be able to efficiently, flexibly, and robustly exchange traffic and signaling with every other carrier operating in the same area at well-defined and standardized points of mutually agreed interconnection;

NOW, THEREFORE, in consideration of the mutual provisions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ELEC and ILEC hereby covenant and agree as follows:

II. DEFINITIONS

A. "Automatic Number Identification" or "ANI" refers to the number transmitted through the network identifying the calling party.

B. "Central Office Switch", "Central Office" or "CO" means a switching entity within the public switched telecommunications network, including but not limited to:

"End Office Switches" which are Class 5 switches from which end user Exchange Services are directly connected and offered.

"Tandem Office Switches" which are Class 4 switches which are used to connect and switch trunk circuits between and among Central Office Switches.

Central Office Switches may be employed as combination End Office/Tandem Office switches (combination Class 5/Class 4).

C. "CLASS Features" (also called "Vertical Features") include: Automatic Call Back; Automatic Recall; Call Forwarding Busy Line/Don't Answer; Call Forwarding Don't Answer; Call Forwarding Variable; Call Forwarding - Busy Line; Call Trace; Call Waiting; Call Number Delivery Blocking Per

Call; Calling Number Blocking Per Line; Cancel Call Waiting; Distinctive Ringing/Call Waiting; Incoming Call Line Identification Delivery; Selective Call Forward; Selective Call Rejection; Speed Calling; and Three Way Calling/Call Transfer.

D. "Co-Location" or "Co-Location Arrangement" is an interconnection architecture method in which one carrier extends network transmission facilities to a wire center/aggregation point in the network of a second carrier, whereby the first carrier's facilities are terminated into equipment installed and maintained in that wire center by or on the behalf of the first carrier for the primary purpose of interconnecting the first carrier's facilities to the facilities of the second carrier.

E. "Commission" means the Florida Public Service Commission (PSC).

F. "Common Channel Signaling" or "CCS" means a method of digitally transmitting call set-up and network control data over a special network fully separate from the public switched network that carries the actual call.

G. "Cross Connection" means an intra-wire center channel connecting separate pieces of telecommunications equipment including equipment between separate co-location facilities.

H. "DID" means direct inward dialing.

I. "DS-1" is a digital signal rate of 1.544 Mbps (Mega Bit Per Second).

J. "DS-3" is a digital signal rate of 44.736 Mbps.

K. "DSX panel" is a cross-connect bay/panel used for the termination of equipment and facilities operating at digital rates.

L. "Electronic File Transfer" refers to any system/process which utilizes an electronic format and protocol to send/receive data files.

M. "Entrant Local Exchange Carrier" or "ELEC" means a LEC which is not the current or former Incumbent Local Exchange Carrier in any geographic area.

N. "Exchange Message Record" or "EMR" is the standard used for exchange of telecommunications message information among Local Exchange Carriers for billable, non-billable, sample, settlement and study data. EMR format is contained in BR-010-200-010 *CRIS Exchange Message*

Record, a Bellcore document which defines industry standards for exchange message records.

O. "Exchange Service" refers to all basic access line, PBX trunk, Centrex/ESSX-like services, ISDN services, or any other services offered to end users which provide end users with a telephonic connection to, and a unique telephone number address on, the public switched telecommunications network, and which enable such end users to place or receive calls to all other stations on the public switched telecommunications network.

P. "Incumbent Local Exchange Carrier" or "ILEC" means a LEC which is currently or was previously the exclusive LEC in a given geographic area.

Q. "Interconnection" means the connection of separate pieces of equipment, transmission facilities, etc., within, between or among networks. The architecture of interconnection may include several methods including, but not limited to co-location arrangements and mid-fiber meet arrangements.

R. "Interexchange Carrier" or "IXC" means a provider of stand-alone interexchange telecommunications services.

S. "Interim Number Portability" or "INP" means the transparent delivery of Local Telephone Number Portability ("LTNP") capabilities, from a customer standpoint in terms of call completion, and from a carrier standpoint in terms of compensation, through the use of existing and available call routing, forwarding, and addressing capabilities.

T. "ISDN" means Integrated Services Digital Network; a switched network service providing end-to-end digital connectivity for the simultaneous transmission of voice and data. Basic Rate Interface-ISDN (BRI-ISDN) provides for digital transmission of two 64 Kbps bearer channels and one 16 Kbps data channel (2B+D). Primary Rate Interface-ISDN (PRI-ISDN) provides for digital transmission of twenty-three (23) 64 Kbps bearer channels and one 16 Kbps data channel (23 B+D).

U. "Line Side" refers to an end office switch connection that has been programmed to treat the circuit as a local line connected to a ordinary telephone station set. Line side connections offer only those transmission and signaling features appropriate for a connection between an end office and an ordinary telephone station set.

V. "Link Element" or "Link" is a component of an Exchange Service; for purposes of general illustration, the "Link Element" is the transmission

facility (or channel or group of channels on such facility) which extends from a Main Distribution Frame, DSX-panel, or functionally comparable piece of equipment in an ILEC end office wire center, to a demarcation or connector block in/at a customer's premises. Traditionally, links were provisioned as 2-wire or 4-wire copper pairs running from the end office distribution frame to the customer premise; however, a link may be provided via other media, including radio frequencies, as a channel on a high capacity feeder/distribution facility which may in turn be distributed from a node location to the customer premise via a copper or coax drop facility, etc. Links fall into the following categories:

"2-wire analog voice grade links" will support analog transmission of 300-3000 Hz, repeat loop start or ground start seizure and disconnect in one direction (toward the end office switch), and repeat ringing in the other direction (toward the end user). This link is commonly used for local dial tone service.

"2-wire ISDN digital grade links" will support digital transmission of two 64 Kbps bearer channels and one 16 Kbps data channel. This is a 2B+D basic rate interface Integrated Services Digital Network (BRI-ISDN) type of loop which will meet national ISDN standards.

"4-wire DS-1 digital grade links" will support full duplex transmission of isochronous serial data at 1.544 Mbps. This T-1/DS-1 type of loop provides the equivalent of 24 voice grade/DS0 channels.

W. "Local Exchange Carrier" or "LEC" means any carrier that provides facility-based Exchange Services utilizing a switch it owns or substantially controls in conjunction with unique central office codes assigned directly to that carrier. This includes both Incumbent Local Exchange Carriers ("ILEC") and Entrant Local Exchange Carriers ("ELEC").

X. "Local Telephone Number Portability" or "LTNP" means the technical ability to enable an end user customer to utilize its telephone number in conjunction with any exchange service provided by any Local Exchange Carrier operating within the geographic number plan area with which the customer's telephone number(s) is associated, regardless of whether the customer's Chosen Local Exchange Carrier is the carrier which originally assigned the number to the customer, without penalty to either the customer or its chosen local exchange carrier.

Y. "Main Distribution Frame" or "MDF" is the primary point at which outside plant facilities terminate within a wire center, for interconnection to other telecommunications facilities within the wire center.

Z. "Meet-Point Billing" or "MPB" refers to an arrangement whereby two LECs jointly provide the transport element of a switched access service to one of the LEC's end office switches, with each LEC receiving an appropriate share of the transport element revenues as defined by their effective access tariffs.

AA. "MECAB" refers to the *Multiple Exchange Carrier Access Billing (MECAB)* document prepared by the Billing Committee of the Ordering and Billing Forum (OBF), which functions under the auspices of the Carrier Liaison Committee (CLC) of the Alliance for Telecommunications Industry Solutions (ATIS). The MECAB document, published by Bellcore as Special Report SR-BDS-000983, contains the recommended guidelines for the billing of an access service provided by two or more LECs, or by one LEC in two or more states within a single LATA.

BB. "MECOD" refers to the *Multiple Exchange Carriers Ordering and Design (MECOD) Guidelines for Access Services - Industry Support Interface*, a document developed by the Ordering/Provisioning Committee under the auspices of the Ordering and Billing Forum (OBF), which functions under the auspices of the Carrier Liaison Committee (CLC) of the Alliance for Telecommunications Industry Solutions (ATIS). The MECOD document, published by Bellcore as Special Report SR STS-002643, establish methods for processing orders for access service which is to be provided by two or more LECs.

CC. "Mid-Fiber Meet" is an interconnection architecture method whereby two carriers meet at a fiber splice in a junction box.

DD. "NANP" means the "North American Numbering Plan", the system of telephone numbering employed in the United States, Canada, and the Caribbean countries which employ NPA 809.

EE. "Numbering Plan Area" or "NPA" is also sometimes referred to as an area code. This is the three digit indicator which is defined by the "A", "B", and "C" digits of each 10-digit telephone number within the North American Numbering Plan ("NANP"). Each NPA contains 800 possible NXX Codes. There are two general categories of NPA, "Geographic NPAs" and "Non-Geographic NPAs". A "Geographic NPA" is associated with a defined geographic area, and all telephone numbers bearing such NPA are associated with services provided within that geographic area. A "Non-Geographic NPA", also known as a "Service Access Code" or

"SAC Code" is typically associated with a specialized telecommunications service which may be provided across multiple geographic NPA areas; 800, 900, 700, and 888 are examples of Non-Geographic NPAs.

FF. "NXX", "NXX Code", "Central Office Code" or "CO Code" is the three digit switch entity indicator which is defined by the "D", "E", and "F" digits of a 10-digit telephone number within the North American Numbering Plan ("NANP"). Each NXX Code contains 10,000 station numbers. Historically, entire NXX code blocks have been assigned to specific individual local exchange end office switches.

GG. "On-Line Transfer" means the transferring of an incoming call to another telephone number without the call being disconnected.

HH. "Permanent Number Portability" or "PNP" means the use of a database solution to provide fully transparent LTNP for all customers and all providers without limitation.

II. "Plain Old Telephone Service Traffic" or "POTS traffic" refers to calls between two or more Exchange Service users, where both Exchange Services bear NPA-NXX designations associated with the same LATA or other authorized area (e.g., Extended Area Service Zones in adjacent LATAs). POTS traffic includes the traffic types that have been traditionally referred to as "local calling", as "extended area service (EAS)", and as "intraLATA toll".

JJ. "Port Element" or "Port" is a component of an Exchange Service; for purposes of general illustration, the "Port" is a line card and associated peripheral equipment on an ILEC end office switch which serves as the hardware termination for the customer's exchange service on that switch and generates dial tone and provides the customer a pathway into the public switched telecommunications network. Each Port is typically associated with one (or more) telephone number(s) which serves as the customer's network address. Port categories include:

"2-wire analog line port" is a line side switch connection employed to provide basic residential and business type Exchange Services.

"2-wire ISDN digital line port" is a Basic Rate Interface (BRI) line side switch connection employed to provide ISDN Exchange Services.

"2-wire analog DID trunk port" is a direct inward dialing (DID) trunk side switch connection employed to provide incoming trunk type Exchange Services.

"4-wire DS-1 digital DID trunk port" is a direct inward dialing (DID) trunk side switch connection employed to provide the equivalent of 24 analog incoming trunk type Exchange Services.

"4-wire ISDN digital DS-1 trunk port" is a Primary Rate Interface (PRI) trunk side switch connection employed to provide the ISDN Exchange Services.

KK. "Rate Center" means the specific geographic point and corresponding geographic area which have been identified by a given LEC as being associated with a particular NPA-NXX code which has been assigned to the LEC for its provision of Exchange Services. The "rate center point" is the finite geographic point identified by a specific V&H coordinate, which is used to measure distance-sensitive enduser traffic to/from Exchange Services bearing the particular NPA-NXX designation associated with the specific Rate Center. The "rate center area" is the exclusive geographic area which the LEC has identified as the area within which it will provide Exchange Services bearing the particular NPA-NXX designation associated with the specific Rate Center. The Rate Center point must be located within the Rate Center area.

LL. "Rating Point", sometimes also referred to as "Routing Point" means a location which a LEC has designated on its own network as the homing (routing) point for traffic inbound to Exchange Services provided by the LEC which bear a certain NPA-NXX designation. Pursuant to Bellcore Practice BR 795-100-100, the Rating Point may be an "End Office" location, or a "LEC Consortium Point of Interconnection". Pursuant to that same Bellcore Practice, examples of the latter shall be designated by a common language location identifier (CLLI) code with (x)KD in positions 9, 10, 11, where (x) may be any alphanumeric A-Z or 0-9. The Rating Point/Routing Point need not be the same as the Rate Center Point, nor must it be located within the Rate Center Area.

MM. "Reference of Calls" refers to a process in which calls are routed to an announcement which states the new telephone number of an end user.

NN. "Service Control Point" or "SCP" is the node in the signaling network to which informational requests for service handling, such as routing, are directed and processed. The SCP is a real time database system that, based on a query from the SSP, performs subscriber or application-specific service logic, and then sends instructions back to the SSP on how to continue call processing.

OO. "Signal Transfer Point" or "STP" performs a packet switching function that routes signaling messages among SSPs, SCPs and other STPs in order to set up calls and to query databases for advanced services.

PP. "Synchronous Optical Network" or "SONET" means ...

QQ. "Switched Access Service" means the offering of facilities for the purpose of the origination or termination of non-POTS traffic to or from Exchange Services offered in a given area. Switched Access Services include: Feature Group A, Feature Group B, Feature Group D, 800 access, and 900 access.

RR. "Trunk Side" refers to a central office switch connection that is capable of, and has been programmed to treat the circuit as, connecting to another switching entity, for example a private branch exchange ("PBX") or another central office switch. Trunk side connections offer those transmission and signaling features appropriate for the connection of switching entities, and can not be used for the direct connection of ordinary telephone station sets.

SS. "Wire Center" means a building or space within a building which serves as an aggregation point on a given carrier's network, where transmission facilities and circuits are connected or switched.

III. DEFAULT NETWORK INTERCONNECTION ARCHITECTURE

LECs shall interconnect their networks as necessary to effect the Co-Carrier Arrangements identified in Parts V., VI., VII., and IX. Any two or more LECs shall be free to employ whatever network interconnection architecture and at whatever points as the may mutually agree, provided that each LEC makes available the same arrangements to each other LEC operating within the same areas. Notwithstanding any mutual agreements which may be established between carriers regarding the architecture of network interconnection arrangements they may voluntarily establish between their networks, each LEC shall, upon request by any other LEC, minimally make available to that LEC interconnection arrangements conforming to the default network interconnection architecture defined below:

A. In each LATA within which at least one ELEC provides Exchange Service, the ILEC wire center housing the ILEC tandem switch with the greatest traffic volume in the LATA shall be designated as the Default Network Interconnection Point ("D-NIP"). The D-NIP shall be the point at which all LECs providing Exchange Services within the LATA shall have the right to interconnect to all other LECs providing Exchange Services within the LATA.

B. Where an ELEC and an ILEC interconnect at a D-NIP, ELEC shall have the right to specify any of the following interconnection methods:

1. a mid-fiber meet at the D-NIP, or in a manhole or other appropriate junction point near to or just outside the D-NIP;

2. a digital cross-connection hand-off, DSX panel to DSX panel, where both the ELEC and the ILEC maintain such facilities at the D-NIP;

3. a co-location facility maintained by ELEC, or by a 3rd-party with whom ELEC has contracted for such purposes, at an ILEC wire center, where such wire center has been designated as the D-NIP; or

4. a co-location facility maintained by ILEC, or by a 3rd-party with whom ILEC has contracted for such purposes, at an ELEC wire center, where such wire center has been designated as the D-NIP.

C. In extending network interconnection facilities to the D-NIP, ELEC shall have the right to extend its own facilities or to lease dark fiber facilities or digital transport facilities from ILEC or from any 3rd-party, subject to the following terms:

1. Such leased facilities shall extend from any point designated by ELEC on its own network (including a co-location facility maintained by ELEC at an ILEC wire center) to the D-NIP or associated manhole or other appropriate junction point.

2. Where ELEC leases such facilities from ILEC, ELEC shall have the right to lease under the most favorable tariff or contract terms ILEC offers.

D. Where an interconnection occurs via a co-location facility, no incremental cross-connection charges shall apply for the circuits required by this agreement.

E. Upon reasonable notice, ELEC may change from one of the interconnection methods specified above, to one of the other methods specified above, with no penalty, conversion, or rollover charges.

IV. NUMBER RESOURCE ARRANGEMENTS

A. Nothing in this agreement shall be construed to in any manner limit or otherwise adversely impact any LEC's right to employ or to request and

be assigned any NANP number resources including, but not limited to, central office (NXX) codes pursuant to the Central Office Code Assignment Guidelines[2].

B. As contemplated by the Central Office Code Assignment Guidelines, each LEC shall designate within the geographic NPA with which each of its assigned NXX codes is associated, a Rate Center area within which it intends to offer Exchange Services bearing that NPA-NXX designation, and a Rate Center point to serve as the measurement point for distance-sensitive traffic to/from the Exchange Services bearing that NPA-NXX designation.

C. Each LEC will also designate a Rating Point for each assigned NXX code. A LEC may designate one location within each Rate Center as the Rating Point for the NPA-NXXs associated with that Rate Center; alternatively, the LEC may designate a single location within one Rate Center to serve as the Rating Point for all the NPA-NXXs associated with that Rate Center and with one or more other Rate Centers served by the LEC within the same LATA.

D. To the extent any ILEC serves as Central Office Code Administrator for a given region, the ILEC will support all other LEC requests related to central office (NXX) code administration and assignments in an effective and timely manner.

E. All LECs will comply with code administration requirements as prescribed by the Federal Communications Commission, the Public Service Commission, and accepted industry guidelines.

F. It shall be the responsibility of each LEC to program and update its own switches and network systems to recognize and route traffic to each other LEC's assigned NXX codes at all times. No LEC shall impose any fees or charges whatsoever on any other LEC for such activities.

V. MEET-POINT BILLING ARRANGEMENTS

A. Description

1. Each ELEC may at its sole option and discretion establish meet-point billing arrangements with an ILEC in order to provide Switched Access Services to third parties via an ILEC access tandem switch, in accordance with the Meet-Point Billing

[2] Last published by the Industry Numbering Committee ("INC") as INC 95-0407-008, Revision 4/7/95, formerly ICCF 93-0729-010.

guidelines adopted by, and contained in the Ordering and Billing Forum's MECAB and MECOD documents, except as modified herein.

2. Except in instances of capacity limitations, ILEC shall permit and enable ELEC to sub-tend the ILEC access tandem switch(es) nearest to the ELEC Rating Point(s) associated with the NPA-NXX(s) to/from which the Switched Access Services are homed. In instances of capacity limitation at a given access tandem switch, ELEC shall be allowed to sub-tend the next-nearest ILEC access tandem switch in which sufficient capacity is available.

3. Except in those instances where ELEC and ILEC have negotiated mutually-agreeable alternative network interconnection arrangements, interconnection for the meet-point arrangement shall occur at the D-NIP.

4. Common channel signalling ("CCS") shall be utilized in conjunction with meet-point billing arrangements to the extent such signaling is resident in the ILEC access tandem switch.

5. ELEC and ILEC will use their best reasonable efforts, individually and collectively, to maintain provisions in their respective federal and state access tariffs, and/or provisions within the National Exchange Carrier Association ("NECA") Tariff No. 4, or any successor tariff, sufficient to reflect this meet-point billing arrangement, including meet-point billing percentages.

6. As detailed in the MECAB document, ELEC and ILEC will in a timely fashion exchange all information necessary to accurately, reliably and promptly bill third parties for Switched Access Services traffic jointly handled by ELEC and ILEC via the meet-point arrangement.[3] Information shall be exchanged in Electronic Message Record ("EMR") format, on magnetic tape or via a mutually acceptable electronic file transfer protocol.

7. ELEC and ILEC shall employ the calendar month billing period for meet-point billing, and shall provide each other, at no charge, the Usage Data.

[3] Including, as necessary, call detail records, interstate/intrastate/intraLATA percent of use factors, carrier name and billing address, carrier identification codes, serving wire center designation, etc., associated with such switched access traffic.

B. Compensation

1. At ELEC's option, billing to 3rd-parties[4] for the Switched Access Services jointly provided by ELEC and ILEC via the meet-point arrangement shall be according to the single-bill/single tariff method, single-bill/multiple-tariff method, multiple-bill/single-tariff method, or multiple-bill/multiple-tariff method.

2. Switched Access charges to 3rd-parties shall be calculated utilizing the rates specified in ELEC's and ILEC's respective federal and state access tariffs, in conjunction with the appropriate meet-point billing factors specified for each meet-point arrangement either in those tariffs or in the NECA No. 4 tariff.

3. ELEC shall be entitled to the balance of the switched access charge revenues associated with the jointly handled switched access traffic, less the amount of transport element charge revenues[5] to which ILEC is entitled pursuant to the above-referenced tariff provisions.

4. Where ELEC specifies one of the single-bill methods, ILEC shall bill and collect from 3rd parties, promptly remitting to ELEC the total collected switched access charge revenues associated with the jointly-handled switched access traffic, less only the amount of transport element charge revenues to which ILEC is otherwise entitled.

5. MPB will apply for all traffic bearing the 800, 888, or any other non-geographic NPA which may be likewise designated for such traffic in the future, where the responsible party is an IXC. In those situations where the responsible party for such traffic is a LEC, full switched access rates will apply.

VI. RECIPROCAL TRAFFIC EXCHANGE ARRANGEMENT

A. Description

LECs shall reciprocally terminate POTS calls originating on each others' networks. Except in those instances where two (or more) LECs have

[4] Including any future ILEC separate interexchange subsidiaries.

[5] For purposes of clarification, this does not include the interconnection charge, which is to be remitted to the end office provider, which in this case would be ELEC.

negotiated mutually-agreeable alternative network interconnection arrangements, reciprocal traffic exchange shall occur as follows:

1. LECs shall make available to each other interconnection facilities for the reciprocal exchange of POTS traffic at the D-NIP. The POTS reciprocal traffic exchange facilities established between any two LECs shall be configured as two separate trunk groups, whereby the first LEC shall utilize the first trunk group to terminate traffic to the second LEC, and the second LEC shall utilize the second trunk group to terminate traffic to the first LEC.

2. The connections between the interconnection trunk groups shall be made at a DS-1 or multiple DS-1 level (including SONET) and shall be jointly-engineered to an objective P.01 grade of service.

3. Initial connections shall be made at an aggregate network level per D-NIP, such that a single trunk group shall be established in each direction between the two LEC networks, unless otherwise agreed to by the two LECs.

   In those instances where the total traffic in either direction between the networks of two LECs (other than the ILEC with the greatest traffic in the LATA) is less than 2,000,000 per month for a sustained period of six (6) months, the ILEC which carries the greatest amount of traffic within the LATA shall allow those two LECs to route traffic between their respective networks via the aggregate traffic exchange trunk groups each LEC maintains with the ILEC for the exchange of traffic with the ILEC. In such instances, ILEC shall route traffic between the two LECs as if the originating LEC network was a single switching entity within the ILEC's own network.

4. Whenever the total traffic in either direction between discrete switching entities in two separate LEC networks exceeds 2,000,000, per month for a sustained period of three (3) months, disaggregated traffic exchange trunk group paths shall be established between those two switching entities at the option of either LEC. The interconnection architecture shall be the same as that which pertained for the aggregated connections.

5. Each party shall deliver to each other party POTS traffic at the D-NIP associated with the LATA in which the POTS traffic occurs.

6. LECs will provide Common Channel Signalling (CCS) to one another, where and as available, in conjunction with all traffic

exchanged at the D-NIP. LECs will cooperate on the exchange of Transactional Capabilities Application Part (TCAP) messages to facilitate full inter-operability of CCS-based features between their respective networks, including all CLASS features and functions. All CCS signalling parameters will be provided including automatic number identification (ANI), originating line information (OLI) calling party category, charge number, etc. All privacy indicators will be honored. Network signalling information such as Carrier Identification Parameter (CCS platform) and CIC/OZZ information (non-CCS environment) will be provided wherever such information is needed for call routing or billing. For traffic for which CCS is not available, in-band multi-frequency (MF), wink start, E&M channel-associated signalling with ANI will be forwarded.

7. LECs shall establish company-wide CCS interconnections STP-to-STP. Such interconnections shall be made at the D-NIP, as necessary.

8. Where any two LECs exchange traffic at the D-NIP, one LEC may request, and the second LEC shall provide within 60 days of receiving such request, a separated trunk group from the D-NIP to a specific end office or tandem switching entity in the network of the second LEC, in that the first LEC may utilize such separated trunk group in order to both terminate POTS traffic to points subtending that specific switch, and terminate and originate to such points non-POTS which would otherwise be terminated or originated to such switch via Feature Group ("FGD") Switched Access Services which the first LEC would otherwise purchase from the second LEC. All POTS traffic carried over such trunk group shall be subject solely to the compensation arrangements specified below for POTS traffic. All non-POTS traffic carried over such trunk group shall be subject solely to the applicable tariffed FGD Switched Access charges which would otherwise apply to such traffic, as described below.

B. Compensation

1. A POTS call handed-off at the D-NIP corresponding to the LATA in which the call occurs, shall be exchanged on an in-kind basis, with no charges, including CCS charges, applying in either direction.

2. A POTS call which is routed between two LECs via the aggregate traffic exchange trunk groups which each LEC maintains between its own network and the network of the largest ILEC operating in

the LATA, shall be exchanged on an in-kind basis, with no charges applying in either direction between the two LECs at either end of the call. However, the LEC on whose network the call originated shall pay the ILEC the lesser of : (1) ILEC's interstate Switched Access Service per minute tandem switching rate element; (2) ILEC's intrastate Switched Access Service per minute tandem switching rate element; or (3) a per minute rate of $0.002. Should non-POTS traffic be exchanged over such arrangements, in either direction, such traffic will be subject to the standard meet-point billing compensation and procedures which would otherwise apply.

3. FGD charges for non-POTS traffic carried together with POTS traffic over a separated trunk group shall be calculated as follows:

   a. FGD charges for non-POTS traffic shall be applied as if the D-NIP is the serving wire center for the FGD service.

   b. Non-POTS traffic which would otherwise be subject to originating FGD charges will be rated and billed according to procedures which otherwise apply for the rating and billing of originating FGD traffic.

   c. Non-POTS traffic which would otherwise be subject to terminating FGD charges will be rated and billed according to the procedures which otherwise apply for the rating and billing of terminating FGD traffic, with the following modifications:

      (1) The initial written request for separated trunk groups to a specific switching entity shall include percentage of use factors for POTS traffic, intrastate non-POTS traffic, and interstate non-POTS traffic (the sum of which should equal 100%) the requesting (first) LEC expects to terminate over the separated trunk group.

      (2) The initial estimated percentages shall be employed by the second LEC to rate and bill all traffic terminated over the separated trunk group, beginning on the date on which non-POTS traffic is initially terminated over over such trunk group, up to and including the last day of the calendar quarter following the quarter in which such terminations were initiated.

(3) Beginning with the calendar quarter immediately following the calendar quarter in which termination of non-POTS traffic was initiated, the first LEC shall by the 45th day of each new calendar quarter provide to the second LEC the actual terminating traffic percentages from the immediately preceding calendar quarter shall be provided for application in the next following calendar quarter. The second LEC shall utilize these percentages in calculating the terminating traffic exchange charges, terminating intrastate FGD charges, and terminating interstate FGD charges due from the first LEC.

VII. SHARED NETWORK PLATFORM ARRANGEMENTS

A. Interconnection Between ELECs Co-Located in an ILEC Wire Center

1. Description

ILEC will enable any two ELECs to directly interconnect their respective networks, where both ELECs maintain co-location facilities at the same ILEC wire center, by effecting a cross-connection between those co-location facilities, as jointly directed by the two ELECs.

2. Compensation

For cross-connections between two ELEC co-location facilities in the same ILEC wire center, ILEC will charge each ELEC one-half the standard tariffed special access cross-connect rate.

B. 9-1-1/E9-1-1

1. Description

a. ELEC will interconnect to the ILEC 9-1-1/E-9-1-1 selective routers/911 tandems which serve the areas in which ELEC provides exchange services, for the provision of 9-1-1/E9-1-1 services and for access to all sub-tending Public Safety Answering Points ("PSAP"). ILEC will provide ELEC with the appropriate CLLI codes and specifications of the tandem serving area.

b. Except in those instances where ELEC and ILEC have negotiated mutually-agreeable alternative network interconnection arrangements, interconnection shall be made at the D-NIP.

c. ILEC and ELEC will arrange for the automated input and daily updating of 9-1-1/E-9-1-1 database information related to ELEC end users. ILEC will provide ELEC with the Master Street Address Guide (MSAG) so that ELEC can ensure the accuracy of the data transfer. Additionally, ILEC shall provide to ELEC the ten-digit POTS number for each PSAP that sub-tends each ILEC selective router/9-1-1 tandem to which ELEC is interconnected.

d. ILEC will use its best efforts to facilitate the prompt, robust, reliable and efficient interconnection of ELEC systems to the 9-1-1/E-9-1-1 platforms.

2. Compensation

No charges shall apply for the provision of 911/E911 services between ILECs and ELECs.

C. Information Services Billing and Collection

1. Description

a. Except in those instances where ELEC and ILEC have negotiated mutually-agreeable alternative network interconnection arrangements, ELEC shall deliver information services traffic originated over ELEC's Exchange Services to information services provided over ILEC's information services platform (*e.g.*, 976) over the reciprocal traffic exchange trunk groups interconnected at the D-NIP designated by the ILEC for receipt of such traffic.

b. ILEC will at ELEC's option provide a direct real-time electronic feed or a daily or monthly magnetic tape in a mutually-specified format, listing the appropriate billing listing and effective daily rate for each information service by telephone number.

c. To the extent ELEC determines to provide a competitive information services platform, ILEC will cooperate with ELEC to develop a LATA-wide NXX code(s) which ELEC

may use in conjunction with such platform. Additionally, ILEC shall route calls to such platform and ELEC will provide billing listing/daily rate information on terms reciprocal to those specified above.

2. Compensation

a. ELEC will bill and collect from its end users the specific end user calling rates ILEC bills its own end users for such services, unless ELEC obtains tariff approval from the Public Service Commission ("PSC") specifically permitting ELEC to charge its end users a rate different than the rate set forth in ILEC's tariff for such services.

b. ELEC will remit the full specified charges for such traffic each month to ILEC, less $0.05 per minute, and less uncollectibles.

c. In the event ELEC provides an information service platform, ILEC shall bill its end users and remit funds to ELEC on terms reciprocal to those specified above.

D. Directory Listings and Directory Distribution

1. Description

The directory listings and distribution terms and rate specified in this section shall apply to listings of ELEC customer numbers falling within NXX codes directly assigned to ELEC, and to listings of ELEC customer telephone numbers which are retained by ELEC pursuant to Local Telephone Number Portability Arrangements described below.

a. ILEC will include ELEC's customers' telephone numbers in its "White Pages" and "Yellow Pages" directory listings and directory assistance databases associated with the areas in which ELEC provides services to such customers, and will distribute such directories to such customers, in the identical and transparent manner in which it provides those functions for its own customers' telephone numbers.

b. ELEC will provide ILEC with its directory listings and daily updates to those listings in in an industry-accepted format; ILEC will provide ELEC a magnetic tape or computer disk containing the proper format.

c. ELEC and ILEC will accord ELEC' directory listing information the same level of confidentiality which ILEC accords its own directory listing information, and ILEC shall ensure that access to ELEC's customer proprietary confidential directory information will be limited solely to those ILEC employees who are directly involved in the preparation of listings.

2. Compensation

a. ILEC shall remit to ELEC a royalty payment for sales of any bulk directory lists to third parties, where such lists include ELEC customer listings.

b. Such royalty payments shall be in proportion to the number of ELEC listings to ILEC listings contained in the list purchased by the third party, less 10% which ILEC may retain as sales commission.

E. Directory Assistance (DA)

1. Description

At ELEC' request, ILEC will:

a. provide to ELEC operators or to an ELEC-designated operator bureau on-line access to ILEC's directory assistance database, where such access is identical to the type of access ILEC's own directory assistance operators utilize in order to provide directory assistance services to ILEC end users;

b. provide to ELEC unbranded directory assistance service ELEC which is comparable in every way to the directory assistance service ILEC makes available to its own end users;

c. provide to ELEC directory assistance service under ELEC's brand which is comparable in every way to the directory assistance service ILEC makes available to its own end users;

d. allow ELEC or an ELEC-designated operator bureau to license ILEC's directory assistance database for use in providing competitive directory assistance services; and/or

e. in conjunction with VII.E.1.b. or VII.E.1.c., above, provide caller-optional directory assistance call completion service which is comparable in every way to the directory assistance call completion service ILEC makes available to its own end users.

2. Compensation

ILEC will charge ELEC Long Run Incremental Cost (LRIC)--based rates for the following functionality:

a. $0.0__ per directory assistance database query.

b. $0.0_ per unbranded directory assistance call.

c. $0.0_ per branded directory assistance call.

d. $____ for licensing of each directory assistance database.

e. $0.0_ per use of caller-optional directory assistance call completion. (ILEC will provide calling and billing detail to ELEC in an acceptable format to ELEC for customer billing.

F. Yellow Page Maintenance

ILEC will work cooperatively with ELEC to ensure that Yellow Page advertisements purchased by customers who switch their service to ELEC (including customers utilizing ELEC-assigned telephone numbers and ELEC customers utilizing co-carrier number forwarding) are maintained without interruption. ILEC will allow ELEC customers to purchase new yellow pages advertisements without discrimination, at non-discriminatory rates, terms and conditions. ILEC and ELEC will implement a commission program whereby ELEC may, at ELEC's sole discretion, act as a sales, billing and collection agent for Yellow Pages advertisements purchased by ELEC's exchange service customers.

G. Transfer of Service Announcements

When an end user customer changes from ILEC to ELEC, or from ELEC to ILEC, and does not retain its original telephone number, the party formerly providing service to the end user will provide a transfer of service announcement on the abandoned telephone number. This announcement will provide details on the new number to be dialed to

reach this customer. These arrangements will be provided reciprocally, free of charge to either the other carrier or the end user customer.

H. Coordinated Repair Calls

ELEC and ILEC will employ the following procedures for handling misdirected repair calls:

1. ELEC and ILEC will educate their respective customers as to the correct telephone numbers to call in order to access their respective repair bureaus.

2. To the extent the correct provider can be determined, misdirected repair calls will be referred to the proper provider of local exchange service in a courteous manner, at no charge, and the end user will be provided the correct contact telephone number. Extraneous communications beyond the direct referral to the correct repair telephone number are strictly prohibited.

3. ELEC and ILEC will provide their respective repair contact numbers to one another on a reciprocal basis.

I. Busy Line Verification and Interrupt

1. Description

Each LEC shall establish procedures whereby its operator bureau will coordinate with the operator bureaus of each other LEC operating in the LATA in order to provide Busy Line Verification ("BLV") and Busy Line Verification and Interrupt ("BLVI") services on calls between their respective end users. BLV and BLVI inquiries between operator bureaus shall be routed over the Reciprocal Traffic Exchange Trunk groups.

2. Compensation

Each LEC shall equally and reciprocally compensate each other LEC for BLV and BLVI inquiries according to the following LRIC-based rates:

	per inquiry
BLV	$0.__
BLVI	$0.__

J. Information Pages

ILEC will include in the "Information Pages" or comparable section of its White Pages Directories for areas served by ELEC, listings provided by ELEC for ELEC's installation, repair and customer service and other information. Such listings shall appear in the manner and likenesses as such information appears for subscribers of the ILEC and other LECs.

K. Operator Reference Database (ORDB)

ILEC will provide the ELEC with monthly updates of the ILEC's Operator Reference Database (ORDB) in electronic format at no charge to enable ELECs to promptly respond to emergency agencies (i.e. fire, police, etc) in an timely fashion when emergencies occur.

VIII. UNBUNDLED EXCHANGE SERVICE ARRANGEMENTS

A. Description

ILEC shall immediately unbundle all its Exchange Services into two separate packages: (1) link element plus cross-connect element; and (2) port element plus cross-connect element. The following link and port categories shall be provided:

Link Categories	Port Categories
2-wire analog voice grade	2-wire analog line
2 wire ISDN digital grade	2-wire ISDN digital line
4-wire DS-1 digital grade	2-wire analog DID trunk
	4-wire DS-1 digital DID trunk
	4-wire ISDN DS-1 digital trunk

ILEC shall unbundle and separately price and offer these elements such that ELEC will be able to lease and interconnect to whichever of these unbundled elements ELEC requires, and to combine the ILEC-provided elements with any facilities and services that ELEC may itself provide, in order to efficiently offer telephone services to end users, pursuant to the following terms:

1. Interconnection shall be achieved via co-location arrangements ELEC shall maintain at the wire center at which the unbundled elements are resident.

2. At ELEC' discretion, each link or port element shall be delivered to the ELEC co-location arrangement over an individual 2-wire hand-

off, in multiples of 24 over a digital DS-1 hand-off in any combination or order ELEC may specify, or through other technically feasible and economically comparable hand-off arrangements requested by ELEC (e.g., SONET STS-1 hand-off).

3. All transport-based features, functions, service attributes, grades-of-service, install, maintenance and repair intervals which apply to the bundled service should apply to unbundled links.

4. All switch-based features, functions, service attributes, grades-of-service, and install, maintenance and repair intervals which apply to the bundled service should apply to unbundled ports.

5. ILEC will permit any customer to convert its bundled service to an unbundled service and assign such service to ELEC, with no penalties, rollover, termination or conversion charges to ELEC or the customer.

6. ILEC will bill all unbundled facilities purchased by ELEC (either directly or by previous assignment by a customer) on a single consolidated statement per wire center.

7. Where ILEC utilizes digital loop carrier ("DLC")[6] technology to provision the link element of an bundled Exchange Service to an end user customer who subsequently determines to assign the link element to ELEC and receive Exchange Service from ELEC via such link, ILEC shall deliver such link to ELEC on an unintegrated basis, pursuant to ELEC' chosen hand-off architecture, without a degradation of end user service or feature availability.

8. ILEC will permit ELEC to co-locate remote switching modules and associated equipment in conjunction with co-location arrangements ELEC maintains at an ILEC wire center, for the purpose of interconnecting to unbundled link elements.

9. ILEC shall provide ELEC with an appropriate on-line electronic file transfer arrangement by which ELEC may place, verify and receive confirmation on orders for unbundled elements, and issue and track trouble-ticket and repair requests associated with unbundled elements.

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[6] *See*, Bellcore TR-TSY-000008, *Digital Interface Between the SLC-96 Digital Loop Carrier System and Local Digital Switch* and TR-TSY-000303, *Integrated Digital Loop Carrier (IDLC) Requirements, Objectives, and interface.*

B. Compensation

Prices for unbundled elements should be based on long run service incremental cost, should depart from cost in equal proportions, and should be imputed into the bundled service rates, such that the following pricing formulae are satisfied:

$$P_B/C_B = P_L/C_L = P_P/C_P = P_C/C_C$$

and

$$P_B = P_L + P_P + P_C$$

Where:

P_B	=	Price of the bundled service (including all applicable discounts).
C_B	=	Long-run service incremental cost ("LRSIC") of the bundled service.
P_L	=	Price of the unbundled link element.
C_L	=	LRSIC of the unbundled link element.
P_P	=	Price of the unbundled port element.
C_P	=	LRSIC of the unbundled port element.
P_C	=	Price of the unbundled cross-connect element.
C_C	=	LRSIC of the unbundled cross-connect element.

ILEC shall provide links and ports to ELEC at the following monthly recurring rates:

	Price, each when delivered over: an individual 2-wire hand-off	Price, each when delivered over: a digital DS-1 hand-off
2-wire analog voice grade link	$_____	$_____
2 wire ISDN digital grade link	$_____	$_____
4-wire DS-1 digital grade link	$ n/a	$ [7]

[7] To be provided as a Special Access or Private Line DS-1 Channel Termination/Local Distribution Channel, subject to the most favorable tariff or contract terms for which ELEC is eligible, except in those situations where:

- The ILEC offers its own end user customers a bundled DS-1 digital grade Exchange Service at a bundled rate which is less than the sum of the unbundled 4-wire DS-1 digital DID trunk port rate and the most favorable Channel Termination/Local Distribution Channel rate for which ELEC is eligible. In such instances, the ILEC shall provide 4-wire DS-1 digital grade links to ELEC at a rate less than or equal to the price of the bundled DS-1 digital grade Exchange Service less the unbundled 4-wire DS-1 digital DID trunk port rate, for ELEC's use in the provision of DS-1 digital grade Exchange Services.

and/or

- The ILEC offers its own end user customers a bundled DS-1 digital grade Exchange Service

(continued...)

2-wire analog line port	$_____	$_____
2-wire ISDN digital line port	$_____	$_____
2-wire analog DID trunk port	$_____	$_____
4-wire DS-1 digital DID trunk port	$ n/a	$_____
4-wire ISDN-PRI digital trunk port	$ n/a	$_____

C. Process for Requests for Further Essential Facilities

In the event that an ELEC identifies a new essential facility or function that would facilitate its provision of a competitive basic local exchange service offering, it shall submit a written request to the Commission and the appropriate ILEC for the provision of that essential facility or function. This request shall contain the name of the requesting entity, the date of the request, and the specific type of unbundling requested. The ILEC shall file a tariff providing the new essential facility or function service offering within 60 days, or within 30 days it should file a statement with the Commission indicating why it would not be technologically practicable to provide the component as a separate service offering. Any provider whose request for the provision of an essential facility or function is denied or not acted upon in a timely manner may file a complaint in accordance with current Commission rules.

IX. LOCAL TELEPHONE NUMBER PORTABILITY ARRANGEMENTS

A. Description

ILEC and ELEC will provide Local Telephone Number Portability ("LTNP") on a reciprocal basis between their networks to enable each of their end user customers to utilize telephone numbers associated with an Exchange Service provided by one carrier, in conjunction an Exchange Service provided by the other carrier, upon the coordinated or simultaneous termination of the first Exchange Service and activation of the second Exchange Service.

1. ELEC and ILEC will provide reciprocal LTNP immediately upon execution of this agreement via Interim Number Portability ("INP") measures. ILEC and ELEC will migrate from INP to a database-driven Permanent Number Portability ("PNP") arrangement as soon

[7] (...continued)
with performance specifications (including, but not limited to, installation intervals, service intervals, service priority, bit-error rates, interruption/availability rates, quality or conditioning) superior to that provided for Special Access or Private Line Channel Terminations/Local Distribution Channels. In such instances, the ILEC shall provide the same or better performance characteristics to ELEC for all DS-1 digital grade links ELEC purchases for use in the provision of DS-1 digital grade Exchange Services.

as practically possible, without interruption of service to their respective customers.

2. INP shall operate as follows:

a. A customer of Carrier A elects to become a customer of Carrier B. The customer elects to utilize the original telephone number(s) corresponding to the Exchange Service(s) it previously received from Carrier A, in conjunction with the Exchange Service(s) it will now receive from Carrier B. Upon receipt of a signed letter of agency from the customer assigning the number to Carrier B, Carrier A will implement one of the following arrangements:

(1) For the portability of telephone numbers which are not part of a DID number block, Carrier A will implement an arrangement whereby all calls to the original telephone number(s) will be forwarded to a new telephone number(s) designated by Carrier B. Carrier A will route the forwarded traffic to Carrier B via the mutual traffic exchange arrangements, as if the call had originated from the original telephone number and terminated to the new telephone number.

(2) For the portability of telephone numbers which are part of a DID number block, Carrier A will provide Carrier B an aggregated, digital DS-1 or higher grade DID trunk group at each D-NIP (interface to be achieved in the same manner as the traffic exchange trunk groups at each D-NIP), such that all inbound traffic to ported DID numbers will be delivered to Carrier B over this digital DID trunk facility. In order for a customer to port its DID numbers from Carrier A to Carrier B, the customer will be required to assign entire 20-number DID blocks to Carrier B.

b. Carrier B will become the customer of record for the original Carrier A telephone numbers subject to the INP arrangements. Carrier A will provide Carrier B a single consolidated master billing statement for all collect, calling card, and 3rd-number billed calls associated with those numbers, with sub-account detail by retained number. At Carrier B's sole discretion, such billing statement shall be

delivered in real time via an agreed-upon electronic data transfer, or via daily or monthly magnetic tape.

c. Carrier A will update its Line Information Database ("LIDB") listings for retained numbers, and restrict or cancel calling cards associated with those forwarded numbers, as directed by Carrier B.

d. Within two (2) business days of receiving notification from the customer, Carrier B shall notify Carrier A of the customer's termination of service with Carrier B, and shall further notify Carrier A as to the Customer's instructions regarding its telephone number(s). Carrier A will cancel the INP arrangements for the customer's telephone number(s). If the Customer has chosen to retain its telephone number(s) for use in conjunction with Exchange Services provided by Carrier A or by another LEC which participates in INP arrangements with Carrier A, Carrier A will simultaneously transition the number(s) to the customer's preferred carrier.

3. Under either an INP or PNP arrangement, ELEC and ILEC will implement a process to coordinate LTNP cut-overs with Unbundled Link conversions (as described in Paragraph VIII., above). ELEC and ILEC pledge to use their best efforts to ensure that LTNP arrangements will not be utilized in instances where a customer changes locations and would otherwise be unable to retain its number without subscribing to foreign exchange service.

B. Compensation

1. ELEC and ILEC shall provide LTNP (either INP or PNP) arrangements to one another at no charge, except for authorized collect, calling card and 3rd-number billed calls billed to the retained numbers. However, for all traffic forwarded between ELEC and ILEC in the manner described above, reciprocal compensation charges (pursuant to paragraph VI., above) and Switched Access charges (pursuant to each carrier's respective access tariffs), for POTS traffic and non-POTS traffic, respectively, shall be passed through as if the caller had directly dialed the new telephone number.

2. In INP arrangements, in order to effect this pass-through of reciprocal compensation and Switched Access charges to which each carrier would otherwise have been entitled if the ported

traffic had been directly dialed to the new number, each carrier will be required to classify and include ported traffic in its quarterly percentage of use reports as POTS, intrastate non-POTS, or interstate non-POTS.

X. RESPONSIBILITIES OF THE PARTIES

A. ILEC and ELEC agree to treat each other fairly, non-discriminatorily, and equally for all items included in this agreement, or related to the support of items included in this agreement.

B. ELEC and ILEC will work cooperatively to minimize fraud associated with 3rd-number billed calls, calling card calls, or any other services related to this agreement.

C. ELEC and ILEC agree to promptly exchange all necessary records for the proper billing of all traffic.

D. For network expansion, ELEC and ILEC will review engineering requirements on a quarterly basis and establish forecasts for trunk utilization. New trunk groups will be implemented as dictated by engineering requirements for both ILEC and ELEC. ILEC and ELEC are required to provide each other the proper call information (e.g., originated call party number and destination call party number, CIC, OZZ, etc.) to enable each company to bill in a complete and timely fashion.

E. There will be no re-arrangement, reconfiguration, disconnect, or other non-recurring fees associated with the initial reconfiguration of each carrier's traffic exchange arrangements upon execution of this agreement, other than the cost of establishing a new co-location arrangement where one does not already exist.

F. ILEC shall assess no cross-connect fee on ELEC where ELEC establishes a meet-point billing connection, a D-NIP interconnection, or accesses a 911 or E911 port through a co-location arrangement at a ILEC wire center.

XI. TERM

ELEC and ILEC agree to provide service to each other on the terms defined in this agreement until superseded by another agreement or until standard arrangements are approved by the Public Service Commission, whichever occurs first. By mutual agreement, ELEC and ILEC may amend this agreement to extend the term of this agreement. Also by mutual agreement, ILEC and ELEC may jointly petition the appropriate regulatory bodies for permission to have

this agreement supersede any future standardized agreements or rules such regulators might adopt or approve.

XII. INSTALLATION

ILEC and ELEC shall effectuate all the terms of this agreement by within 90 days upon execution of this agreement.

XIII. NETWORK MAINTENANCE AND MANAGEMENT

ELEC and ILEC will work cooperatively to install and maintain a reliable network. ELEC and ILEC will exchange appropriate information (e.g., maintenance contact numbers, network information, information required to comply with law enforcement and other security agencies of the Government, etc.) to achieve this desired reliability.

ELEC and ILEC will work cooperatively to apply sound network management principles by invoking network management controls to alleviate or to prevent congestion.

XIV. OPTION TO ELECT OTHER TERMS

If, at any time while this agreement is in effect, either of the parties to this agreement provides arrangements similar to those described herein to a third party operating within the same LATAs (including associated Extended Area Service Zones in adjacent LATAs) as for which this agreement applies, on terms different from those available under this agreement (provided that the third party is authorized to provide local exchange services), then the other party to this agreement may opt to adopt the rates, terms, and conditions offered to the third party for its own reciprocal arrangements with the first party. This option may be exercised by delivering written notice to the first party. The party exercising its option under this paragraph must continue to provide services to the first party as required by this agreement, subject either to the rates, terms, and conditions applicable to the third party or to the rates, terms, and conditions of this agreement, whichever is more favorable to the first party.

XV. CANCELLATION, CONVERSION, NON-RECURRING OR ROLL-OVER CHARGES

Neither ELEC nor ILEC shall impose cancellation charges upon each other.

XVI. FORCE MAJEURE

[to be inserted]

XVII. LIMITATION OF LIABILITY

[to be inserted]

* * * * * * * * * * * * * * * * *

Each of the signatories below agree to abide by the terms of this stipulation and agreement.

GTE of Florida Date

Metropolitan Fiber Systems of Florida, Inc. Date

EXHIBIT 3

GTE

FACSIMILE TRANSMITTAL COVER SHEET

REGULATORY AND INDUSTRY AFFAIRS (FL)

DATE: December 7, 1995

TO: Tim Devine

LOCATION:

TEL. NO.: 770-399-8378

FAX. NO.: 770-399-8398

FROM: Beverly Y. Menard

LOCATION: Tampa, FL -- MC FLTC0616

TEL. NO.: 813/224-4825

FAX.: 813/223-4888

MESSAGE: Per our conversation

Bev

NUMBER OF PAGES INCLUDING THIS PAGE: 3

Updated Local Interconnection Rates

End Office Switching	0.0089000
Tandem Switching	0.0007500
Tandem Switched Termination	0.0002688
Tandem Sw. Transport Facility	
Zone 1	0.0000135
Zone 2	0.0000141
Zone 3	0.0000149
Total Tandem Switching (1 Mile)	
Zone 1	0.0010323
Zone 2	0.0010329
Zone 3	0.0010337
Total Interconection (1 Mile)	
Zone 1	0.0099323
Zone 2	0.0099329
Zone 3	0.0099337
Total Tandem Switching (60 Miles)	
Zone 1	0.0018288
Zone 2	0.0018648
Zone 3	0.0019128
Total Interconection (60 Miles)	
Zone 1	0.0107288
Zone 2	0.0107648
Zone 3	0.0108128

END

Local Interconnection Rates

End Office Switching	0.0089000
Tandem Switching	0.0009512
Tandem Switched Termination	0.0003584
Tandem Sw. Transport Facility	
Zone 1	0.0000155
Zone 2	0.0000163
Zone 3	0.0000172
Total Tandem Switching (1 Mile)	
Zone 1	0.0013251
Zone 2	0.0013259
Zone 3	0.0013268
Total Interconection (1 Mile)	
Zone 1	0.0102251
Zone 2	0.0102259
Zone 3	0.0102268
Total Tandem Switching (60 Miles)	
Zone 1	0.0022396
Zone 2	0.0022876
Zone 3	0.0023416
Total Interconection (60 Miles)	
Zone 1	0.0111396
Zone 2	0.0111876
Zone 3	0.0112416

Usage Ratios in NYC Show MFS Inbound Traffic Greater Than Outbound Traffic

January 1995 through August 1995

	Outbound %	Inbound %
January	40.40	59.60
February	42.00	58.00
March	42.20	57.80
April	44.90	55.10
May	36.80	63.20
June	35.30	64.70
July	36.80	63.20
August	36.00	64.00
1/95-8/95 Eight Month Avg.	38.80	61.20

Based upon customer base of 10's of thousands of voice-grade lines.

MFS Communications

1

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO. 19
COMPANY/WITNESS: Devine
DATE: 3/12/96

DOCUMENT NUMBER-DATE
01997 FEB 20 96
FPSC-RECORDS/REPORTING

EXHIBIT TTD-7

Pursuant to this agreement, Metropolitan Fiber Systems of Florida, Inc. ("MFS") and GTE Florida Incorporated ("GTE") (collectively, "the Parties") will extend certain arrangements to one another within each LATA in which they both operate within the state of Florida, as described and according to the terms, conditions and pricing specified hereunder. The Parties enter into this agreement without prejudice to any positions they have taken previously, or may take in the future in any legislative, regulatory, or other public forum.

I. RECITALS & PRINCIPLES

WHEREAS, universal connectivity between common carriers is the defining characteristic of the public switched telecommunications network in which all common carriers participate; and

WHEREAS, absent such connectivity the utility of communications services to individual consumers and to society as a whole would be severely and unnecessarily diminished; and

WHEREAS, in the service of maximum inter-operability, the Parties should be able to efficiently, flexibly, and robustly exchange traffic and signaling at well-defined and standardized points of mutually agreed interconnection; and

WHEREAS, GTE Florida Incorporated is a local exchange telecommunications company (LEC) as defined by Section 364.02(6) of the Florida Statutes. Metropolitan Fiber Systems of Florida, Inc. (MFS) is an alternative local exchange telecommunications company (ALEC) as defined by Section 364.02(1); and

WHEREAS, Section 364.16, Florida Statutes, requires, among other things, GTE Florida to provide access to, and interconnection with, its telecommunications facilities to any other provider of local telecommunications services requesting such access and interconnection at non-discriminatory prices, rates, terms, and conditions established by the procedures set forth in Section 364.162, Florida Statutes; and

WHEREAS, Section 364.161, Florida Statutes, requires each LEC, upon request, to unbundle each of its network features, functions and capabilities, including access to signaling databases, systems and routing process, and offer them to any other telecommunications provider requesting such features, functions or capabilities for resale to the extent technically and economically feasible and at prices that are not below cost; and

WHEREAS, Sections 364.16 and 364.161 also requires LECs and ALECs to attempt to negotiate satisfactory rates, terms and conditions for interconnection and unbundling. If such negotiations fail, either party has the right to file a petition with

the Florida Public Service Commission to establish such rates, terms and conditions; and

WHEREAS, on January 24, 1996, MFS filed petitions before the Commission in Docket Nos. 950984 and 950985 asking the Commission to establish rates, terms and conditions for interconnection and the provision of GTE Florida unbundled services and features to MFS; and

WHEREAS, GTE Florida and MFS, in an effort to avoid the uncertainties and expense of litigation before the Commission and appeals before the courts, desire to enter the following agreement which will serve as a partial settlement of Docket Nos. 950984 and 950985 noted above; and

WHEREAS, GTE Florida and MFS acknowledge and understand that this Agreement is entered into to resolve issues and matters which are unique to the State of Florida and is a result of compromise and negotiation. The parties further acknowledge that none of the provisions set forth herein shall be proffered by either GTE Florida or MFS or any of their affiliates in this or any other jurisdiction as evidence of any concession or as a waiver of any position or for any other purpose.

NOW, THEREFORE, in consideration of the mutual provisions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, MFS and GTE hereby covenant and agree as follows:

II. DEFINITIONS

A. "Automatic Number Identification" or "ANI" refers to the number transmitted through the network identifying the calling party.

B. "Central Office Switch", "Central Office" or "CO" means a switching entity within the public switched telecommunications network, including but not limited to:

"End Office Switches" which are Class 5 switches from which end user Exchange Services are directly connected and offered.

"Tandem Office Switches" which are Class 4 switches which are used to connect and switch trunk circuits between and among Central Office Switches.

Central Office Switches may be employed as combination End Office/Tandem Office switches (combination Class 5/Class 4).

C. "CLASS Features" (also called "Vertical Features") include: Automatic Call Back; Automatic Recall; Call Forwarding Busy Line/Don't Answer; Call Forwarding Don't Answer; Call Forwarding Variable; Call Forwarding - Busy Line; Call Trace; Call Waiting; Call Number Delivery Blocking Per Call; Calling Number Blocking Per Line; Cancel Call Waiting; Distinctive Ringing/Call Waiting; Incoming Call Line Identification Delivery; Selective Call Forward; Selective Call Rejection; Speed Calling; and Three Way Calling/Call Transfer.

D. "Co-Location" or "Co-Location Arrangement" is an interconnection architecture method in which one carrier extends network transmission facilities to a wire center/aggregation point in the network of a second carrier, whereby the first carrier's facilities are terminated into equipment installed and maintained in that wire center by or on the behalf of the first carrier for the primary purpose of interconnecting the first carrier's facilities to the facilities of the second carrier.

E. "Commission" means the Florida Public Service Commission (PSC).

F. "Common Channel Signaling" or "CCS" means a method of digitally transmitting call set-up and network control data over a special network fully separate from the public switched network that carries the actual call.

G. "DID" means direct inward dialing.

H. "DS-1" is a digital signal rate of 1.544 Mbps (Mega Bit Per Second).

I. "DS-3" is a digital signal rate of 44.736 Mbps.

J. "DSX panel" is a cross-connect bay/panel used for the termination of equipment and facilities operating at digital rates.

K. "Electronic File Transfer" refers to any system/process which utilizes an electronic format and protocol to send/receive data files.

L. "Exchange Message Record" or "EMR" is the standard used for exchange of telecommunications message information among Local Exchange Carriers for billable, non-billable, sample, settlement and study data. EMR format is contained in BR-010-200-010 *CRIS Exchange Message Record*, a Bellcore document which defines industry standards for exchange message records.

M. "Exchange Service" refers to all basic access line services, or any other services offered to end users which provide end users with a telephonic connection to, and a unique telephone number address on, the public switched telecommunications network, and which enable such end users to place or receive calls to all other stations on the public switched telecommunications network.

N. "Interconnection" means the connection of separate pieces of equipment, transmission facilities, etc., within, between or among networks. The architecture of interconnection may include several methods including, but not limited to co-location arrangements and mid-fiber meet arrangements.

O. "Interexchange Carrier" or "IXC" means a provider of stand-alone interexchange telecommunications services.

P. "Interim Number Portability" or "INP" means the transparent delivery of Local Telephone Number Portability ("LTNP") capabilities, from a customer standpoint in terms of call completion, and from a carrier standpoint in terms of compensation, through the use of existing and available call routing, forwarding, and addressing capabilities.

Q. "ISDN" means Integrated Services Digital Network; a switched network service providing end-to-end digital connectivity for the simultaneous transmission of voice and data. Basic Rate Interface-ISDN (BRI-ISDN) provides for digital transmission of two 64 Kbps bearer channels and one 16 Kbps data channel (2B+D). Primary Rate Interface-ISDN (PRI-ISDN) provides for digital transmission of twenty-three (23) 64 Kbps bearer channels and one 16 Kbps data channel (23 B+D).

R. "Line Side" refers to an end office switch connection that has been programmed to treat the circuit as a local line connected to a ordinary telephone station set. Line side connections offer only those transmission and signaling features appropriate for a connection between an end office and an ordinary telephone station set.

S. "Link Element" or "Link" is a component of an Exchange Service; for purposes of general illustration, the "Link Element" is the transmission facility (or channel or group of channels on such facility) which extends from a Main Distribution Frame, DSX-panel, or functionally comparable piece of equipment in an GTE end office wire center, to a demarcation or connector block in/at a customer's premises. Traditionally, links were provisioned as 2-wire or 4-wire copper pairs running from the end office distribution frame to the customer premise; however, a link may be

provided via other media, including radio frequencies, as a channel on a high capacity feeder/distribution facility which may in turn be distributed from a node location to the customer premise via a copper or coax drop facility, etc. Links fall into the following categories:

"2-wire analog voice grade links" will support analog transmission of 300-3000 Hz, repeat loop start or ground start seizure and disconnect in one direction (toward the end office switch), and repeat ringing in the other direction (toward the end user). This link is commonly used for local dial tone service.

"2-wire ISDN digital grade links" will support digital transmission of two 64 Kbps bearer channels and one 16 Kbps data channel. This is a 2B+D basic rate interface Integrated Services Digital Network (BRI-ISDN) type of loop which will meet national ISDN standards.

"4-wire DS-1 digital grade links" will support full duplex transmission of isochronous serial data at 1.544 Mbps. This T-1/DS-1 type of loop provides the equivalent of 24 voice grade/DS0 channels.

T. "Local Exchange Carrier" or "LEC" means any company certified by the Commission to provide local exchange telecommunications service. This includes the Parties to this agreement.

U. "Local Telephone Number Portability" or "LTNP" means the technical ability to enable an end user customer to utilize its telephone number in conjunction with any exchange service provided by any Local Exchange Carrier operating within the geographic number plan area with which the customer's telephone number(s) is associated, regardless of whether the customer's Chosen Local Exchange Carrier is the carrier which originally assigned the number to the customer, without penalty to either the customer or its chosen local exchange carrier.

V. "Main Distribution Frame" or "MDF" is the primary point at which outside plant facilities terminate within a wire center, for interconnection to other telecommunications facilities within the wire center.

W. "Meet-Point Billing" or "MPB" refers to an arrangement whereby two LECs jointly provide the transport element of a switched access service to one of the LEC's end office switches, with each LEC receiving an appropriate share of the transport element revenues as defined by their effective access tariffs.

X. "MECAB" refers to the *Multiple Exchange Carrier Access Billing (MECAB)* document prepared by the Billing Committee of the Ordering and Billing Forum (OBF), which functions under the auspices of the Carrier Liaison Committee (CLC) of the Alliance for Telecommunications Industry Solutions (ATIS). The MECAB document, published by Bellcore as Special Report SR-BDS-000983, contains the recommended guidelines for the billing of an access service provided by two or more LECs, or by one LEC in two or more states within a single LATA.

Y. "MECOD" refers to the *Multiple Exchange Carriers Ordering and Design (MECOD) Guidelines for Access Services - Industry Support Interface*, a document developed by the Ordering/Provisioning Committee under the auspices of the Ordering and Billing Forum (OBF), which functions under the auspices of the Carrier Liaison Committee (CLC) of the Alliance for Telecommunications Industry Solutions (ATIS). The MECOD document, published by Bellcore as Special Report SR STS-002643, establish methods for processing orders for access service which is to be provided by two or more LECs.

Z. "Mid-Fiber Meet" is an interconnection architecture method whereby two carriers meet at a fiber splice in a junction box.

AA. "NANP" means the "North American Numbering Plan", the system of telephone numbering employed in the United States, Canada, and the Caribbean countries which employ NPA 809.

BB. "Numbering Plan Area" or "NPA" is also sometimes referred to as an area code. This is the three digit indicator which is defined by the "A", "B", and "C" digits of each 10-digit telephone number within the North American Numbering Plan ("NANP"). Each NPA contains 800 possible NXX Codes. There are two general categories of NPA, "Geographic NPAs" and "Non-Geographic NPAs". A "Geographic NPA" is associated with a defined geographic area, and all telephone numbers bearing such NPA are associated with services provided within that geographic area. A "Non-Geographic NPA", also known as a "Service Access Code" or "SAC Code" is typically associated with a specialized telecommunications service which may be provided across multiple geographic NPA areas; 800, 900, 700, and 888 are examples of Non-Geographic NPAs.

CC. "NXX", "NXX Code", "Central Office Code" or "CO Code" is the three digit switch entity indicator which is defined by the "D", "E", and "F" digits of a 10-digit telephone number within the North American Numbering Plan ("NANP"). Each NXX Code contains 10,000 station

numbers. Historically, entire NXX code blocks have been assigned to specific individual local exchange end office switches.

DD. "On-Line Transfer" means the transferring of an incoming call to another telephone number without the call being disconnected.

EE. "Permanent Number Portability" or "PNP" means the use of a database solution to provide fully transparent LTNP for all customers and all providers without limitation.

FF. "Plain Old Telephone Service Traffic"or "POTS traffic." The parties agree that this includes local traffic as defined in GTE's tariff and disagree as to whether this includes non-local intraLATA toll traffic exchanged between the parties respective exchange customers.

GG. "Port Element" or "Port" is a component of an Exchange Service; for purposes of general illustration, the "Port" is a line card and associated peripheral equipment on an GTE end office switch which serves as the hardware termination for the customer's exchange service on that switch and generates dial tone and provides the customer a pathway into the public switched telecommunications network. Each Port is typically associated with one (or more) telephone number(s) which serves as the customer's network address. Port categories include:

"2-wire analog line port" is a line side switch connection employed to provide basic residential and business type Exchange Services.

"2-wire ISDN digital line port" is a Basic Rate Interface (BRI) line side switch connection employed to provide ISDN Exchange Services.

"2-wire analog DID trunk port" is a direct inward dialing (DID) trunk side switch connection employed to provide incoming trunk type Exchange Services.

"4-wire DS-1 digital DID trunk port" is a direct inward dialing (DID) trunk side switch connection employed to provide the equivalent of 24 analog incoming trunk type Exchange Services.

"4-wire ISDN digital DS-1 trunk port" is a Primary Rate Interface (PRI) trunk side switch connection employed to provide the ISDN Exchange Services.

HH. "Rate Center" means the specific geographic point and corresponding geographic area which have been identified by a given LEC as being associated with a particular NPA-NXX code which has been assigned to the LEC for its provision of Exchange Services. The "rate center point" is the finite geographic point identified by a specific V&H coordinate, which is used to measure distance-sensitive end user traffic to/from Exchange Services bearing the particular NPA-NXX designation associated with the specific Rate Center. The "rate center area" is the exclusive geographic area which the LEC has identified as the area within which it will provide Exchange Services bearing the particular NPA-NXX designation associated with the specific Rate Center. The Rate Center point must be located within the Rate Center area.

II. "Rating Point", sometimes also referred to as "Routing Point" means a location which a LEC has designated on its own network as the homing (routing) point for traffic inbound to Exchange Services provided by the LEC which bear a certain NPA-NXX designation. Pursuant to Bellcore Practice BR 795-100-100, the Rating Point may be an "End Office" location, or a "LEC Consortium Point of Interconnection". Pursuant to that same Bellcore Practice, examples of the latter shall be designated by a common language location identifier (CLLI) code with (x)KD in positions 9, 10, 11, where (x) may be any alphanumeric A-Z or 0-9. The Rating Point/Routing Point need not be the same as the Rate Center Point, nor must it be located within the Rate Center Area.

JJ. "Reference of Calls" refers to a process in which calls are routed to an announcement which states the new telephone number of an end user.

KK. "Service Control Point" or "SCP" is the node in the signaling network to which informational requests for service handling, such as routing, are directed and processed. The SCP is a real time database system that, based on a query from the SSP, performs subscriber or application-specific service logic, and then sends instructions back to the SSP on how to continue call processing.

LL. "Signal Transfer Point" or "STP" performs a packet switching function that routes signaling messages among SSPs, SCPs and other STPs in order to set up calls and to query databases for advanced services.

MM. "Synchronous Optical Network" or "SONET" means synchronous electrical (STS) or optical (OC) channel connections between LECs.

NN. "Switched Access Service" means the offering of facilities for the purpose of the origination or termination of non-POTS traffic to or from

Exchange Services offered in a given area. Switched Access Services include: Feature Group A, Feature Group B, Feature Group D, 800 access, and 900 access.

OO. "Trunk Side" refers to a central office switch connection that is capable of, and has been programmed to treat the circuit as, connecting to another switching entity, for example a private branch exchange ("PBX") or another central office switch. Trunk side connections offer those transmission and signaling features appropriate for the connection of switching entities, and can not be used for the direct connection of ordinary telephone station sets.

PP. "Wire Center" means a building or space within a building which serves as an aggregation point on a given carrier's network, where transmission facilities and circuits are connected or switched.

III. NETWORK INTERCONNECTION ARCHITECTURE

The Parties shall interconnect their networks as necessary to effect the Co-Carrier Arrangements identified in Parts V., VI., VII., and IX., as defined below:

A. In each LATA identified below, the correspondingly identified wire center shall serve as the initial Designated Network Interconnection Point ("D-NIP") at which point MFS and GTE will interconnect their respective networks for inter-operability within that LATA.

LATA	D-NIP
Tampa	Tampa Main SWC (GTE) (MFS connects to GTE)
Tampa	Tampa Downtown Node (MFS) (GTE connects to MFS)

B. Initially, MFS agrees to connect to GTE at GTE's Tampa Main Serving Wire Center (610 Morgan) and GTE agrees to reciprocally connect to MFS at MFS' Tampa downtown Node facility (Barnett Bank Building). Where MFS and GTE interconnect at a D-NIP, the parties may mutually agree to other arrangements including, but not limited to any of the following interconnection methods:

1. a mid-fiber meet at the D-NIP, or in a manhole or other appropriate junction point near to or just outside the D-NIP;

2. a digital cross-connection hand-off, DSX panel to DSX panel, where both MFS and GTE maintain such facilities at the D-NIP;

3. a co-location facility maintained by MFS, or by a 3rd-party with whom MFS has contracted for such purposes, at an GTE wire center, where such wire center has been designated as the D-NIP; or

4. a co-location facility maintained by GTE, or by a 3rd-party with whom GTE has contracted for such purposes, at an MFS wire center, where such wire center has been designated as the D-NIP.

C. In extending network interconnection facilities to the D-NIP, MFS shall have the right to extend its own facilities or to lease dark fiber facilities (if available) or digital transport facilities from GTE or from any 3rd-party, subject to the following terms:

1. Such leased facilities shall extend from any point designated by MFS on its own network (including a co-location facility maintained by MFS at an GTE wire center) to the D-NIP or associated manhole or other appropriate junction point.

2. Where MFS leases such facilities from GTE, MFS shall have the right to lease under non-discriminatory tariff or contract terms from GTE.

D. Upon reasonable notice and if agreed to by GTE, MFS and GTE may change from one of the interconnection methods specified above, to one of the other methods specified above, with no penalty, conversion, or rollover charges.

IV. NUMBER RESOURCE ARRANGEMENTS

A. Nothing in this agreement shall be construed to in any manner limit or otherwise adversely impact any MFS' right to employ or to request and be assigned any NANP number resources including, but not limited to, central office (NXX) codes pursuant to the Central Office Code Assignment Guidelines[1].

B. As contemplated by the Central Office Code Assignment Guidelines, MFS will designate within the geographic NPA with which each of its assigned

[1] Last published by the Industry Numbering Committee ("INC") as INC 95-0407-008, Revision 4/7/95, formerly ICCF 93-0729-010.

NXX codes is associated, a Rate Center area within which it intends to offer Exchange Services bearing that NPA-NXX designation, and a Rate Center point to serve as the measurement point for distance-sensitive traffic to/from the Exchange Services bearing that NPA-NXX designation.

C. MFS will also designate a Rating Point for each assigned NXX code. MFS may designate one location within each Rate Center as the Rating Point for the NPA-NXXs associated with that Rate Center; alternatively, MFS may designate a single location within one Rate Center to serve as the Rating Point for all the NPA-NXXs associated with that Rate Center and with one or more other Rate Centers served by MFS within the same LATA.

D. Until such time MFS receives specific permission from the Commission to vary its rate centers from GTE's rate centers, MFS will agree to deploy a minimum of one NXX per established GTE rate center area.

E. To the extent GTE serves as Central Office Code Administrator for a given region, GTE will support all MFS requests related to central office (NXX) code administration and assignments in an effective and timely manner.

F. The Parties will comply with code administration requirements as prescribed by the Federal Communications Commission, the Commission, and accepted industry guidelines.

G. It shall be the responsibility of each Party to program and update its own switches and network systems to recognize and route traffic to other Party's assigned NXX codes at all times. Neither Party shall impose any fees or charges whatsoever on the other Party for such activities.

V. MEET-POINT BILLING ARRANGEMENTS

A. Description

1. MFS may establish meet-point billing arrangements with GTE in order to provide Switched Access Services to third parties via an GTE access tandem switch, in accordance with the Meet-Point Billing guidelines adopted by and contained in the Ordering and Billing Forum's MECAB and MECOD documents, except as modified herein.

2. Except in instances of capacity limitations, GTE shall permit and enable MFS to sub-tend the GTE access tandem switch(es) nearest

to the MFS Rating Point(s) associated with the NPA-NXX(s) to/from which the Switched Access Services are homed. In instances of capacity limitation at a given access tandem switch, MFS shall be allowed to sub-tend the next-nearest GTE access tandem switch in which sufficient capacity is available.

3. Interconnection for the meet-point arrangement shall occur at the GTE Tampa Main Serving Wire Center (SWC) D-NIP.

4. Common channel signalling ("CCS") shall be utilized in conjunction with meet-point billing arrangements to the extent such signaling is resident in the GTE access tandem switch.

5. MFS and GTE will use their best reasonable efforts, individually and collectively, to maintain provisions in their respective federal and state access tariffs, and/or provisions within the National Exchange Carrier Association ("NECA") Tariff No. 4, or any successor tariff, sufficient to reflect this meet-point billing arrangement, including meet-point billing percentages.

6. As detailed in the MECAB document, MFS and GTE will in a timely fashion exchange all information necessary to accurately, reliably and promptly bill third parties for Switched Access Services traffic jointly handled by MFS and GTE via the meet-point arrangement. Information shall be exchanged in Electronic Message Record ("EMR") format, on magnetic tape or via a mutually acceptable electronic file transfer protocol.

7. MFS and GTE shall work cooperatively to coordinate rendering of meet-point bills to customers, and shall reciprocally provide each other, at no charge, the Usage Data, etc.

B. Compensation

1. Initially, billing to 3rd-parties[2] for the Switched Access Services jointly provided by MFS and GTE via the meet-point billing arrangement shall be according to the multiple-bill/multiple-tariff method.

2. Subsequently for billing to 3rd-parties for the Switched Access Services jointly provided by MFS and GTE via the meet-point arrangement, MFS and GTE may mutually agree to implement one

[2] Including any future GTE separate interexchange subsidiaries.

of the following options: single-bill/single tariff method, single-bill/multiple-tariff method, multiple-bill/single-tariff method, or multiple-bill/multiple-tariff method. Should MFS prefer to change among these billing methods, MFS shall notify GTE of such a request in writing, 90-days in advance of the date on which such change shall be implemented.

3. Switched Access charges to 3rd-parties shall be calculated utilizing the rates specified in MFS's and GTE's respective federal and state access tariffs, in conjunction with the appropriate meet-point billing factors specified for each meet-point arrangement either in those tariffs or in the NECA No. 4 tariff.

4. MFS shall be entitled to the balance of the switched access charge revenues associated with the jointly handled switched access traffic, less the amount of transport element charge revenues[3] to which GTE is entitled pursuant to the above-referenced tariff provisions.

5. MPB will apply for all traffic bearing the 800, 888, or any other non-geographic NPA which may be likewise designated for such traffic in the future, where the responsible party is an IXC. In those situations where the responsible party for such traffic is a LEC, full switched access rates will apply.

VI. RECIPROCAL TRAFFIC EXCHANGE ARRANGEMENT

A. Description

The Parties shall reciprocally terminate POTS calls originating on each others' networks, as follows:

1. The Parties shall make available to each other the following traffic exchange trunk groups for the reciprocal exchange of POTS traffic at the respective D-NIPs:

   a. GTE shall make available to MFS, at the GTE Tampa Main SWC, trunks over which MFS shall terminate to end users of GTE-provided Exchange Services, POTS traffic originated from end users of MFS-provided Exchange Services.

[3] For purposes of clarification, this does not include the interconnection charge, which is to be remitted to the end office provider, which in this case would be MFS.

b. MFS shall make available to GTE, at the MFS Tampa downtown Node, trunks over which GTE shall terminate to end users of MFS-provided Exchange Services, POTS traffic originated from end users of GTE-provided Exchange Service.

c. MFS and GTE shall, where applicable, make reciprocally available, by mutual agreement, the required trunk groups to handle different traffic types. MFS and GTE agree to work cooperatively to agree on network trunking within 60 days upon execution of this agreement.

d. To the extent different rates are agreed upon or are ordered by the Commission for local and non-local traffic, the parties will provide each other appropriate percentages for the traffic carried over the trunk groups.

2. Reciprocal Traffic Exchange Arrangement trunk connections shall be made at a DS-1 or multiple DS-1 level, DS-3, (SONET where technically available) and shall be jointly-engineered to an objective P.01 grade of service.

3. MFS and GTE agree to use their best collective efforts to develop and agree on a Joint Interconnection Grooming Plan prescribing standards to ensure that the Reciprocal Traffic Exchange Arrangement trunk groups are maintained at consistent P.01 or better grades of service. Such plan shall also include mutually-agreed upon default standards for the configuration of all segregated trunk groups.

4. The Parties will provide Common Channel Signalling (CCS) to one another, where and as available, in conjunction with all traffic exchange trunk groups. The parties will cooperate on the exchange of Transactional Capabilities Application Part (TCAP) messages to facilitate full inter-operability of CCS-based features between their respective networks, including all CLASS features and functions. All CCS signalling parameters will be provided including automatic number identification (ANI), originating line information (OLI) calling party category, charge number, etc. All privacy indicators will be honored. Network signalling information such as Carrier Identification Parameter (CCS platform) and CIC/OZZ information (non-CCS environment) will be provided wherever such information is needed for call routing or billing. For traffic for which CCS is not available, in-band multi-frequency

(MF), wink start, E&M channel-associated signalling with ANI will be forwarded.

5. The Parties shall establish company-wide CCS interconnections STP-to-STP. Such STP links shall be reciprocally provided.

B. Compensation

MFS and GTE do not agree as to the compensation arrangements for the exchange of POTS (local/traditional toll) traffic. The parties agree that the rates for reciprocal compensation will be in accordance with any future Commission decision or mutual agreement of the parties.

VII. SHARED NETWORK PLATFORM ARRANGEMENTS

A. 9-1-1/E9-1-1

1. Description

a. MFS will interconnect trunk groups to the GTE 9-1-1/E-9-1-1 selective routers/911 tandems which serve the areas in which MFS provides exchange services, for the provision of 9-1-1/E9-1-1 services and for access to all sub-tending Public Safety Answering Points. GTE will provide MFS with the appropriate CLLI codes and specifications of the tandem serving area.

b. GTE and MFS will arrange for the automated input and daily updating of 9-1-1/E-9-1-1 database information related to MFS end users. GTE will work cooperatively with MFS to ensure the accuracy of the data transfer by verifying it against the Master Street Address Guide (MSAG). Additionally, GTE shall work with the county to provide MFS the ten-digit POTS number of each PSAP which sub-tends each GTE selective router/9-1-1 tandem to which MFS is interconnected.

c. GTE will use its best efforts to facilitate the prompt, robust, reliable and efficient interconnection of MFS systems to the 9-1-1/E-9-1-1 platforms.

2. Compensation

For the provision of 911/E911 services between MFS and GTE, the parties will work cooperatively to address, any/all compensation issues within 60 days upon execution of this agreement. To the extent the parties are unable to agree within 60 days, either party may petition the Commission to seek resolution. MFS will be required to connect trunks to the 911/E911 tandem(s).

B. Exchange of 800 Traffic

1. Description

The Meet-point Billing terms and conditions contained in section V of this agreement apply for the exchange of 800 traffic.

2. Compensation

Applicable Switched Access Meet-point billing rates shall apply for all 800 calls per the terms and conditions contained in section V of this agreement.

C. Information Services Billing and Collection

1. Description

a. MFS and GTE shall work cooperatively to reach agreement on all information services (e.g. 976, 974, N11, weather lines, sports lines, publisher lines, etc.) issues. The subsequent information services agreement shall enable MFS and GTE to reciprocally provide information services, originate and terminate information services calls between each other, bill and collect revenues from each others end users (including Information Providers), and reasonably compensate MFS and GTE.

D. Directory Listings and Directory Distribution

MFS and GTE agree that an additional agreement will be required to effectuate the terms of this section and will work cooperatively to execute the additional agreement within 60 days upon the execution of this agreement.

1. Description

The directory listings and distribution terms and rate specified in this section shall apply to listings of MFS customer numbers falling within NXX codes directly assigned to MFS, and to listings of MFS customer telephone numbers which are retained by MFS pursuant to Local Telephone Number Portability Arrangements described below. The terms of this section may require a subsequent additional agreement with GTE's Directory Publishing company.

a. GTE will include MFS's customers' telephone numbers in all its "White Pages" and "Yellow Pages" directory listings and directory assistance databases associated with the areas in which MFS provides services to such customers, and will distribute such initial directories and directory updates to such customers, in the identical and transparent manner in which it provides those functions for its own customers' telephone numbers.

b. MFS will provide GTE with its directory listings and daily updates to those listings in an industry-accepted format; GTE will provide MFS a magnetic tape or computer disk containing the proper format.

c. MFS and GTE will accord MFS' directory listing information the same level of confidentiality which GTE accords its own directory listing information, and GTE shall ensure that access to MFS's customer proprietary confidential directory information will be limited solely to those GTE employees who are directly involved in the preparation of listings.

2. Compensation

a. GTE and MFS will work cooperatively to address any payments for sales of any bulk directory lists to third parties, where such lists include MFS customer listings and any compensation due GTE for administrative functions associated with furnishing listings to third parties. GTE will not provide/sell MFS' listings to any third parties without MFS' prior written approval.

b. GTE shall provide directory distribution, directory database maintenance, and directory listings for MFS and its customers under the same terms that GTE provides these same services for its end users. In-area directory delivery, database maintenance, and basic "White" and "yellow" page

listings will be at no fee. Out-of-area directory delivery and enhanced listings, i.e. bolding, indention, second listings, etc., will be per GTE's currently tariffed or non-discriminately available contract rates.

E. Directory Assistance (DA)

1. Description

At MFS' request, GTE will:

a. provide to MFS unbranded directory assistance service MFS which is comparable in every way to the directory assistance service GTE makes available to its own end users;

b. provide to MFS directory assistance service under MFS's brand which is comparable in every way to the directory assistance service GTE makes available to its own end users;

2. When available, at MFS' request, GTE will:

a. provide to MFS operators or to an MFS-designated operator bureau on-line access to GTE's directory assistance database, where such access is identical to the type of access GTE's own directory assistance operators utilize in order to provide directory assistance services to GTE end users;

b. allow MFS or an MFS-designated operator bureau to license GTE's directory assistance database for use in providing competitive directory assistance services; and/or

c. in conjunction with VII.E.1.a. or VII.E.1.b., above, provide caller-optional directory assistance call completion service which is comparable in every way to the directory assistance call completion service GTE makes available to its own end users. When this functionality is available, GTE will route the calls back to MFS for MFS to complete the customer call.

3. Compensation

GTE will charge MFS its wholesale IXC/LEC rates for the following functionality:

a. $0.25 per unbranded directory assistance intrastate call.

b. $0.25 per branded directory assistance intrastate call.

c. $0.28 per unbranded directory assistance interstate call.

d. $0.28 per branded directory assistance interstate call.

When available:

e. $0.0_ per use of caller-optional directory assistance call completion. (Future)

f. $0.0__ per directory assistance database query. (Future)

g. $____ for licensing of each directory assistance database. (Future)

F. Yellow Page Maintenance

GTE will work cooperatively with MFS to ensure that Yellow Page advertisements purchased by customers who switch their service to MFS (including customers utilizing MFS-assigned telephone numbers and MFS customers utilizing co-carrier number forwarding) are maintained without interruption. GTE will allow MFS customers to purchase new yellow pages advertisements without discrimination, at non-discriminatory rates, terms and conditions. GTE and MFS will work cooperatively to investigate with GTE Directory Publishing whether GTE would implement a commission program whereby MFS may act as a sales, billing and collection agent for Yellow Pages advertisements purchased by MFS's exchange service customers.

G. Transfer of Service Announcements

When an end user customer changes from GTE to MFS, or from MFS to GTE, and does not retain its original telephone number, the party formerly providing service to the end user will provide a transfer of service announcement on the abandoned telephone number upon request. This announcement will provide details on the new number to be dialed to reach this customer. These arrangements will be provided reciprocally

based upon current practice with GTE's customers to either the other carrier or the end user customer.

H. Coordinated Repair Calls

MFS and GTE will employ the following procedures for handling misdirected repair calls:

1. MFS and GTE will educate their respective customers as to the correct telephone numbers to call in order to access their respective repair bureaus.

2. To the extent the correct provider can be determined, misdirected repair calls will be referred to the proper provider of local exchange service in a courteous manner, at no charge, and the end user will be provided the correct contact telephone number. Extraneous communications beyond the direct referral to the correct repair telephone number are strictly prohibited.

3. MFS and GTE will provide their respective repair contact numbers to one another on a reciprocal basis.

I. Busy Line Verification and Interrupt

1. Description

Each Party shall establish procedures whereby its operator bureau will coordinate with the operator bureau of the other Party operating in order to provide Busy Line Verification ("BLV") and Busy Line Verification and Interrupt ("BLVI") services on calls between their respective end users. BLV and BLVI inquiries between operator bureaus shall be routed over the appropriate trunk groups. MFS and GTE will reciprocally provide adequate connectivity to facilitate this capability.

2. Compensation

Each Party shall compensate the other Party for BLV and BLVI inquiries according to the following rates:

	per inquiry
BLV	$0.65

BLVI	$0.65

J. Information Pages

GTE will include in the "Information Pages" or comparable section of its White Pages Directories for areas served by MFS, listings provided by MFS for MFS's installation, repair and customer service and other information. This term may require an additional agreement with GTE Directory Publishing.

K. Operator Reference Database (ORDB)

If available, GTE will work cooperatively with MFS to assist MFS in obtaining from the appropriate 911 government agencies monthly updates to the Operator Reference Database (ORDB). If available, this will enable MFS to promptly respond to emergency agencies (i.e. fire, police, emergency medical technicians, etc), as a back-up to 911, during a catastrophic situation.

VIII. UNBUNDLED EXCHANGE SERVICE ARRANGEMENTS

A. Description

GTE shall unbundle all its Exchange Services into three separate packages: (1) link element; (2) port element; and (3) cross-connect element. The following link and port categories shall be provided:

Link Categories	Port Categories
2/4-wire analog voice grade	2/4-wire analog line
2 wire ISDN digital grade	2-wire ISDN digital line
4-wire DS-1 digital grade	2-wire analog DID trunk
	4-wire DS-1 digital DID trunk
	4-wire ISDN DS-1 digital trunk

GTE shall unbundle and separately price and offer these elements such that MFS will be able to lease and interconnect to whichever of these unbundled elements MFS requires, and to combine the GTE-provided elements with any facilities and services that MFS may itself provide, in order to efficiently offer telephone services to end users, pursuant to the following terms:

1. Interconnection shall be achieved via co-location arrangements MFS shall maintain at the wire center at which the unbundled elements are resident.

2. Each link or port element shall be delivered to the MFS co-location arrangement over a loop/port connector applicable to the unbundled service delivered, through other tariffed or contracted options, or through other technically feasible and economically comparable hand-off arrangements in accordance with agreements between MFS and GTE.

3. To the degree possible all transport-based features, functions, service attributes, grades-of-service, install, maintenance and repair intervals which apply to the bundled service should apply to unbundled links.

   a. GTE will not monitor the unbundled loop for maintenance purposes. MFS will be required to provision a loop testing device either in its central office, Network Control Center, or in their collocation arrangement to test the unbundled loop. GTE will perform repair and maintenance once trouble is identified by MFS.

4. To the degree possible all switch-based features, functions, service attributes, grades-of-service, and install, maintenance and repair intervals which apply to the bundled service should apply to unbundled ports.

5. GTE and MFS will work cooperatively to attempt to accommodate MFS' requirement for billing of all unbundled facilities purchased by MFS (either directly or by previous assignment by a customer) on a single consolidated statement per wire center. GTE will work toward billing at a wire center level, however, in the initial phases of unbundling, GTE's billing will be at a state level, or at an aggregate account level based on GTE's billing cycles.

6. Where GTE utilizes digital loop carrier ("DLC")[4] technology to provision the link element of an bundled Exchange Service to an end user customer who subsequently determines to assign the link element to MFS and receive Exchange Service from MFS via such link, GTE shall use its best efforts to deliver such link to MFS on an unintegrated basis, pursuant to MFS' chosen hand-off architecture, without a degradation of end user service or feature availability. GTE and MFS recognize that there may be technical

[4] *See*, Bellcore TR-TSY-000008, *Digital Interface Between the SLC-96 Digital Loop Carrier System and Local Digital Switch* and TR-TSY-000303, *Integrated Digital Loop Carrier (IDLC) Requirements, Objectives, and Interface.*

limitations that may need to be addressed to enable this requirement, therefore MFS and GTE agree to begin working cooperatively to address any technical issues within 60 days upon execution of this agreement.

7. GTE will permit MFS to co-locate digital loop carriers and associated equipment in conjunction with co-location arrangements MFS maintains at an GTE wire center, for the purpose of interconnecting to unbundled link elements.

8. To provide future order and trouble reporting GTE shall work cooperatively with MFS to attempt accommodating MFS' requirement for an appropriate industry-standard on-line electronic file transfer arrangement by which MFS may place, verify and receive confirmation on orders for unbundled elements, and issue and track trouble-ticket and repair requests associated with unbundled elements.

B. Compensation

MFS and GTE do not agree as to compensation rates for Unbundled Exchange Access Arrangements.

IX. LOCAL TELEPHONE NUMBER PORTABILITY ARRANGEMENTS

A. Description

GTE and MFS will provide Interim Number Portability (INP) on a reciprocal basis between their networks to enable each of their end user customers to utilize telephone numbers associated with an Exchange Service provided by one carrier, in conjunction an Exchange Service provided by the other carrier, upon the coordinated or simultaneous termination of the first Exchange Service and activation of the second Exchange Service.

1. MFS and GTE will provide reciprocal INP immediately upon execution of this agreement via call forwarding. GTE and MFS will migrate from INP to a database-driven Permanent Number Portability arrangement as soon as practically possible, without interruption of service to their respective customers.

2. INP shall operate as follows:

   a. A customer of Carrier A elects to become a customer of Carrier B. The customer elects to utilize the original

telephone number(s) corresponding to the Exchange Service(s) it previously received from Carrier A, in conjunction with the Exchange Service(s) it will now receive from Carrier B. Upon receipt of a signed letter of agency from the customer assigning the number to Carrier B, Carrier A will implement one of the following arrangements:

(1) For the initial implementation of the portability of telephone numbers, Carrier A will implement an arrangement whereby all calls to the original telephone number(s) will be forwarded to a new telephone number(s) designated by Carrier B. Carrier A will route the forwarded traffic to Carrier B via the mutual traffic exchange arrangements, as if the call had originated from the original telephone number and terminated to the new telephone number.

b. Carrier B will become the customer of record for the original Carrier A telephone numbers subject to the INP arrangements. Carrier A will provide Carrier B a single consolidated master billing statement for INP. GTE will explore the possibility of enabling collect, calling card, and 3rd-number billed calls associated with those numbers to enable MFS to rebill its newly acquired customers for those functions. Also, GTE will explore the possibility of sub-account detail for collect, calling card, and 3rd-number billed calls, and the capability of having billing statements delivered in real time via an agreed-upon Electronic data transfer, or via daily or monthly magnetic tape.

c. Carrier A will update its Line Information Database ("LIDB") listings for retained numbers and cancel calling cards associated with those forwarded numbers.

d. Within two (2) business days of receiving notification from the customer, Carrier B shall notify Carrier A of the customer's termination of service with Carrier B, and shall further notify Carrier A as to the Customer's instructions regarding its telephone number(s). Carrier A will cancel the INP arrangements for the customer's telephone number(s). If the Customer has chosen to retain its telephone number(s) for use in conjunction with Exchange Services provided by Carrier A, Carrier A will simultaneously transition the number(s) to the customer's preferred carrier.

3. Under INP, MFS and GTE will implement a process to coordinate INP cut-overs with Unbundled Loop conversions within a reasonable time that is acceptable to customers. MFS and GTE pledge to use their best efforts to ensure that INP arrangements will not be utilized in instances where a customer changes locations and would otherwise be unable to retain its number without subscribing to foreign exchange service.

4. Per the Florida Public Service Commission's order in Docket No. 950737-TP, MFS and GTE may continue to develop Direct Inward Dialing-type number portability arrangements.

B. Compensation

1. MFS and GTE shall provide INP arrangements to one another either at the rates ordered by the Florida Public Service Commission in Docket No. 950737-TP or at MFS' option, other mutually agreed upon rates, except for authorized collect, calling card and 3rd-number billed calls billed to the retained numbers.

2. For all traffic terminated between MFS and GTE to the party whose customer ultimately receives the call, reciprocal compensation charges and Switched Access charges (pursuant to each carrier's respective tariffs), shall apply for POTS traffic and non-POTS traffic. For compensation purposes, a mutually agreed surrogate will have to be developed as neither MFS nor GTE can classify this traffic.

X. RESPONSIBILITIES OF THE PARTIES

A. GTE and MFS agree to treat each other fairly, non-discriminatorily, and equally for all items included in this agreement, or related to the support of items included in this agreement.

B. MFS and GTE will work cooperatively to minimize fraud associated with 3rd-number billed calls, calling card calls, or any other services related to this agreement.

C. MFS and GTE agree to promptly exchange all necessary records for the proper billing of all traffic.

D. For network expansion, MFS and GTE will review engineering requirements on a quarterly basis and establish forecasts for trunk utilization. New trunk groups will be implemented as dictated by

engineering requirements for both GTE and MFS. GTE and MFS are required to provide each other the proper call information (e.g., originated call party number and destination call party number, CIC, OZZ, etc.) to enable each company to bill in a complete and timely fashion.

E. There will be no re-arrangement, reconfiguration, disconnect, or other non-recurring fees for any mutually beneficial network interconnections associated with the initial reconfiguration for traffic exchange, 911/E911, Interim Number Portability, Meet-point Billing, Directory Assistance, Information Services, Common Channel Signalling, and BLV/BLVI connectivity.

F. With respect to any outstanding issues set forth in this agreement requiring an additional agreement within 60 (sixty) days, each party will use its best efforts to address all such outstanding items within that time period. Failure to reach agreement on these additional issues will not affect the enforceability of this agreement.

XI. TERM

MFS and GTE agree to provide service to each other on the terms defined in this agreement until superseded by amended or additional mutually agreeable arrangements approved by the Commission, whichever occurs first. By mutual agreement, MFS and GTE may amend this agreement to extend the term of this agreement. Also by mutual agreement, GTE and MFS may jointly petition the appropriate regulatory bodies for permission to have this agreement supersede any future standardized agreements or rules such regulators might adopt or approve.

XII. INSTALLATION

GTE and MFS shall effectuate all the terms of this agreement within 90 days upon execution of this agreement.

XIII. NETWORK MAINTENANCE AND MANAGEMENT

MFS and GTE will work cooperatively to install and maintain a reliable network. MFS and GTE will exchange appropriate information (e.g., maintenance contact numbers, network information, information required to comply with law enforcement and other security agencies of the Government, etc.) to achieve this desired reliability.

MFS and GTE will work cooperatively to apply sound network management principles by invoking network management controls to alleviate or to prevent congestion.

XIV. OPTION TO ELECT OTHER TERMS

If, at any time while this agreement is in effect, either of the parties to this agreement provides arrangements similar to those described herein to a third party operating within the same LATAs (including associated Extended Area Service Zones in adjacent LATAs) as for which this agreement applies, on terms different from those available under this agreement (provided that the third party is authorized to provide local exchange services), then the other party to this agreement may opt to adopt the rates, terms, and conditions offered to the third party for its own reciprocal arrangements with the first party. This option may be exercised by delivering written notice to the first party.

XV. CANCELLATION, CONVERSION, NON-RECURRING OR ROLL-OVER CHARGES

Unless mutually agreed otherwise, neither MFS nor GTE shall impose cancellation charges upon each other for any beneficial network interconnection functions.

XVI. FORCE MAJEURE

Neither party shall be responsible for delays or failures in performance resulting form acts or occurrences beyond the reasonable control of such Party, regardless of whether such delays or failures in performance were foreseen or foreseeable as of the date of this Agreement, including, without limitation: fire, explosion, power failure, acts of God, war, revolution, civil commotion, or acts of public enemies; any law, order, regulation, ordinance or requirement of any government or legal body; or labor unrest, including, without limitation, strikes, slowdowns, picketing or boycotts; or delays caused by the other Party or by other service or equipment vendors; or any other circumstances beyond the Party's reasonable control. In such event, the Party affected shall, upon giving prompt notice to the other Party, be excused form such performance on a day-to-day basis to the extent of such interference (and the other Party shall likewise be excused from performance of its obligations on a day-for-day basis to the extent such Party's obligations related to the performance so interfered with). The affected party shall use its best efforts to avoid or remove the cause of non-performance and both parties shall proceed to perform with dispatch once the causes are removed or cease.

XVII. OTHER PROVISIONS

GTE and MFS acknowledge that additional terms and conditions (including, but not limited to provisions relating to limitation of liability, indemnity, severability, notices, assignment, dispute resolution, cancellation, default, and non-disclosure) will need to be agreed prior to interconnection. The parties agree to negotiate these terms and conditions within five (5) calendar days after execution of this agreement.

* * * * * * * * * * * * * * * *

If this agreement is acceptable to MFS and GTE, both parties shall sign in the space provided below. This agreement shall not bind MFS and GTE until executed by both parties.

Sign 2-19-96 Date

Timothy T. Devine
Print Name

Sr. Director, External Regulatory Affairs
Title

Metropolitan Fiber Systems of Florida, Inc.

Sign 2-19-96 Date

Donald W. McLeod
Print Name

Vice President Regulatory & Governmental Affairs - Eastern Region
Title

GTE Florida Incorporated

Pursuant to this agreement, Metropolitan Fiber Systems of Florida, Inc. ("MFS") and GTE Florida Incorporated ("GTE") (collectively, "the Parties") will extend certain arrangements to one another within each LATA in which they both operate within the state of Florida, as described and according to the terms, conditions and pricing specified hereunder. The Parties enter into this agreement without prejudice to any positions they have taken previously, or may take in the future in any legislative, regulatory, or other public forum.

I. RECITALS & PRINCIPLES

WHEREAS, universal connectivity between common carriers is the defining characteristic of the public switched telecommunications network in which all common carriers participate; and

WHEREAS, absent such connectivity the utility of communications services to individual consumers and to society as a whole would be severely and unnecessarily diminished; and

WHEREAS, in the service of maximum inter-operability, the Parties should be able to efficiently, flexibly, and robustly exchange traffic and signaling at well-defined and standardized points of mutually agreed interconnection; and

WHEREAS, GTE Florida Incorporated is a local exchange telecommunications company (LEC) as defined by Section 364.02(6) of the Florida Statutes. Metropolitan Fiber Systems of Florida, Inc. (MFS) is an alternative local exchange telecommunications company (ALEC) as defined by Section 364.02(1); and

WHEREAS, Section 364.16, Florida Statutes, requires, among other things, GTE Florida to provide access to, and interconnection with, its telecommunications facilities to any other provider of local telecommunications services requesting such access and interconnection at non-discriminatory prices, rates, terms, and conditions established by the procedures set forth in Section 364.162, Florida Statutes; and

WHEREAS, Section 364.161, Florida Statutes, requires each LEC, upon request, to unbundle each of its network features, functions and capabilities, including access to signaling databases, systems and routing process, and offer them to any other telecommunications provider requesting such features, functions or capabilities for resale to the extent technically and economically feasible and at prices that are not below cost; and

WHEREAS, Sections 364.16 and 364.161 also requires LECs and ALECs to attempt to negotiate satisfactory rates, terms and conditions for interconnection and unbundling. If such negotiations fail, either party has the right to file a petition with

the Florida Public Service Commission to establish such rates, terms and conditions; and

WHEREAS, on January 24, 1996, MFS filed petitions before the Commission in Docket Nos. 950984 and 950985 asking the Commission to establish rates, terms and conditions for interconnection and the provision of GTE Florida unbundled services and features to MFS; and

WHEREAS, GTE Florida and MFS, in an effort to avoid the uncertainties and expense of litigation before the Commission and appeals before the courts, desire to enter the following agreement which will serve as a partial settlement of Docket Nos. 950984 and 950985 noted above; and

WHEREAS, GTE Florida and MFS acknowledge and understand that this Agreement is entered into to resolve issues and matters which are unique to the State of Florida and is a result of compromise and negotiation. The parties further acknowledge that none of the provisions set forth herein shall be proffered by either GTE Florida or MFS or any of their affiliates in this or any other jurisdiction as evidence of any concession or as a waiver of any position or for any other purpose.

NOW, THEREFORE, in consideration of the mutual provisions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, MFS and GTE hereby covenant and agree as follows:

II. DEFINITIONS

A. "Automatic Number Identification" or "ANI" refers to the number transmitted through the network identifying the calling party.

B. "Central Office Switch", "Central Office" or "CO" means a switching entity within the public switched telecommunications network, including but not limited to:

"End Office Switches" which are Class 5 switches from which end user Exchange Services are directly connected and offered.

"Tandem Office Switches" which are Class 4 switches which are used to connect and switch trunk circuits between and among Central Office Switches.

Central Office Switches may be employed as combination End Office/Tandem Office switches (combination Class 5/Class 4).

C. "CLASS Features" (also called "Vertical Features") include: Automatic Call Back; Automatic Recall; Call Forwarding Busy Line/Don't Answer; Call Forwarding Don't Answer; Call Forwarding Variable; Call Forwarding - Busy Line; Call Trace; Call Waiting; Call Number Delivery Blocking Per Call; Calling Number Blocking Per Line; Cancel Call Waiting; Distinctive Ringing/Call Waiting; Incoming Call Line Identification Delivery; Selective Call Forward; Selective Call Rejection; Speed Calling; and Three Way Calling/Call Transfer.

D. "Co-Location" or "Co-Location Arrangement" is an interconnection architecture method in which one carrier extends network transmission facilities to a wire center/aggregation point in the network of a second carrier, whereby the first carrier's facilities are terminated into equipment installed and maintained in that wire center by or on the behalf of the first carrier for the primary purpose of interconnecting the first carrier's facilities to the facilities of the second carrier.

E. "Commission" means the Florida Public Service Commission (PSC).

F. "Common Channel Signaling" or "CCS" means a method of digitally transmitting call set-up and network control data over a special network fully separate from the public switched network that carries the actual call.

G. "DID" means direct inward dialing.

H. "DS-1" is a digital signal rate of 1.544 Mbps (Mega Bit Per Second).

I. "DS-3" is a digital signal rate of 44.736 Mbps.

J. "DSX panel" is a cross-connect bay/panel used for the termination of equipment and facilities operating at digital rates.

K. "Electronic File Transfer" refers to any system/process which utilizes an electronic format and protocol to send/receive data files.

L. "Exchange Message Record" or "EMR" is the standard used for exchange of telecommunications message information among Local Exchange Carriers for billable, non-billable, sample, settlement and study data. EMR format is contained in BR-010-200-010 *CRIS Exchange Message Record*, a Bellcore document which defines industry standards for exchange message records.

M. "Exchange Service" refers to all basic access line services, or any other services offered to end users which provide end users with a telephonic connection to, and a unique telephone number address on, the public switched telecommunications network, and which enable such end users to place or receive calls to all other stations on the public switched telecommunications network.

N. "Interconnection" means the connection of separate pieces of equipment, transmission facilities, etc., within, between or among networks. The architecture of interconnection may include several methods including, but not limited to co-location arrangements and mid-fiber meet arrangements.

O. "Interexchange Carrier" or "IXC" means a provider of stand-alone interexchange telecommunications services.

P. "Interim Number Portability" or "INP" means the transparent delivery of Local Telephone Number Portability ("LTNP") capabilities, from a customer standpoint in terms of call completion, and from a carrier standpoint in terms of compensation, through the use of existing and available call routing, forwarding, and addressing capabilities.

Q. "ISDN" means Integrated Services Digital Network; a switched network service providing end-to-end digital connectivity for the simultaneous transmission of voice and data. Basic Rate Interface-ISDN (BRI-ISDN) provides for digital transmission of two 64 Kbps bearer channels and one 16 Kbps data channel (2B+D). Primary Rate Interface-ISDN (PRI-ISDN) provides for digital transmission of twenty-three (23) 64 Kbps bearer channels and one 16 Kbps data channel (23 B+D).

R. "Line Side" refers to an end office switch connection that has been programmed to treat the circuit as a local line connected to a ordinary telephone station set. Line side connections offer only those transmission and signaling features appropriate for a connection between an end office and an ordinary telephone station set.

S. "Link Element" or "Link" is a component of an Exchange Service; for purposes of general illustration, the "Link Element" is the transmission facility (or channel or group of channels on such facility) which extends from a Main Distribution Frame, DSX-panel, or functionally comparable piece of equipment in an GTE end office wire center, to a demarcation or connector block in/at a customer's premises. Traditionally, links were provisioned as 2-wire or 4-wire copper pairs running from the end office distribution frame to the customer premise; however, a link may be

provided via other media, including radio frequencies, as a channel on a high capacity feeder/distribution facility which may in turn be distributed from a node location to the customer premise via a copper or coax drop facility, etc. Links fall into the following categories:

"2-wire analog voice grade links" will support analog transmission of 300-3000 Hz, repeat loop start or ground start seizure and disconnect in one direction (toward the end office switch), and repeat ringing in the other direction (toward the end user). This link is commonly used for local dial tone service.

"2-wire ISDN digital grade links" will support digital transmission of two 64 Kbps bearer channels and one 16 Kbps data channel. This is a 2B+D basic rate interface Integrated Services Digital Network (BRI-ISDN) type of loop which will meet national ISDN standards.

"4-wire DS-1 digital grade links" will support full duplex transmission of isochronous serial data at 1.544 Mbps. This T-1/DS-1 type of loop provides the equivalent of 24 voice grade/DS0 channels.

T. "Local Exchange Carrier" or "LEC" means any company certified by the Commission to provide local exchange telecommunications service. This includes the Parties to this agreement.

U. "Local Telephone Number Portability" or "LTNP" means the technical ability to enable an end user customer to utilize its telephone number in conjunction with any exchange service provided by any Local Exchange Carrier operating within the geographic number plan area with which the customer's telephone number(s) is associated, regardless of whether the customer's Chosen Local Exchange Carrier is the carrier which originally assigned the number to the customer, without penalty to either the customer or its chosen local exchange carrier.

V. "Main Distribution Frame" or "MDF" is the primary point at which outside plant facilities terminate within a wire center, for interconnection to other telecommunications facilities within the wire center.

W. "Meet-Point Billing" or "MPB" refers to an arrangement whereby two LECs jointly provide the transport element of a switched access service to one of the LEC's end office switches, with each LEC receiving an appropriate share of the transport element revenues as defined by their effective access tariffs.

X. "MECAB" refers to the *Multiple Exchange Carrier Access Billing (MECAB)* document prepared by the Billing Committee of the Ordering and Billing Forum (OBF), which functions under the auspices of the Carrier Liaison Committee (CLC) of the Alliance for Telecommunications Industry Solutions (ATIS). The MECAB document, published by Bellcore as Special Report SR-BDS-000983, contains the recommended guidelines for the billing of an access service provided by two or more LECs, or by one LEC in two or more states within a single LATA.

Y. "MECOD" refers to the *Multiple Exchange Carriers Ordering and Design (MECOD) Guidelines for Access Services - Industry Support Interface*, a document developed by the Ordering/Provisioning Committee under the auspices of the Ordering and Billing Forum (OBF), which functions under the auspices of the Carrier Liaison Committee (CLC) of the Alliance for Telecommunications Industry Solutions (ATIS). The MECOD document, published by Bellcore as Special Report SR STS-002643, establish methods for processing orders for access service which is to be provided by two or more LECs.

Z. "Mid-Fiber Meet" is an interconnection architecture method whereby two carriers meet at a fiber splice in a junction box.

AA. "NANP" means the "North American Numbering Plan", the system of telephone numbering employed in the United States, Canada, and the Caribbean countries which employ NPA 809.

BB. "Numbering Plan Area" or "NPA" is also sometimes referred to as an area code. This is the three digit indicator which is defined by the "A", "B", and "C" digits of each 10-digit telephone number within the North American Numbering Plan ("NANP"). Each NPA contains 800 possible NXX Codes. There are two general categories of NPA, "Geographic NPAs" and "Non-Geographic NPAs". A "Geographic NPA" is associated with a defined geographic area, and all telephone numbers bearing such NPA are associated with services provided within that geographic area. A "Non-Geographic NPA", also known as a "Service Access Code" or "SAC Code" is typically associated with a specialized telecommunications service which may be provided across multiple geographic NPA areas; 800, 900, 700, and 888 are examples of Non-Geographic NPAs.

CC. "NXX", "NXX Code", "Central Office Code" or "CO Code" is the three digit switch entity indicator which is defined by the "D", "E", and "F" digits of a 10-digit telephone number within the North American Numbering Plan ("NANP"). Each NXX Code contains 10,000 station

numbers. Historically, entire NXX code blocks have been assigned to specific individual local exchange end office switches.

DD. "On-Line Transfer" means the transferring of an incoming call to another telephone number without the call being disconnected.

EE. "Permanent Number Portability" or "PNP" means the use of a database solution to provide fully transparent LTNP for all customers and all providers without limitation.

FF. "Plain Old Telephone Service Traffic"or "POTS traffic." The parties agree that this includes local traffic as defined in GTE's tariff and disagree as to whether this includes non-local intraLATA toll traffic exchanged between the parties respective exchange customers.

GG. "Port Element" or "Port" is a component of an Exchange Service; for purposes of general illustration, the "Port" is a line card and associated peripheral equipment on an GTE end office switch which serves as the hardware termination for the customer's exchange service on that switch and generates dial tone and provides the customer a pathway into the public switched telecommunications network. Each Port is typically associated with one (or more) telephone number(s) which serves as the customer's network address. Port categories include:

"2-wire analog line port" is a line side switch connection employed to provide basic residential and business type Exchange Services.

"2-wire ISDN digital line port" is a Basic Rate Interface (BRI) line side switch connection employed to provide ISDN Exchange Services.

"2-wire analog DID trunk port" is a direct inward dialing (DID) trunk side switch connection employed to provide incoming trunk type Exchange Services.

"4-wire DS-1 digital DID trunk port" is a direct inward dialing (DID) trunk side switch connection employed to provide the equivalent of 24 analog incoming trunk type Exchange Services.

"4-wire ISDN digital DS-1 trunk port" is a Primary Rate Interface (PRI) trunk side switch connection employed to provide the ISDN Exchange Services.

HH. "Rate Center" means the specific geographic point and corresponding geographic area which have been identified by a given LEC as being associated with a particular NPA-NXX code which has been assigned to the LEC for its provision of Exchange Services. The "rate center point" is the finite geographic point identified by a specific V&H coordinate, which is used to measure distance-sensitive end user traffic to/from Exchange Services bearing the particular NPA-NXX designation associated with the specific Rate Center. The "rate center area" is the exclusive geographic area which the LEC has identified as the area within which it will provide Exchange Services bearing the particular NPA-NXX designation associated with the specific Rate Center. The Rate Center point must be located within the Rate Center area.

II. "Rating Point", sometimes also referred to as "Routing Point" means a location which a LEC has designated on its own network as the homing (routing) point for traffic inbound to Exchange Services provided by the LEC which bear a certain NPA-NXX designation. Pursuant to Bellcore Practice BR 795-100-100, the Rating Point may be an "End Office" location, or a "LEC Consortium Point of Interconnection". Pursuant to that same Bellcore Practice, examples of the latter shall be designated by a common language location identifier (CLLI) code with (x)KD in positions 9, 10, 11, where (x) may be any alphanumeric A-Z or 0-9. The Rating Point/Routing Point need not be the same as the Rate Center Point, nor must it be located within the Rate Center Area.

JJ. "Reference of Calls" refers to a process in which calls are routed to an announcement which states the new telephone number of an end user.

KK. "Service Control Point" or "SCP" is the node in the signaling network to which informational requests for service handling, such as routing, are directed and processed. The SCP is a real time database system that, based on a query from the SSP, performs subscriber or application-specific service logic, and then sends instructions back to the SSP on how to continue call processing.

LL. "Signal Transfer Point" or "STP" performs a packet switching function that routes signaling messages among SSPs, SCPs and other STPs in order to set up calls and to query databases for advanced services.

MM. "Synchronous Optical Network" or "SONET" means synchronous electrical (STS) or optical (OC) channel connections between LECs.

NN. "Switched Access Service" means the offering of facilities for the purpose of the origination or termination of non-POTS traffic to or from

Exchange Services offered in a given area. Switched Access Services include: Feature Group A, Feature Group B, Feature Group D, 800 access, and 900 access.

OO. "Trunk Side" refers to a central office switch connection that is capable of, and has been programmed to treat the circuit as, connecting to another switching entity, for example a private branch exchange ("PBX") or another central office switch. Trunk side connections offer those transmission and signaling features appropriate for the connection of switching entities, and can not be used for the direct connection of ordinary telephone station sets.

PP. "Wire Center" means a building or space within a building which serves as an aggregation point on a given carrier's network, where transmission facilities and circuits are connected or switched.

III. NETWORK INTERCONNECTION ARCHITECTURE

The Parties shall interconnect their networks as necessary to effect the Co-Carrier Arrangements identified in Parts V., VI., VII., and IX., as defined below:

A. In each LATA identified below, the correspondingly identified wire center shall serve as the initial Designated Network Interconnection Point ("D-NIP") at which point MFS and GTE will interconnect their respective networks for inter-operability within that LATA.

LATA	D-NIP
Tampa	Tampa Main SWC (GTE) (MFS connects to GTE)
Tampa	Tampa Downtown Node (MFS) (GTE connects to MFS)

B. Initially, MFS agrees to connect to GTE at GTE's Tampa Main Serving Wire Center (610 Morgan) and GTE agrees to reciprocally connect to MFS at MFS' Tampa downtown Node facility (Barnett Bank Building). Where MFS and GTE interconnect at a D-NIP, the parties may mutually agree to other arrangements including, but not limited to any of the following interconnection methods:

1. a mid-fiber meet at the D-NIP, or in a manhole or other appropriate junction point near to or just outside the D-NIP;

2. a digital cross-connection hand-off, DSX panel to DSX panel, where both MFS and GTE maintain such facilities at the D-NIP;

3. a co-location facility maintained by MFS, or by a 3rd-party with whom MFS has contracted for such purposes, at an GTE wire center, where such wire center has been designated as the D-NIP; or

4. a co-location facility maintained by GTE, or by a 3rd-party with whom GTE has contracted for such purposes, at an MFS wire center, where such wire center has been designated as the D-NIP.

C. In extending network interconnection facilities to the D-NIP, MFS shall have the right to extend its own facilities or to lease dark fiber facilities (if available) or digital transport facilities from GTE or from any 3rd-party, subject to the following terms:

1. Such leased facilities shall extend from any point designated by MFS on its own network (including a co-location facility maintained by MFS at an GTE wire center) to the D-NIP or associated manhole or other appropriate junction point.

2. Where MFS leases such facilities from GTE, MFS shall have the right to lease under non-discriminatory tariff or contract terms from GTE.

D. Upon reasonable notice and if agreed to by GTE, MFS and GTE may change from one of the interconnection methods specified above, to one of the other methods specified above, with no penalty, conversion, or rollover charges.

IV. NUMBER RESOURCE ARRANGEMENTS

A. Nothing in this agreement shall be construed to in any manner limit or otherwise adversely impact any MFS' right to employ or to request and be assigned any NANP number resources including, but not limited to, central office (NXX) codes pursuant to the Central Office Code Assignment Guidelines[1].

B. As contemplated by the Central Office Code Assignment Guidelines, MFS will designate within the geographic NPA with which each of its assigned

[1] Last published by the Industry Numbering Committee ("INC") as INC 95-0407-008, Revision 4/7/95, formerly ICCF 93-0729-010.

NXX codes is associated, a Rate Center area within which it intends to offer Exchange Services bearing that NPA-NXX designation, and a Rate Center point to serve as the measurement point for distance-sensitive traffic to/from the Exchange Services bearing that NPA-NXX designation.

C. MFS will also designate a Rating Point for each assigned NXX code. MFS may designate one location within each Rate Center as the Rating Point for the NPA-NXXs associated with that Rate Center; alternatively, MFS may designate a single location within one Rate Center to serve as the Rating Point for all the NPA-NXXs associated with that Rate Center and with one or more other Rate Centers served by MFS within the same LATA.

D. Until such time MFS receives specific permission from the Commission to vary its rate centers from GTE's rate centers, MFS will agree to deploy a minimum of one NXX per established GTE rate center area.

E. To the extent GTE serves as Central Office Code Administrator for a given region, GTE will support all MFS requests related to central office (NXX) code administration and assignments in an effective and timely manner.

F. The Parties will comply with code administration requirements as prescribed by the Federal Communications Commission, the Commission, and accepted industry guidelines.

G. It shall be the responsibility of each Party to program and update its own switches and network systems to recognize and route traffic to other Party's assigned NXX codes at all times. Neither Party shall impose any fees or charges whatsoever on the other Party for such activities.

V. MEET-POINT BILLING ARRANGEMENTS

A. Description

1. MFS may establish meet-point billing arrangements with GTE in order to provide Switched Access Services to third parties via an GTE access tandem switch, in accordance with the Meet-Point Billing guidelines adopted by and contained in the Ordering and Billing Forum's MECAB and MECOD documents, except as modified herein.

2. Except in instances of capacity limitations, GTE shall permit and enable MFS to sub-tend the GTE access tandem switch(es) nearest

to the MFS Rating Point(s) associated with the NPA-NXX(s) to/from which the Switched Access Services are homed. In instances of capacity limitation at a given access tandem switch, MFS shall be allowed to sub-tend the next-nearest GTE access tandem switch in which sufficient capacity is available.

3. Interconnection for the meet-point arrangement shall occur at the GTE Tampa Main Serving Wire Center (SWC) D-NIP.

4. Common channel signalling ("CCS") shall be utilized in conjunction with meet-point billing arrangements to the extent such signaling is resident in the GTE access tandem switch.

5. MFS and GTE will use their best reasonable efforts, individually and collectively, to maintain provisions in their respective federal and state access tariffs, and/or provisions within the National Exchange Carrier Association ("NECA") Tariff No. 4, or any successor tariff, sufficient to reflect this meet-point billing arrangement, including meet-point billing percentages.

6. As detailed in the MECAB document, MFS and GTE will in a timely fashion exchange all information necessary to accurately, reliably and promptly bill third parties for Switched Access Services traffic jointly handled by MFS and GTE via the meet-point arrangement. Information shall be exchanged in Electronic Message Record ("EMR") format, on magnetic tape or via a mutually acceptable electronic file transfer protocol.

7. MFS and GTE shall work cooperatively to coordinate rendering of meet-point bills to customers, and shall reciprocally provide each other, at no charge, the Usage Data, etc.

B. Compensation

1. Initially, billing to 3rd-parties[2] for the Switched Access Services jointly provided by MFS and GTE via the meet-point billing arrangement shall be according to the multiple-bill/multiple-tariff method.

2. Subsequently for billing to 3rd-parties for the Switched Access Services jointly provided by MFS and GTE via the meet-point arrangement, MFS and GTE may mutually agree to implement one

[2] Including any future GTE separate interexchange subsidiaries.

of the following options: single-bill/single tariff method, single-bill/multiple-tariff method, multiple-bill/single-tariff method, or multiple-bill/multiple-tariff method. Should MFS prefer to change among these billing methods, MFS shall notify GTE of such a request in writing, 90-days in advance of the date on which such change shall be implemented.

3. Switched Access charges to 3rd-parties shall be calculated utilizing the rates specified in MFS's and GTE's respective federal and state access tariffs, in conjunction with the appropriate meet-point billing factors specified for each meet-point arrangement either in those tariffs or in the NECA No. 4 tariff.

4. MFS shall be entitled to the balance of the switched access charge revenues associated with the jointly handled switched access traffic, less the amount of transport element charge revenues[3] to which GTE is entitled pursuant to the above-referenced tariff provisions.

5. MPB will apply for all traffic bearing the 800, 888, or any other non-geographic NPA which may be likewise designated for such traffic in the future, where the responsible party is an IXC. In those situations where the responsible party for such traffic is a LEC, full switched access rates will apply.

VI. RECIPROCAL TRAFFIC EXCHANGE ARRANGEMENT

A. Description

The Parties shall reciprocally terminate POTS calls originating on each others' networks, as follows:

1. The Parties shall make available to each other the following traffic exchange trunk groups for the reciprocal exchange of POTS traffic at the respective D-NIPs:

   a. GTE shall make available to MFS, at the GTE Tampa Main SWC, trunks over which MFS shall terminate to end users of GTE-provided Exchange Services, POTS traffic originated from end users of MFS-provided Exchange Services.

[3] For purposes of clarification, this does not include the interconnection charge, which is to be remitted to the end office provider, which in this case would be MFS.

b. MFS shall make available to GTE, at the MFS Tampa downtown Node, trunks over which GTE shall terminate to end users of MFS-provided Exchange Services, POTS traffic originated from end users of GTE-provided Exchange Service.

c. MFS and GTE shall, where applicable, make reciprocally available, by mutual agreement, the required trunk groups to handle different traffic types. MFS and GTE agree to work cooperatively to agree on network trunking within 60 days upon execution of this agreement.

d. To the extent different rates are agreed upon or are ordered by the Commission for local and non-local traffic, the parties will provide each other appropriate percentages for the traffic carried over the trunk groups.

2. Reciprocal Traffic Exchange Arrangement trunk connections shall be made at a DS-1 or multiple DS-1 level, DS-3, (SONET where technically available) and shall be jointly-engineered to an objective P.01 grade of service.

3. MFS and GTE agree to use their best collective efforts to develop and agree on a Joint Interconnection Grooming Plan prescribing standards to ensure that the Reciprocal Traffic Exchange Arrangement trunk groups are maintained at consistent P.01 or better grades of service. Such plan shall also include mutually-agreed upon default standards for the configuration of all segregated trunk groups.

4. The Parties will provide Common Channel Signalling (CCS) to one another, where and as available, in conjunction with all traffic exchange trunk groups. The parties will cooperate on the exchange of Transactional Capabilities Application Part (TCAP) messages to facilitate full inter-operability of CCS-based features between their respective networks, including all CLASS features and functions. All CCS signalling parameters will be provided including automatic number identification (ANI), originating line information (OLI) calling party category, charge number, etc. All privacy indicators will be honored. Network signalling information such as Carrier Identification Parameter (CCS platform) and CIC/OZZ information (non-CCS environment) will be provided wherever such information is needed for call routing or billing. For traffic for which CCS is not available, in-band multi-frequency

(MF), wink start, E&M channel-associated signalling with ANI will be forwarded.

5. The Parties shall establish company-wide CCS interconnections STP-to-STP. Such STP links shall be reciprocally provided.

B. Compensation

MFS and GTE do not agree as to the compensation arrangements for the exchange of POTS (local/traditional toll) traffic. The parties agree that the rates for reciprocal compensation will be in accordance with any future Commission decision or mutual agreement of the parties.

VII. SHARED NETWORK PLATFORM ARRANGEMENTS

A. 9-1-1/E9-1-1

1. Description

a. MFS will interconnect trunk groups to the GTE 9-1-1/E-9-1-1 selective routers/911 tandems which serve the areas in which MFS provides exchange services, for the provision of 9-1-1/E9-1-1 services and for access to all sub-tending Public Safety Answering Points. GTE will provide MFS with the appropriate CLLI codes and specifications of the tandem serving area.

b. GTE and MFS will arrange for the automated input and daily updating of 9-1-1/E-9-1-1 database information related to MFS end users. GTE will work cooperatively with MFS to ensure the accuracy of the data transfer by verifying it against the Master Street Address Guide (MSAG). Additionally, GTE shall work with the county to provide MFS the ten-digit POTS number of each PSAP which sub-tends each GTE selective router/9-1-1 tandem to which MFS is interconnected.

c. GTE will use its best efforts to facilitate the prompt, robust, reliable and efficient interconnection of MFS systems to the 9-1-1/E-9-1-1 platforms.

2. Compensation

For the provision of 911/E911 services between MFS and GTE, the parties will work cooperatively to address, any/all compensation issues within 60 days upon execution of this agreement. To the extent the parties are unable to agree within 60 days, either party may petition the Commission to seek resolution. MFS will be required to connect trunks to the 911/E911 tandem(s).

B. Exchange of 800 Traffic

1. Description

The Meet-point Billing terms and conditions contained in section V of this agreement apply for the exchange of 800 traffic.

2. Compensation

Applicable Switched Access Meet-point billing rates shall apply for all 800 calls per the terms and conditions contained in section V of this agreement.

C. Information Services Billing and Collection

1. Description

a. MFS and GTE shall work cooperatively to reach agreement on all information services (e.g. 976, 974, N11, weather lines, sports lines, publisher lines, etc.) issues. The subsequent information services agreement shall enable MFS and GTE to reciprocally provide information services, originate and terminate information services calls between each other, bill and collect revenues from each others end users (including Information Providers), and reasonably compensate MFS and GTE.

D. Directory Listings and Directory Distribution

MFS and GTE agree that an additional agreement will be required to effectuate the terms of this section and will work cooperatively to execute the additional agreement within 60 days upon the execution of this agreement.

1. Description

The directory listings and distribution terms and rate specified in this section shall apply to listings of MFS customer numbers falling within NXX codes directly assigned to MFS, and to listings of MFS customer telephone numbers which are retained by MFS pursuant to Local Telephone Number Portability Arrangements described below. The terms of this section may require a subsequent additional agreement with GTE's Directory Publishing company.

a. GTE will include MFS's customers' telephone numbers in all its "White Pages" and "Yellow Pages" directory listings and directory assistance databases associated with the areas in which MFS provides services to such customers, and will distribute such initial directories and directory updates to such customers, in the identical and transparent manner in which it provides those functions for its own customers' telephone numbers.

b. MFS will provide GTE with its directory listings and daily updates to those listings in an industry-accepted format; GTE will provide MFS a magnetic tape or computer disk containing the proper format.

c. MFS and GTE will accord MFS' directory listing information the same level of confidentiality which GTE accords its own directory listing information, and GTE shall ensure that access to MFS's customer proprietary confidential directory information will be limited solely to those GTE employees who are directly involved in the preparation of listings.

2. Compensation

a. GTE and MFS will work cooperatively to address any payments for sales of any bulk directory lists to third parties, where such lists include MFS customer listings and any compensation due GTE for administrative functions associated with furnishing listings to third parties. GTE will not provide/sell MFS' listings to any third parties without MFS' prior written approval.

b. GTE shall provide directory distribution, directory database maintenance, and directory listings for MFS and its customers under the same terms that GTE provides these same services for its end users. In-area directory delivery, database maintenance, and basic "White" and "yellow" page

listings will be at no fee. Out-of-area directory delivery and enhanced listings, i.e. bolding, indention, second listings, etc., will be per GTE's currently tariffed or non-discriminately available contract rates.

E. Directory Assistance (DA)

1. Description

At MFS' request, GTE will:

a. provide to MFS unbranded directory assistance service MFS which is comparable in every way to the directory assistance service GTE makes available to its own end users;

b. provide to MFS directory assistance service under MFS's brand which is comparable in every way to the directory assistance service GTE makes available to its own end users;

2. When available, at MFS' request, GTE will:

a. provide to MFS operators or to an MFS-designated operator bureau on-line access to GTE's directory assistance database, where such access is identical to the type of access GTE's own directory assistance operators utilize in order to provide directory assistance services to GTE end users;

b. allow MFS or an MFS-designated operator bureau to license GTE's directory assistance database for use in providing competitive directory assistance services; and/or

c. in conjunction with VII.E.1.a. or VII.E.1.b., above, provide caller-optional directory assistance call completion service which is comparable in every way to the directory assistance call completion service GTE makes available to its own end users. When this functionality is available, GTE will route the calls back to MFS for MFS to complete the customer call.

3. Compensation

GTE will charge MFS its wholesale IXC/LEC rates for the following functionality:

a. $0.25 per unbranded directory assistance intrastate call.

b. $0.25 per branded directory assistance intrastate call.

c. $0.28 per unbranded directory assistance interstate call.

d. $0.28 per branded directory assistance interstate call.

When available:

e. $0.0_ per use of caller-optional directory assistance call completion. (Future)

f. $0.0__ per directory assistance database query. (Future)

g. $____ for licensing of each directory assistance database. (Future)

F. Yellow Page Maintenance

GTE will work cooperatively with MFS to ensure that Yellow Page advertisements purchased by customers who switch their service to MFS (including customers utilizing MFS-assigned telephone numbers and MFS customers utilizing co-carrier number forwarding) are maintained without interruption. GTE will allow MFS customers to purchase new yellow pages advertisements without discrimination, at non-discriminatory rates, terms and conditions. GTE and MFS will work cooperatively to investigate with GTE Directory Publishing whether GTE would implement a commission program whereby MFS may act as a sales, billing and collection agent for Yellow Pages advertisements purchased by MFS's exchange service customers.

G. Transfer of Service Announcements

When an end user customer changes from GTE to MFS, or from MFS to GTE, and does not retain its original telephone number, the party formerly providing service to the end user will provide a transfer of service announcement on the abandoned telephone number upon request. This announcement will provide details on the new number to be dialed to reach this customer. These arrangements will be provided reciprocally

based upon current practice with GTE's customers to either the other carrier or the end user customer.

H. Coordinated Repair Calls

MFS and GTE will employ the following procedures for handling misdirected repair calls:

1. MFS and GTE will educate their respective customers as to the correct telephone numbers to call in order to access their respective repair bureaus.

2. To the extent the correct provider can be determined, misdirected repair calls will be referred to the proper provider of local exchange service in a courteous manner, at no charge, and the end user will be provided the correct contact telephone number. Extraneous communications beyond the direct referral to the correct repair telephone number are strictly prohibited.

3. MFS and GTE will provide their respective repair contact numbers to one another on a reciprocal basis.

I. Busy Line Verification and Interrupt

1. Description

Each Party shall establish procedures whereby its operator bureau will coordinate with the operator bureau of the other Party operating in order to provide Busy Line Verification ("BLV") and Busy Line Verification and Interrupt ("BLVI") services on calls between their respective end users. BLV and BLVI inquiries between operator bureaus shall be routed over the appropriate trunk groups. MFS and GTE will reciprocally provide adequate connectivity to facilitate this capability.

2. Compensation

Each Party shall compensate the other Party for BLV and BLVI inquiries according to the following rates:

	per inquiry
BLV	$0.65

BLVI	$0.65

J. Information Pages

GTE will include in the "Information Pages" or comparable section of its White Pages Directories for areas served by MFS, listings provided by MFS for MFS's installation, repair and customer service and other information. This term may require an additional agreement with GTE Directory Publishing.

K. Operator Reference Database (ORDB)

If available, GTE will work cooperatively with MFS to assist MFS in obtaining from the appropriate 911 government agencies monthly updates to the Operator Reference Database (ORDB). If available, this will enable MFS to promptly respond to emergency agencies (i.e. fire, police, emergency medical technicians, etc), as a back-up to 911, during a catastrophic situation.

VIII. UNBUNDLED EXCHANGE SERVICE ARRANGEMENTS

A. Description

GTE shall unbundle all its Exchange Services into three separate packages: (1) link element; (2) port element; and (3) cross-connect element. The following link and port categories shall be provided:

Link Categories	Port Categories
2/4-wire analog voice grade	2/4-wire analog line
2 wire ISDN digital grade	2-wire ISDN digital line
4-wire DS-1 digital grade	2-wire analog DID trunk
	4-wire DS-1 digital DID trunk
	4-wire ISDN DS-1 digital trunk

GTE shall unbundle and separately price and offer these elements such that MFS will be able to lease and interconnect to whichever of these unbundled elements MFS requires, and to combine the GTE-provided elements with any facilities and services that MFS may itself provide, in order to efficiently offer telephone services to end users, pursuant to the following terms:

1. Interconnection shall be achieved via co-location arrangements MFS shall maintain at the wire center at which the unbundled elements are resident.

2. Each link or port element shall be delivered to the MFS co-location arrangement over a loop/port connector applicable to the unbundled service delivered, through other tariffed or contracted options, or through other technically feasible and economically comparable hand-off arrangements in accordance with agreements between MFS and GTE.

3. To the degree possible all transport-based features, functions, service attributes, grades-of-service, install, maintenance and repair intervals which apply to the bundled service should apply to unbundled links.

   a. GTE will not monitor the unbundled loop for maintenance purposes. MFS will be required to provision a loop testing device either in its central office, Network Control Center, or in their collocation arrangement to test the unbundled loop. GTE will perform repair and maintenance once trouble is identified by MFS.

4. To the degree possible all switch-based features, functions, service attributes, grades-of-service, and install, maintenance and repair intervals which apply to the bundled service should apply to unbundled ports.

5. GTE and MFS will work cooperatively to attempt to accommodate MFS' requirement for billing of all unbundled facilities purchased by MFS (either directly or by previous assignment by a customer) on a single consolidated statement per wire center. GTE will work toward billing at a wire center level, however, in the initial phases of unbundling, GTE's billing will be at a state level, or at an aggregate account level based on GTE's billing cycles.

6. Where GTE utilizes digital loop carrier ("DLC")[4] technology to provision the link element of an bundled Exchange Service to an end user customer who subsequently determines to assign the link element to MFS and receive Exchange Service from MFS via such link, GTE shall use its best efforts to deliver such link to MFS on an unintegrated basis, pursuant to MFS' chosen hand-off architecture, without a degradation of end user service or feature availability. GTE and MFS recognize that there may be technical

[4] *See*, Bellcore TR-TSY-000008, *Digital Interface Between the SLC-96 Digital Loop Carrier System and Local Digital Switch* and TR-TSY-000303, *Integrated Digital Loop Carrier (IDLC) Requirements, Objectives, and Interface.*

limitations that may need to be addressed to enable this requirement, therefore MFS and GTE agree to begin working cooperatively to address any technical issues within 60 days upon execution of this agreement.

7. GTE will permit MFS to co-locate digital loop carriers and associated equipment in conjunction with co-location arrangements MFS maintains at an GTE wire center, for the purpose of interconnecting to unbundled link elements.

8. To provide future order and trouble reporting GTE shall work cooperatively with MFS to attempt accommodating MFS' requirement for an appropriate industry-standard on-line electronic file transfer arrangement by which MFS may place, verify and receive confirmation on orders for unbundled elements, and issue and track trouble-ticket and repair requests associated with unbundled elements.

B. Compensation

MFS and GTE do not agree as to compensation rates for Unbundled Exchange Access Arrangements.

IX. LOCAL TELEPHONE NUMBER PORTABILITY ARRANGEMENTS

A. Description

GTE and MFS will provide Interim Number Portability (INP) on a reciprocal basis between their networks to enable each of their end user customers to utilize telephone numbers associated with an Exchange Service provided by one carrier, in conjunction an Exchange Service provided by the other carrier, upon the coordinated or simultaneous termination of the first Exchange Service and activation of the second Exchange Service.

1. MFS and GTE will provide reciprocal INP immediately upon execution of this agreement via call forwarding. GTE and MFS will migrate from INP to a database-driven Permanent Number Portability arrangement as soon as practically possible, without interruption of service to their respective customers.

2. INP shall operate as follows:

   a. A customer of Carrier A elects to become a customer of Carrier B. The customer elects to utilize the original

telephone number(s) corresponding to the Exchange Service(s) it previously received from Carrier A, in conjunction with the Exchange Service(s) it will now receive from Carrier B. Upon receipt of a signed letter of agency from the customer assigning the number to Carrier B, Carrier A will implement one of the following arrangements:

(1) For the initial implementation of the portability of telephone numbers, Carrier A will implement an arrangement whereby all calls to the original telephone number(s) will be forwarded to a new telephone number(s) designated by Carrier B. Carrier A will route the forwarded traffic to Carrier B via the mutual traffic exchange arrangements, as if the call had originated from the original telephone number and terminated to the new telephone number.

b. Carrier B will become the customer of record for the original Carrier A telephone numbers subject to the INP arrangements. Carrier A will provide Carrier B a single consolidated master billing statement for INP. GTE will explore the possibility of enabling collect, calling card, and 3rd-number billed calls associated with those numbers to enable MFS to rebill its newly acquired customers for those functions. Also, GTE will explore the possibility of sub-account detail for collect, calling card, and 3rd-number billed calls, and the capability of having billing statements delivered in real time via an agreed-upon Electronic data transfer, or via daily or monthly magnetic tape.

c. Carrier A will update its Line Information Database ("LIDB") listings for retained numbers and cancel calling cards associated with those forwarded numbers.

d. Within two (2) business days of receiving notification from the customer, Carrier B shall notify Carrier A of the customer's termination of service with Carrier B, and shall further notify Carrier A as to the Customer's instructions regarding its telephone number(s). Carrier A will cancel the INP arrangements for the customer's telephone number(s). If the Customer has chosen to retain its telephone number(s) for use in conjunction with Exchange Services provided by Carrier A, Carrier A will simultaneously transition the number(s) to the customer's preferred carrier.

3. Under INP, MFS and GTE will implement a process to coordinate INP cut-overs with Unbundled Loop conversions within a reasonable time that is acceptable to customers. MFS and GTE pledge to use their best efforts to ensure that INP arrangements will not be utilized in instances where a customer changes locations and would otherwise be unable to retain its number without subscribing to foreign exchange service.

4. Per the Florida Public Service Commission's order in Docket No. 950737-TP, MFS and GTE may continue to develop Direct Inward Dialing-type number portability arrangements.

B. Compensation

1. MFS and GTE shall provide INP arrangements to one another either at the rates ordered by the Florida Public Service Commission in Docket No. 950737-TP or at MFS' option, other mutually agreed upon rates, except for authorized collect, calling card and 3rd-number billed calls billed to the retained numbers.

2. For all traffic terminated between MFS and GTE to the party whose customer ultimately receives the call, reciprocal compensation charges and Switched Access charges (pursuant to each carrier's respective tariffs), shall apply for POTS traffic and non-POTS traffic. For compensation purposes, a mutually agreed surrogate will have to be developed as neither MFS nor GTE can classify this traffic.

X. RESPONSIBILITIES OF THE PARTIES

A. GTE and MFS agree to treat each other fairly, non-discriminatorily, and equally for all items included in this agreement, or related to the support of items included in this agreement.

B. MFS and GTE will work cooperatively to minimize fraud associated with 3rd-number billed calls, calling card calls, or any other services related to this agreement.

C. MFS and GTE agree to promptly exchange all necessary records for the proper billing of all traffic.

D. For network expansion, MFS and GTE will review engineering requirements on a quarterly basis and establish forecasts for trunk utilization. New trunk groups will be implemented as dictated by

engineering requirements for both GTE and MFS. GTE and MFS are required to provide each other the proper call information (e.g., originated call party number and destination call party number, CIC, OZZ, etc.) to enable each company to bill in a complete and timely fashion.

E. There will be no re-arrangement, reconfiguration, disconnect, or other non-recurring fees for any mutually beneficial network interconnections associated with the initial reconfiguration for traffic exchange, 911/E911, Interim Number Portability, Meet-point Billing, Directory Assistance, Information Services, Common Channel Signalling, and BLV/BLVI connectivity.

F. With respect to any outstanding issues set forth in this agreement requiring an additional agreement within 60 (sixty) days, each party will use its best efforts to address all such outstanding items within that time period. Failure to reach agreement on these additional issues will not affect the enforceability of this agreement.

XI. TERM

MFS and GTE agree to provide service to each other on the terms defined in this agreement until superseded by amended or additional mutually agreeable arrangements approved by the Commission, whichever occurs first. By mutual agreement, MFS and GTE may amend this agreement to extend the term of this agreement. Also by mutual agreement, GTE and MFS may jointly petition the appropriate regulatory bodies for permission to have this agreement supersede any future standardized agreements or rules such regulators might adopt or approve.

XII. INSTALLATION

GTE and MFS shall effectuate all the terms of this agreement within 90 days upon execution of this agreement.

XIII. NETWORK MAINTENANCE AND MANAGEMENT

MFS and GTE will work cooperatively to install and maintain a reliable network. MFS and GTE will exchange appropriate information (e.g., maintenance contact numbers, network information, information required to comply with law enforcement and other security agencies of the Government, etc.) to achieve this desired reliability.

MFS and GTE will work cooperatively to apply sound network management principles by invoking network management controls to alleviate or to prevent congestion.

XIV. OPTION TO ELECT OTHER TERMS

If, at any time while this agreement is in effect, either of the parties to this agreement provides arrangements similar to those described herein to a third party operating within the same LATAs (including associated Extended Area Service Zones in adjacent LATAs) as for which this agreement applies, on terms different from those available under this agreement (provided that the third party is authorized to provide local exchange services), then the other party to this agreement may opt to adopt the rates, terms, and conditions offered to the third party for its own reciprocal arrangements with the first party. This option may be exercised by delivering written notice to the first party.

XV. CANCELLATION, CONVERSION, NON-RECURRING OR ROLL-OVER CHARGES

Unless mutually agreed otherwise, neither MFS nor GTE shall impose cancellation charges upon each other for any beneficial network interconnection functions.

XVI. FORCE MAJEURE

Neither party shall be responsible for delays or failures in performance resulting form acts or occurrences beyond the reasonable control of such Party, regardless of whether such delays or failures in performance were foreseen or foreseeable as of the date of this Agreement, including, without limitation: fire, explosion, power failure, acts of God, war, revolution, civil commotion, or acts of public enemies; any law, order, regulation, ordinance or requirement of any government or legal body; or labor unrest, including, without limitation, strikes, slowdowns, picketing or boycotts; or delays caused by the other Party or by other service or equipment vendors; or any other circumstances beyond the Party's reasonable control. In such event, the Party affected shall, upon giving prompt notice to the other Party, be excused form such performance on a day-to-day basis to the extent of such interference (and the other Party shall likewise be excused from performance of its obligations on a day-for-day basis to the extent such Party's obligations related to the performance so interfered with). The affected party shall use its best efforts to avoid or remove the cause of non-performance and both parties shall proceed to perform with dispatch once the causes are removed or cease.

XVII. OTHER PROVISIONS

GTE and MFS acknowledge that additional terms and conditions (including, but not limited to provisions relating to limitation of liability, indemnity, severability, notices, assignment, dispute resolution, cancellation, default, and non-disclosure) will need to be agreed prior to interconnection. The parties agree to negotiate these terms and conditions within five (5) calendar days after execution of this agreement.

* * * * * * * * * * * * * * * *

If this agreement is acceptable to MFS and GTE, both parties shall sign in the space provided below. This agreement shall not bind MFS and GTE until executed by both parties.

Sign 2-19-96 Date	Sign 2.19.96 Date
Timothy T. Devine	Donald W. McHose
Print Name	Print Name
Sr. Director, External Regulatory Affairs	Vice President Regulatory & Government Affairs - Eastern Region
Title	Title
Metropolitan Fiber Systems of Florida, Inc.	GTE Florida Incorporated

EXHIBIT NO. _____

DOCKET NO: 950985-TP

WITNESS: TIMOTHY T. DEVINE

PARTY: MFS-FL

DESCRIPTION:

2/27/96 DEPOSITION TRANSCRIPT

MFS-FL'S RESPONSES TO UNITED/CENTEL'S 1ST SET OF INTERROGATORIES NOS. 1-5

MFS-FL'S RESPONSES TO STAFF'S 2ND SET OF INTERROGATORIES NOS. 22-61

PROFFERING PARTY: STAFF

I.D. # TTD-10

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO 20
COMPANY/ WITNESS: Devine
DATE: 3/12/96

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Resolution of petition (s) to establish nondiscriminatory rates, terms, and conditions for interconnection involving local exchange companies and alternative local exchange companies pursuant to Section 364.162, Florida Statutes	DOCKET NO. 950985-TP

DEPOSITION OF:	TIMOTHY T. DEVINE
TAKEN AT THE INSTANCE OF:	THE STAFF OF THE FLORIDA PUBLIC SERVICE COMMISSION
PLACE:	GERALD L. GUNTER BUILDING ROOM 362 2540 SHUMARD OAK BOULEVARD TALLAHASSEE, FLORIDA
TIME:	COMMENCED AT 1:30 P.M. CONCLUDED AT 4:45 P.M.
DATE	FEBRUARY 27, 1996
REPORTED BY:	NANCY S. METZKE, RPR, CCR C & N REPORTERS POST OFFICE BOX 3093 TALLAHASSEE, FLORIDA 32315

APPEARANCES:

DONNA L. CANZANO, Senior Attorney, Florida Public Service Commission.

LEE L. WILLIS, ESQUIRE, Sprint United-Centel, McFarlane, Ausley, Ferguson and McMullen, 227 South Calhoun Street, Tallahassee, Florida 32301.

ANTHONY P. GILLMAN, ESQUIRE, GTE, 201 North Franklin, Tampa, Florida 33601.

MARK LOGAN, ESQUIRE, AT&T, Bryant, Miller & Olive, 201 South Monroe Street, Suite 500, Tallahassee, Florida 32301.

RICHARD RINDLER, ESQUIRE, MFS, Swidler & Berlin, Chartered, 3000 K Street, N.W., Suite 300, Washington, D.C. 20007.

ALSO PRESENT:

MIKE REITH, FPSC Staff.

LANS CHASE, FPSC Staff.

MARY ROSE SIRIANNI, FPSC Staff.

ROBIN NORTON, (by phone) FPSC Staff.

JILL BUTLER, (by phone) Time Warner.

* * * *

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WITNESS

TIMOTHY T. DEVINE

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STIPULATION

IT IS STIPULATED that this deposition was taken pursuant to notice in accordance with the applicable Florida Rules of Civil Procedure; that objections, except as to the form of the question, are reserved until hearing in this cause; and that reading and signing was not waived.

IT IS ALSO STIPULATED that any off-the-record conversations are with the consent of the deponent.

P R O C E E D I N G S

THE COURT REPORTER: Can we please have appearances on who is on the telephone, please?

MR. RINDLER: This is Richard Rindler. You have mine.

THE COURT REPORTER: Thank you.

MR. GILLMAN: Tony Gillman on behalf of GTE Florida, Incorporated.

THE COURT REPORTER: Thank you.

MS. NORTON: And I'm on the phone.

MS. CANZANO: And what about Mr. Logan?

MR. LOGAN: Yeah, Mark Logan, AT&T Communications of the Southern States, Inc.

MR. WILLIS: I'm Lee L. Willis, representing Sprint Centel and Sprint United.

MR. RINDLER: I'm sorry, I didn't hear that.

MR. WILLIS: I'm Lee Willis representing Sprint Centel and Sprint United.

MS. CANZANO: And I'm Donna L. Canzano on behalf of the Commission staff.

Okay. I guess we are ready to begin.

THE COURT REPORTER: Mr. Rindler, do you have a notary public there to swear the witness?

MR. RINDLER: Yes, I do.

THE COURT REPORTER: Once she swears the witness,

I'll need you to send me a certificate of oath stating her name.

MR. RINDLER: Okay.

THE COURT REPORTER: And what is her name?

MS. LAVERY: My name is Susan Lavery, L-a-v-e-r-y.

THE COURT REPORTER: L-a-v-r-y?

MS. LAVERY: E-r-y.

THE COURT REPORTER: Thanks.

MS. LAVERY: My address is 5 Concourse Parkway, two thousand, Georgia, 30328.

MS. CANZANO: I'm sorry, we are still being -- we are only get parts of your sentences.

MS. LAVERY: My business address is 5 Concourse Parkway, 52 thousand --

THE COURT REPORTER: 52 thousand?

MS. LAVERY: Yes. Atlanta, Georgia, 30 --

THE COURT REPORTER: Three zero what?

MS. LAVERY: 30328.

THE COURT REPORTER: Thank you.

MS. LAVERY: I'm a notary public for the State of Georgia, and I'm here with Mr. Devine.

THE COURT REPORTER: Okay. Will you please swear the witness?

MS. LAVERY: Do you swear to tell the truth, the

whole truth and nothing but the truth?

THE COURT REPORTER: I didn't hear a response.

MS. CANZANO: I'm sorry, could you say that again?

THE WITNESS: I do.

* * * *

Whereupon,

TIMOTHY T. DEVINE

was called as a witness by the Commission staff and, after being first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MS. CANZANO:

Q Well, good afternoon. Please state your name and address for the court reporter.

A Timothy T. Devine, MFS Communications Company, comma, Inc. My office location is at 6 Concourse Parkway, Suite 2100, Atlanta, Georgia, 30328.

Q What was the suite number?

A Suite 2100.

Q Okay. Did you file testimony in Docket Number 950985-TP?

A Yes.

Q And a number of exhibits too?

A Yes.

Q Okay. We are ready.

MS. CANZANO: Do you agree to the usual stipulations?

MR. RINDLER: Yes.

MS. CANZANO: Thank you.

BY MS. CANZANO:

Q Mr. Devine, other than the agreements referred to on Page 2 of your rebuttal testimony, are you aware of any other interconnection agreements that United-Centel or GTE Florida has signed with any other LECs in Florida -- any other ALECs?

A Let me get the testimony. In the 985 --

Q In the interconnection docket.

A Page 2?

Q Or just to make it simpler, to your knowledge what -- has either United-Centel or GTE filed any agreements or has signed any agreements with any other ALECs?

A Besides what GTE did with MFS?

Q Yes.

A Okay, GTE signed an agreement with Intermedia that I'm aware of, and Sprint I believe signed an agreement also with Intermedia. I believe so, I'm not positive of it. And Sprint may have signed an agreement with others, but I don't think so.

Q Have you read the agreement between United-Centel and Intermedia that you just referred to?

A I don't know if I have the exact final version, but I have a version dated February 1st, and in my discussions with Jack Burge at Sprint United-Centel, our account manager and Ben Poag from Sprint Centel-United,

they informed me that that would have been the latest terms.

Q And is that the one you have attached to your rebuttal testimony, identified as TTD-7, I believe?

A I'll have to double check and see if that is the February 1st date.

Q Is that what you're doing right now?

A Yes.

Q Okay.

A It's dated February 1st, so I don't know for a fact that this is -- of course this doesn't have any signatures so it's not the exact agreement; but based on my discussions with Centel, I'm assuming that this is, based on my discussion.

Q Well, assuming that -- when I talk about the agreement, I'm talking about what you filed with your testimony because obviously that is what you have to go by at this point in time. Could you please explain how the flat-rated port charge in that agreement differs from the port charge proposed by United-Centel in the course of your negotiations with them?

A Well, what I have here in my rebuttal testimony, attached to my rebuttal testimony, TTD-7?

Q Yes.

A That was sent to me from Sprint United-Centel as

a proposal in our negotiations.

Q Okay.

A We are having discussions with them about a document based on -- it's very similar to what GTE and MFS signed, and it's something that they proposed that, you know, we sign with them.

Q Could you repeat that last sentence, please?

A The document dated TTD-7 is the document that they've proposed that we agree to, but we are also talking about and really focusing on an agreement based on the things that MFS normally asks for that we sought from BellSouth and that GTE and MFS agreed to. So Sprint and MFS, in our discussions, I think we are working very cooperatively trying to get an agreement on most of the issues.

Q But specifically about the flat-rated port charge, that's what I'm focusing on right now, does MFS agree with what was in the United-Centel and Intermedia agreement regarding the flat-rated port charge?

A No.

Q Why not?

A All it did was take prices, the per-minute-of-use prices and made some estimates about utilization on trunks and put that into a flat-rated, you know, port basis; so you know, it's not something that we've ever sought

anywhere. We have never signed an agreement of that type. What we always want is long-term per-minute-of-use incremental cost based rates, and the port scheme is neither an incremental cost base rate nor a per-minute-of-use type rate.

Q If you agree that the port -- if the Commission finds that the port charge is the acceptable method to compensate United-Centel for interconnection, what rate level would MFS find appropriate for purposes of interconnection?

A Repeat the question.

Q If the Commission decides that the port charge is the appropriate acceptable arrangement for interconnection, what rate level would MFS find appropriate for purposes of interconnection?

A Well, at this point I haven't seen any costs of Sprint United-Centel, so it would be hard for me to know what were appropriate. Certainly, you know, we would be very concerned and opposed to a port-rated scheme, but in terms of a rate level, we would want it based on incremental cost, you know, down in the neighborhood of probably around a half a penny, but I don't know what their costs are. I haven't seen their costs. I don't know what their costs -- I haven't seen any evidence in this case yet on their cost.

Certainly the rates that are proposed in the stipulation signed with Intermedia on, you know, national costs that I've seen in other jurisdictions, that Sprint-Centel's price for interconnection has a significant amount of contribution in there, so it's nowhere close to any kind of cost based rate.

Q This might be somewhat redundant, but specifically why are you opposed to a flat-rated port?

A Well, a flat-rated port is just, you know, making estimates on potential utilizations and, you know, estimates on, you know, traffic, traffic flows and traffic utilizations and port utilizations and busy hours and all those different things and, you know, we would rather just go with a per-minute-of-use rate and have those -- you know, costs are incurred as the minutes go through the network, so on an incremental basis the cost or a portion based on the actual utilization, that seems like a real practical way to go.

Q Would MFS use full capacity of a flat-rated port?

A No, it's highly unlikely that we would do that, especially, you know, in a start-up environment. You are going to have to have a lot of ports in there for overflow and for busy hour and with a lot of growth. Since we are going from zero minutes by growth, it will be a lot of spikes, and it will be very hard. It's not like the LEC

network. When I worked at ConTel of Illinois, a telephone operating company, which is now a subsidiary of GTE, our forecast, you know, our growth of forecasting was like one to three percent a year; and usually it was around two percent and it was pretty straightforward. Every year we knew where the growth was going to be on average.

A new entrant like MFS coming into the market, you know, our growth might go from 50 percent, six thousand percent. I mean the magnitude of the percentage of growth could be phenomenal, and I'd be very concerned about, you know, estimating what costs and prices should be in light of a lot of significant growth.

Q Are you familiar with the BellSouth agreement that was approved by the Commission on December 19th?

A Yes.

Q Would you agree that the per-minute-of-use charge in the Centel-United, Intermedia agreement is essentially the same as the MOU charge arrangement in the BellSouth stipulation?

A BellSouth's stipulation per minute of use, per-minute-of-use charging for interconnection and the Sprint-Centel stipulation that offers the per-minute-of-use type structure, I would agree that their structures are similar. But certainly if we thought BellSouth's rates have significant contribution in them, there is nothing on

the record that showed BellSouth's rates were justified and were close to costs.

Certainly Sprint's are significantly higher, even more out of line, and they are not cost justified at all; and I would be concerned with them meeting any kind of -- you know, they would certainly -- BellSouth's rates and Sprint United-Centel's rates are inconsistent with the new federal Telecommunications Act of '96.

Q Why do you say that?

A Well, because in the federal act for interconnection it says that costs, that rates should be cost based and they should be, you know, reasonably priced. And in fact the federal act goes as far as saying that bill and keep could be an option that could be utilized.

Q Isn't it correct that when one reads the federal communications act that it also says that contribution may be included as part of the cost?

A It says a reasonable amount.

Q Is it your understanding that the FCC has not issued any orders implementing the Telecommunications Act yet?

A Yes, that is true, but there is a federal law on the books, and the state doesn't need to wait for the federal regulation.

Q Well, I'm going to move on now.

Does the per-minute-of-use charge in United-Centel's agreement with Intermedia differ from the per-minute-of-use charge proposed by United-Centel in your negotiations?

A I haven't seen -- assuming that what I have provided as TTD-7 in my rebuttal testimony?

Q Right.

A That it's identical to what Intermedia signed, knowing that I have not seen exactly what Intermedia signed, assuming they are identical, then the answer would be yes. Does that answer your question?

Q Yes.

A I haven't seen exactly what Intermedia and Sprint-Centel have filed, so without having it in front of me, it would be hard to --

Q MFS has interconnection agreements in other states; is that correct?

A Yes.

Q And what type of compensation arrangements are in place in those states?

A In California, it's a per-minute-of-use rate, which is an identical, equal and reciprocal rate. In fact Bell and MFS pay each other .0745 per minute. That's, you know, a little more than seven tenths of a penny.

In the Ameritech region, we have a per-minute-of-use rate with Ameritech in Illinois that is somewhere between like a half a penny and three quarters of a penny on a per-minute-of-use basis.

In Maryland, we have an agreement through a commission order of a rate between like three tenths of a penny and five tenths of a penny on a per-minute-of-use basis.

In New York we have an agreement with NYNEX on a per-minute-of-use basis based on a commission order that's a LATA-wide rate, which means it includes all calls within the LATA between end user subscribers, whether they are traditional toll or local, which is a significant difference from what is being proposed and has been agreed to in Florida. And that rate ranges from three quarters of a penny to a little less than a penny, and that is a per-minute-of-use basis.

We have a lot of other states where we don't have final agreements yet but commissions have ordered -- In Iowa, Michigan, Texas, whether it's a commission or a new law, and even in California the commission in an interim ordered bill and keep; and I believe it's pending a decision in, I think it's Tennessee too.

Q So are you actually up and running in those states in which you have bill and keep?

A No, we are in our negotiation and implementation stage, so we are getting some things in place to take advantage of the interim bill and keep and also negotiating. Because as I've said previously, you know, long-term we would prefer a per-minute-of-use rate, incremental cost. But if it means taking advantage of interim bill and keep to just get into business, you know, instead of waiting, you know, months for an agreement or, you know, a commission decision, you know, we just want to get into business as soon as possible.

Q Does MFS anticipate that its local calling areas will mirror those of the incumbent LECs?

A Initially we imagine that they will be, and that is what we have told all the incumbent LECs.

Q When you say initially, for what period of time are you speaking?

A I'm not in the, you know, business planning organization, so I can't give you a specific answer; but based on discussions I've had with our business people, I would think that would mean for the first, you know, year or two, or a couple of years. For all I know, it could be for five years. But the intent is initially, you know, to mirror just to simplify entry, but I really don't know, you know, the ultimate date.

We would seek, you know, we would seek approval

from the Commission if we wanted to do something different I guess when we'd file our tariffs, so I think with GTE we basically agreed that if we wanted to do something other than mirror them, you know, we would file our tariff and, you know, if anyone wanted to intervene and say we shouldn't be able to do it, I mean the Commission is going to have a chance to ultimately decide if we could do it or not; so I just don't know when, if and when we would ever change it.

Q In your rebuttal testimony, you state that GTE has signed a stipulation with Intermedia, and I believe that's attached as Exhibit TTD-8 of your testimony; and that recognizes that bill and keep is an effective method of compensation between LECs and ALECs. Could you please refer to Page 3, Paragraph 2 as well as Page 4, Paragraph 3 of that interconnection agreement? And just let me know when you're ready.

MR. RINDLER: Numbers again, Donna?

MS. CANZANO: It would be in that agreement, Page 3, Paragraph 2 as well as Page 4, Paragraph 3.

MR. RINDLER: Thank you.

A I'm there now. I'm just reviewing it.

BY MS. CANZANO:

Q Okay.

MR. RINDLER: Donna, I'm sorry, could you repeat

the question or have it read back?

MS. CANZANO: I haven't asked the question yet.

MR. RINDLER: I couldn't remember it.

MS. CANZANO: That's right. That's why you couldn't remember it.

BY MS. CANZANO:

Q Okay. Here we are. So based on those paragraphs, what is your understanding as to the type of compensation for purposes of interconnection for which GTE and Intermedia have agreed?

A The rate would be on a per-minute-of-use basis. It would be the switched access, IXC's switched access rate structure in the RIC charge and carrier common line charge, per-minute-of-use basis; and that there would be a 105-percent cap on minutes out of balance. So you would actually only pay for any out of balance that was five percent or less, total minutes exchanged within the state. You need to exchange calls on an inkind basis, they could do that at a future date.

Q It's correct that MFS is advocating a bill and keep arrangement as the appropriate rate structure for purposes of local interconnection; is that correct?

A Yes, on an interim basis affording the LEC to file cost studies, and in a contested proceeding, parties to get involved and, you know, come up with a permanent

final rate.

Q In your opinion, does bill and keep allow for cost recovery for terminating local calls?

A Yes.

Q How so?

A Just as we said in the BellSouth case, two ways. The first way is that each carrier is going to recover revenue from their local subscribers, calls which they originate and terminate. And secondly, the carrier gets a benefit from having the other carrier terminate a call for them and vice versa. So there is revenue generated covered from both the originating and terminating carrier reciprocally.

Q Do you believe that mutual traffic exchange or bill and keep can be a charge or a cost for interconnection?

A Yeah, it really is a cost or a charge because you're having the ability of having another carrier terminate calls for you, basically getting that same benefit; and each carrier is getting an economic benefit additionally from their subscribers, just as incumbent LECs do now today in the State of Florida. Bill and keep for local calls has been an accepted practice in Florida, like most other states in the U.S., between incumbent LECs. They have all felt that they have been adequately

compensated for that, and this issue of compensation and the type of compensation method of bill and keep has never been an issue, you know, of the new world order of competition. We really find it perplexing why all of a sudden bill and keep doesn't work for phone companies that have been doing it for a hundred years. -- compensation method in the past, why is not today?

Q I'm sorry, we missed the last two or three sentences.

A Historically it's been an accepted compensation method with incumbent LECs today and regulators, you know, why is it not now? Why is it not all of a sudden? Especially if the Commission were to adopt something other than bill and keep for ALECs that it currently has for incumbent LECs, seems to be a huge issue of discrimination between the treatment.

Q Mr. Devine, if Centel-United's proposal of a per-minute-of-use charge was adopted by the Commission, what interconnection rate would be acceptable to MFS?

A As I stated earlier, I haven't seen any cost studies from Sprint United-Centel on this. I would think in the range of around a half a penny a minute on an equal, reciprocal and identical basis; but until I actually saw a cost study, it would be hard for me to guess where the rates should be at. Certainly their current rate, which is

around seven point eight cents a minute, is significantly higher than cost, has a significant amount of contribution; and I don't think it's realistic as far as Sprint Centel-United thinking that that rate could be approved.

Q Mr. Devine, correct me if I'm wrong, but didn't you just say that you haven't seen their cost studies?

A No, but a rate of one point eight cents a minute is a rate that is significantly more than any other rate we have seen anywhere in the United States. In fact, the rates that BellSouth has proposed, which is around one point one cent; so about one point two cents a minute, if that were approved by the Commission, would be the highest rate ever approved by a commission, whether -- on any permanent per-minute-of-use rate. So if you compare Florida to any other state in the country, I can't see why a rate of one point eight cents a minute in Florida -- if that's the cost for Sprint Centel-United, it doesn't come close to the rate in the order of magnitude to any other state.

Q If the Commission were to decide that some contribution were to be included to cover, for example, say joint and common costs, what percent should that contribution be in your opinion?

A I really, I don't know. I mean I guess with what the --

Q I guess specifically, what would be a reasonable range?

A Well, if you -- I haven't studied it deeply, but I believe in the unbundled loop case, BellSouth, that the staff recommended that the costing for the loops, permanent costing for the loops should be based on the Florida Administrative Code for LRIC, which I believe is Section 25-4.046, Page 26, that if that were adopted for interconnection per-minute-of-use rates, that that would probably be reasonable. And it's our feeling that if you take LRIC, long-run incremental cost, that it does include the cost of capital and the cost of money, which obviously provide the profits. So our definition of LRIC, if it's consistent with the State of Florida's, would allow for cost of capital and cost of money which provides for a profit or contribution, however you would like to state it.

Q Could you -- This might be a good place to ask this next question. I would like you to explain your understanding of the difference between long-run incremental cost and total service long-run incremental cost, and please provide a brief description or definition of each of those terms before you begin your answer.

A Well, this is a topic that I've had several long-winded discussions with our consultant, who is an

economist, Paige Montgomery, and he has testified in several of these dockets on competition and interconnection rates across the country, whether it be in Connecticut, Massachusetts, California, Illinois; but what we have talked about is whether it's LRIC or TSLRIC. Everybody's definition is a little different, and every state is a little different, and you really have to get down to what are the actual components that are inputs to your TSLRIC or LRIC. So our definition of LRIC would cover cost of money, cost of capital and cover some of those, you know, joint and common type costs, so our costs of -- or our LRIC definition would cover joint and common costs and would allow for reasonable profit as would TSLRIC because TSLRIC, at least by MCI's definition from what I have seen, and of course Nina Cornell on their input on TSLRIC more than me, but TSLRIC probably would also recover some of those costs inherently in its definition.

But again, it's something -- I mean that is MFS's, you know, interpretation of LRIC and TSLRIC. It comes down to every instant. I mean you really have to get down and determine all of the input that would be in your definition of LRIC or TSLRIC. So in either case it's our interpretation and our definition that whether it's LRIC or TSLRIC they would be recovering some of those joint and common costs and that that would allow for a reasonable

profit.

Q I was wanting to clarify. Are you saying then in your definition that it is okay or permissible to include, I don't know, cost of capital, you know, reasonable amount of that in the cost?

A Well, we are saying that our definition would allow for a LEC to recover their cost of capital and cost of money.

Q Yes, that it would?

A Yes, that it would.

Q Okay. I'm going to move on to Ben Poag's direct testimony. Have you read that? Are you familiar with it at all?

A I have gone through it. I haven't studied it, but I have gone through it.

Q On Page 29 of his testimony, he describes how the exchange of 800 traffic should be handled. Are you familiar with that?

A We are pulling it up.

Q Okay.

A We are trying to find it, but I'm familiar with that subject if you want to just ask me.

Q Okay. Basically are there any details in how United-Centel would handle these calls that would keep your company from agreeing to this issue?

A The discussions that I've had with Sprint United-Centel, directly with Ben Poag and Jack Burge, you know, we have agreed that 800 calls, whether they were intraLATA or interLATA, they would be compensated just as regular switched access is. So if we had a meet-point billing agreement which MFS and Sprint United-Centel, at least in our discussions we seem to agree on that, you know, the normally Ordering and Billing Forum standard would be used, that an intraLATA 800 call or 800 calls in general be treated the same way as switched access meet-point billing, so they would be compensated switched access. MFS would get originating switched access compensation, and Sprint United-Centel would be compensated for their portion of the switched access, which would be the tandem switching and data base, you know, query charge they would charge the IXC for, and all those kind of things. So I think generally we are probably in agreement on that issue, as with most issues. It's just that we haven't been able to -- we haven't made an agreement yet, but I would think, you know, within the next week or two we should be able to address probably most of the same issues that we addressed with GTE. I would think that would be realistic.

Q Is that also true for busy line verification and emergency interrupt services?

A Yes.

Q In your direct testimony -- the next question refers to Page 33 -- you state that if a bill and keep arrangement is not adopted the incumbent LEC must pass an imputation test to avoid any price squeeze and not preclude competitive entry. Could you please explain that in greater deal? Like, specifically, what do you mean by price squeeze and precluded from competitive entry?

A Okay. New entrants are going to have to rely heavily upon the incumbent LEC to be able to transact business. For instance, some of the things that we will be heavily relying upon will be unbundled loops. So you have to take all the cost factors that we will have to serve a customer, and why don't we just use, you know, one customer as an example. So if you take the cost of an unbundled loop, you have to take the cost, secondly, of interim number portability.

Q Excuse me, we didn't -- the court reporter did not get that last statement.

A Okay, there will be costs, different costs associated with serving a customer for a new entrant. You know, one of the items will be a loop, an unbundled loop that we'll purchase from the incumbent.

The second item will be interim number portability. You know, a third item will be call

termination, which we are talking mostly about now. There will be other costs that the new entrant will have that will be their own costs, which would be switching and billing and collection and all those other kind of things. And there will be other incremental costs associated with, you know, 911 and directory assistance and the LDI and all those other great things we all have to agree to.

So what you do is if you take all of those costs -- We don't want to be in a situation, if you compare all of those costs to what, let's say, the LEC charges for their retail offering, we don't want to -- we want to be able to have revenue we charge for exceed our cost. So let's say if -- a real easy example would be if you took -- let's say a residential dial tone service in Orlando is, let's say, just say 12 dollars on the retail side from Sprint-United. I believe Sprint-United is offering around 20 dollars for a two-wire unbundled loop. So if you take that 20 dollars, you take the interim number portability cost, let's say it's just one customer with one line, so let's just say that is, you know, a dollar -- just say a dollar to simplify it. Call termination, just let's say one point eight cents a minute, and you have to calculate call termination, and you also have to calculate call origination too, so -- because when a call is made, it originates from a switch and then it terminates on a

switch, so you have call termination and call origination. And let's just say MFS says, okay, Sprint United-Centel, if your cost for termination is one point eight cents a minute, then my cost for origination is one point eight cents a minute. So you are talking three point six cents a minute just for the call to get switched, and then you'll have other costs.

In terms of the call termination, you'll have to calculate, you know, how many minutes the user -- how many calls they originate and terminate on average. But if you were to assume, let's say if they did, I don't know, a thousand minutes, which might be high for a residential user, it's probably more, let's say, like six hundred minutes, but just to keep the math simple, what you're talking about for an ALEC would be 20 dollars for the loop, a dollar for interim number portability, call termination, it comes up to -- why don't I get my calculator. Call origination and termination, you have origination of one point eight cents a minute; you have termination of one point eight cents a minute. Let's just say six hundred minutes; that is probably more realistic. Six hundred minutes times six hundred, that's like 21 dollars and 60 cents.

So you have 20 dollars for the loop, plus a dollar for interim number portability, plus twenty one

sixty. You have 42 dollars and sixty cents, assuming you have a customer that is being -- has a Sprint-United loop. Interim number portability at a dollar, origination of one point eight cents a minute, termination of one point eight cents a minute, based on -- if Centel's cost to terminate a call is one point eight, originate must be one point eight too. And there will be additional costs, but let's not even include them. But if you just add up those three components, you are talking about 42 dollars and 60 cents.

Well, if you compare that to Sprint United-Centel, let's assume that their residential dial tone rate is 12 dollars, you have a price squeeze of about 30 dollars. It means for every customer MFS would try to provide service to, a residential customer in that case, if we tried to charge the same price that Sprint were charging, assuming it was 12 dollars, that we would be losing, at minimum, 30 dollars on every customer.

Q Mr. Devine, if an imputation test were imposed on the LECs, where would you recommend that the LECs impute these rates?

A They would impute them into their end-user rates. So with Sprint United-Centel, if they have a, you know, a business or a residential, you know, service for dial tone, they would have to take the charges that they charge new entrants. So if they are going to charge MFS

one point eight cents a minute to terminate a call, they have to also charge themselves one point eight cents a minute to originate a call, plus add in their cost of billing and collection.

Q You are aware that United-Centel has elected price regulation?

A Yes.

Q And you know their rates for residential services are frozen; is that correct?

A Yes.

Q Would you still have them impute the rates that way then? How do you reconcile that?

A Well, if you -- you might not be able to totally solve the equation, but certainly this is a huge entry barrier for competition, so it would not be consistent with both the Florida statute and the federal statute. But that's why if you price an unbundled loop at LRIC and if you price the cost of terminating local calls that are exchanged at incremental cost, you are minimizing the price squeeze and therefore enabling competition.

That's what we are trying to get at. I mean there are certain restrictions, you know, where there might be a price cap for so many years and there is only so much you can do; but if you don't minimize the price squeeze, you just won't have competition for large segments of the

business. And this is something that the Commission would have to look at on an annual basis to review cost studies and retail prices and wholesale prices to avoid price squeezes. Because the more price squeezes you have, the less competition you are going to have.

Price squeeze on a business basis of course would be less, but a price squeeze on a residential basis is real straightforward, whether it's BellSouth, GTE or Sprint United-Centel. And clearly in the state statute, there is a lot of language about enabling residential competition.

Q Mr. Devine, once rates have been established by the Commission, approximately how long will it be before your company will begin to serve customers? We are changing gears here.

A Rates established by the Commission?

Q Right. I mean once the Commission, you know, comes up with, you know, interconnection rates, about how long will it be before you start to serve customers?

MR. RINDLER: Excuse me, Donna, do you mean the rate and all the other arrangements?

MS. CANZANO: And all the other arrangements, and then also if we get unbundling done, so once the Commission does all its establishment of --

A Well, GTE now, since we have the agreement which covers everything but the interconnection rate and the

unbundled loop rate, we are pretty much talking to them about having implementation meetings, assuming that the Commission is going to come out with final rates on the interconnection rate and loops before we'd have service turned up. So with GTE there may be an opportunity to have service turned up earlier than with Sprint-United and BellSouth, unless we were able to reach a similar agreement with Sprint United-Centel.

Q So let's go company by company. For GTE are you talking a matter of months? Are you talking half a year? Are you talking a year?

A I would say for really all of them, and of course these are ball parks because --

Q I understand that.

A -- it's difficult, especially because I don't work in that group, although I do have a lot of relationship with them, I would say for all of the companies, assuming all these issues are addressed from a policy standpoint, let's say within the next month or two on the outside; and possibly, if we are able to get, you know, further agreement earlier than that, that I would say before the end of the year it is very likely that we will be able to start to offer service, so hopefully earlier than before the end of the year. We might be able to initially get into business -- let's say, for instance, if

there is a certain issue that still hasn't been addressed like unbundled loops, you know, there is some operational issue --

Q Yes.

A -- you could initially start at least selling service to customers where we have our own fiber facilities. So it may be the case that, let's say, November 1st we are offering service only to customers on our fiber network because we have the connectivity and we don't have to rely upon, you know, GTE, BellSouth or Sprint for loop connectivity. And let's say December 15th loops are fully available and ordering and all that is provisioned adequately, you know, maybe it would be a month or so later that we would have, you know, full-blown operations. That's commonly how we have done it in other markets.

Q Who are your target customers?

A Our target customers are the business market segment.

Q And what about residential customers?

A We currently, we don't have a real focused program for residential customers. We have been in the special access, private line market place for the last eight years, and by nature of special access and private line, all of those customers are business customers. So we

are just starting to gear up and better understand the residential market place. And what we are trying to do a lot of is, you know, maybe teaming with a cable company that provides service to residential customers and then maybe like, you know, we'll resell service to them so they can address the residential market just because they have more expertise in that. But we are starting to do things internally to understand the residential market. Like, as part of a benefit package, we are providing residence service to all of our four thousand employees to kind of understand the residence market better. And as we better understand the market and as we start to expand our network more into suburban areas, I would think that our residential marketing will pick up.

Q Does MFS plan to mirror the local calling areas of each incumbent LEC? You did answer that as a yes; is that correct?

A Yes, initially, as I stated earlier, but I in terms of time frame, I don't know because I don't work in the business.

Q Okay. If MFS does not mirror the local calling area of the incumbent LEC, say two years out, how will local and toll calls be distinguished?

A They would be distinguished just like we do it now with a lot of LECs. We do percentages of usage. We do

PLUs, percentage local use, versus toll usage.

Q How do you determine the percentage?

A Well, how it works right now, and it works very well with NYNEX in New York is, and it's what we are implementing in Massachusetts with NYNEX, we send NYNEX on a quarterly basis our percentages of local, toll and interexchange usage; likewise, they send us percentages for local and toll usage. So on a quarterly basis we'll send them, let's say, 70 percent of our calls are local, 20 percent of them are toll, and ten percent are long distance. Give them percentages. They give us specifically percentages for their traffic. We take those percentages from NYNEX and apply them against the total minutes that they terminate to us, and then that calculates out the actual rate.

So what we are doing with NYNEX in Massachusetts and New York and what other LECs have agreed to do in other states in, you know, like Illinois and other states where this is going on, you just do PIUs or PLUs, just like the IXCs do for the LECs right now. It's nothing new. I mean it works.

Q I know it's nothing new. I just really was wondering how you determined the percentage. Are you going by actual percentage every quarter, or are you going to estimate a number like they do for PIU?

A Well, every quarter we'll look and see, because we are going to know for our calls because we'll have the NXX as originating, terminating call; so we'll take what it was for the quarter and then, you know, on a quarterly basis update it. That is what the IXCs do right now, so it's not exact. No, it's not a hundred percent exact, but it's something that has been standardized in the industry, and it's, you know, been approved by regulatory bodies. I mean it's a standard industry format to do that.

Q On Page 25 of your direct testimony in the United-Centel testimony, you state that while virtually all of the traffic originated by ALEC customers will terminate on United-Centel's network only a small percentage of calls placed by United-Centel's customers will terminate on the ALEC's network. Well, then starting on Page 30, you provide a real-life example involving exchange of traffic between NYNEX and MFS in New York where MFS is actually terminating more calls than the incumbent LEC; is that correct?

A Yes.

Q Okay. Do you think the New York example is unique?

A No, we are really talking about two things. The first thing that you are referencing is that let's assume there is a hundred customers in the State of Florida, and

let's -- well, let's assume that Sprint United-Centel has a hundred customers in Orlando. If MFS goes in the market, we are probably initially only going to get, let's say, one percent of the customers, let's say, in the first year if we do really well. So out of those hundred customers we are going to have one.

So most of the calls that our customer, our one customer originates is going to be the other 99 customers, which are all Sprint customers. And for those 99 Sprint customers, since there is only one customer that is not a Sprint customer, the MFS customer, most of their calls, you know, most of their calls are going to be -- or all of their calls will be from Sprint, but there is -- Most of the calls that will be transacted will not be to MFS since most of the customers are Sprint customers.

So since new entrants in the first few years are going to only penetrate a very small percentage of the market, most of the calls will still be to Sprint customers. So MFS customers that originate calls are not going to be calling MFS customers too often because there won't be very many MFS customers.

Q So now explain that statement with the New York, the NYNEX example that you have presented in your testimony?

A Okay. Now, because they are really apples and

oranges. Do you kind of get where I'm going at with most of the customers in the market will be the incumbent's customers?

Q Yes, we understand that.

A Okay, so that is why very few of the calls will actually be related to MFS customers.

Okay, the NYNEX example is for calls that go between MFS and NYNEX customers.

Q Right.

A The calls that go between MFS and NYNEX customers, NYNEX sends us more calls than we send them, that's simply the case. So if there is a hundred calls that originate and terminate between my customers, my customers actually receive 60 percent of the calls and only send out 40 percent of them, so that relationship is only my customers with NYNEX's base.

In the first example we are talking about the universe, we are talking about the whole market, a hundred percent of the market. In the second case with NYNEX, we are just talking about calls between my MFS customers and NYNEX customers.

Q And is your NYNEX example applicable in the United-Centel market?

A Well, since we are not providing service there at this time, you know, we don't know. I mean we really -- I

would be guessing. And also, as I told you, our customer base is evolving. Historically we have been providing just business service because special access and private line in nature was a business service, and as we grow we are going to expand markets, so it's kind of a dynamic thing.

But based upon our experience in New York, you would not find that the traffic balance or imbalance would be any different, at least for the foreseeable future. It could change. It's a very dynamic environment, and our growth will be, you know, very significant because we are so small at this point. You know, for the foreseeable future, I can't see why, you know, 40, 60 --

Q We missed that last statement. I'm sorry, the court reporter missed that.

A For the foreseeable future I can't see Florida or any other state being different or much different from what we are experiencing in New York. But as I said, it's a very dynamic market and it's really too early to tell.

That New York experience was for eight months of traffic. We have been in business doing this in New York for about two and a half years, so based on two and a half years of experience that is what we have found. Five or six years of experience, it could be different; but in two and a half years that is what we have learned.

Q Okay. This next series of questions has to do

with your testimony with United and Centel. On Pages 39 through 42 of your direct testimony you discuss arrangements necessary for information services, billing and collection. Could you explain and give some examples of what you state should be mandated?

A What we are asking is that for our customers that want to dial 976 or, you know, weather, those kind of numbers, you know, like information numbers where you dial a number and the customer gets billed for that call -- are you familiar with those kind of services? Like N11 services?

Q Yes.

A Excuse me?

Q Yes, we are.

A Okay. For those kind of services, we just want to be able to have a reciprocal arrangement with the incumbent. So instead of blocking those calls so we just -- some LECs have suggested, well, let's just block those calls and then we don't have to worry about. Certainly it's not in the public interest. If one of our subscribers wants to call another subscriber on the public network, they have a right to do that. No LEC should be able to block any type of call; therefore, we need a billing and collection arrangement between the incumbent LEC that is reciprocal so if our customers want to

originate a call to Sprint United-Centel's customer, just as we are doing for regular local interconnection, it should also apply for information services like 976 or 974 or whatever those services are.

So what will happen is if one of my customers originates a call, they dial, let's say 976-5555, that call is going to go to Sprint. Sprint is going to send the call on to the information provider who is offering the audio text service.

What we want Sprint to do is to provide us the billing detail record so I can bill my subscriber, and what I'll do is bill the subscriber. I'll collect the money. I'll remit a payment to Sprint, and Sprint will pay me some kind of compensation rate for originating that call and also some kind of charge for billing and collection since they won't be doing the billing and collection, we'll be doing it. Then Sprint takes that amount and they settle it out with their information provider customer.

Likewise, if MFS had a 976 number assigned to it and it provided the same kind of service to an information provider, Sprint United-Centel's customer originated a call and if Sprint-Centel sent the call over to MFS and MFS sent it to the information provider that is doing the audio text service, likewise, you would provide the billing detail information to Sprint-United. Sprint takes that and bills

their end-user subscriber, collects a payment from their end-user subscriber. Out of that amount the cost of originating the call from their subscriber, billing and collection, which they are doing, they remit that to us, and then we settle out with the information provider. So all it is is reciprocal billing and collection arrangement to enable our customers each to make those kind of phone calls and to have us adequately, you know, bill and collect the money.

Q Mr. Devine, on Page 7 and 8 of Mr. Poag's rebuttal testimony he discusses the procedures for billing information service providers. Are you familiar with that testimony?

A Yes. Let me get the -- what is the page on there?

Q Page 7, Lines 10 through 23.

A I know I've had discussions with Poag and Mr. Burge about this, and --

Q Basically I would just like you to comment on Mr. Poag's proposals and your discussions with him, if you briefly could do that.

A What page did you say again?

Q Page 7 of Mr. Poag's rebuttal testimony, Lines 10 through 23.

A Well, it's not clear from his testimony if he

actually proposes to typically have Sprint and MFS to route the calls to each other. Certainly, cooperatively, MFS and Sprint to include in our discussions information provider, what the resolution of this is, but it's not clear in here how the calls would be routed. I was -- in our discussions with Sprint, I was still waiting on detailed language from them, how they do it now with other incumbents, and I had not seen that language yet.

Q Okay. What does the term "multiple bill/multiple tariff" mean to you?

A For meet-point billing, switched access meet-point billing you mean?

Q Yes.

MR. RINDLER: Donna, is that a question directed to that same testimony?

MS. CANZANO: Yes.

A Do you mean --

BY MS. CANZANO:

Q Mr. Poag discusses that on Pages 8 through 10 of his rebuttal testimony.

A Yes, as a separate issue from what we were talking about with information services you mean?

Q Yes.

A Okay. Multiple bill/multiple tariff for switched access means that Sprint and MFS would agree to meet-point

billing percentages in terms of the calls that we are going to jointly provide. In terms of jointly provided switched access, we will determine the rating point of those calls. We will each have in our federal and state tariffs those rates that would be billed to interexchange carriers. MFS will bill the interexchange carrier for MFS's portion of the billed element. Likewise, Sprint United-Centel will bill the interexchange carriers their tariff elements, and in that case you have multiple tariffs for each company in the state and federal environment, and you have multiple bills that are submitted from Sprint and MFS directly to the appropriate interexchange carrier.

Q What is meant by the term "single bill/multiple tariff?"

A For a single bill/multiple tariff, the same tariffing option would be included as I just discussed for multiple bill/multiple tariff. The only difference is, is that a single bill would be rendered to the interexchange carrier.

Q Do you agree with Mr. Poag in his rebuttal testimony that Sprint's access billing system cannot support single bill/multiple tariff and that multiple bill/multiple tariff should be used?

A I don't know Sprint's billing system to be able to answer that question, but I know in our discussions with

Sprint we were disagreeing under this issue whether or not the end-office provider does the single bill in that environment or the tandem provider does, and Sprint has contended that the end-office provider does. And I checked with our billing director on this subject who is in charge of our national standards for billing, and he previously used to run a large number of the national Ordering and Billing Forums, and he stated to me emphatically that the single -- in a single-bill environment that the tandem provider provides the bill. So I don't know if it's still Sprint's position or we agree to disagree, but I think --

Q Do you think that you and United-Centel could reach an agreement on this issue in the next couple of weeks or not?

A Yes, I think we can reach an agreement on this issue. I don't think it's -- I think the discussions are going in the direction that we would probably do a multiple tariff/multiple bill.

Q Further in Mr. Poag's rebuttal testimony on Page 8 he states that the change of billing information should be on a calendar month billing period for meet-point billing. Do you agree or disagree with that statement?

A On a calendar month basis? Yes, on a calendar month basis, and what we prefer is that, you know, it be billed for, let's say, the first of the month through the

30th or 31st or whatever is appropriate for that month. And I think this is another issue that we should be able to work out between the companies.

Q Okay. I hope you do.

A Based on our discussions, if we can get something on paper, and I think we have been working cooperatively, and I think we both agree that it would be beneficial to get agreement on the things that we generally agree on.

Q Also in your direct testimony on Pages 45 through 46 you discuss the transfer of service announcements. Has Sprint stated it would not -- or that it would provide this service?

A Not to the level of detail that we wanted it to be provided.

Q Did they --

A What the Staff recommended in the BellSouth case, we thought that was more detailed. We think it's in the public interest that all local exchange carriers, whether it's a new entrant or an incumbent, provide as much information as possible to consumers to minimize, you know, this whole new world order of competition.

Q Do you believe that it should be provided for free or for a charge?

A For transfer of service arrangements?

Q Of the announcements, yes?

A It should be based on what -- the way it's currently provided by the incumbent. I believe it -- if it's free now, it should be free. If it's, you know, three dollars to go for so many months, then it should be three dollars.

Q Do you think this is another one of those issues that could be negotiated?

A (Inaudible).

THE COURT REPORTER: Pardon?

Q Could you repeat your response please for the court reporter?

A Yes.

Q Also in your testimony you discuss operator reference data base. Could you explain what this is, please? You start that on Page 47 in your direct testimony.

A Data base that contains the municipal police, fire, like emergency medical technician type phone numbers, and how it works in most states is, is that it would be like a tertiary back up for an emergency situation. So if you have nine one -- E911 service, let's say the call initially gets routed to the 911 or E911, you know, you have your first route, your secondary route, and sometimes the tertiary route may be to an operator station, and in most states you are still supposed to try to route the call

to the PSAP provider but it's kind of as a back up. If for any reason an operator would get a call and it's an emergency situation and if for some reason, you know, you can't get to 911, the operator would have the contact information for the emergency agencies to get help as soon as possible.

Q Also in your direct testimony you discuss standards that should be adopted for coordinated repair calls, information pages and the ORDB. Has Sprint indicated that it agrees or disagrees with your proposed standards, or in other words, is this another one of those issues that could be agreed upon?

A I think generally we agree for the coordinated repair calls. That is one thing where we would like to provide as much detail as possible to consumers so they are not confused, so I think we want a little bit more detail than Sprint has expressed to me that they want; but we are still talking about that subject. I would think we are going to be able to reach agreement. Now the Commission may want to even intervene and think that, you know, between the two of us we are not doing a good enough job.

For the coordinated repair calls, I think we will be able to reach agreement, but in that instance we are talking about if somebody is a customer of MFS and Sprint and if for some reason they get to Sprint's repair bureau

but it's an MFS problem, it's helpful if each company can be -- to provide, you know, the repair bureau's phone number of the other provider. You know, that is all we are looking for, is just to help the consumers in that instance.

The OR database, that's the same thing we talked about earlier, the ORDB, data base with the emergency contact --

Q Yes.

A -- people.

Q Okay.

A And the information pages, or the white pages, we are really just asking there to again, you know, assist consumers since the white pages is basically the Bible of, you know, a consumer's mind for the telephone, the public telephone network, that we just be provided adequate amount of space just to provide, you know, for MFS, this is your calling area, this is our customer service repair, you know, installation number, just to help simplify things for customers since they rely on the phone book as the public network.

Q In Mr. Poag's rebuttal testimony, he discusses mechanized operational interfaces and the need for national standards. Specifically he refers to the industry Ordering and Billing Forum. He states that the parties should wait

until the appropriate industry standards are set so that the cost can be minimized. Do you agree with that?

A Well, we are actively involved, I guess -- I don't agree fully, so I guess, no, I don't agree. I mean we are involved in the Ordering and Billing Forum, and out of like the eight or ten issues that are on the table at the Ordering and Billing Forum for a local type issue, our billing expert, which I referenced earlier who used to be on the OBF when he worked at NYNEX, he has raised eight out of the ten issues that are MFS issues that we have noticed in our detailed experience of being in operation across the country.

And certainly there should be national standards, and we should all strive for national standards. But in Florida, if the parties, whether it's, you know, a new entrant like MFS or MCI or if it's Sprint and BellSouth and GTE, if there is a way that we can do something now that would be beneficial, that would not be outrageously costly, then we should do it. If there is a way to do something that is, you know, technically and economically efficient and effective, we should do it. It shouldn't be a road block that just says, gee, we have to wait for a federal standard. Because if we wait for some federal standard or national standard, we could be waiting for five years.

Q In Mr. Poag's direct testimony he discusses

numbering policy. Do you agree or disagree with his statements on Pages 25 through 26? Are you familiar with those?

A Is that in the --

Q In his direct testimony.

MR. RINDLER: That's what that is? I don't think I have that.

MS. CANZANO: I'm sorry, Rich, I cannot hear you.

MR. RINDLER: I don't think we have that in front of us. Could you just give us --

MS. CANZANO: On Pages 25 through 26 of his direct testimony he talks about numbering policy, about the NXX.

A Yeah, well, our issue is really nondiscriminatory treatment, and numbers should be assigned the same way they are now between incumbent LECs. I know the FTC is taking up the issue more strongly on that and really, you know, I don't think we should change the world on that one until the FTC finalizes it. In the interim, we should be treated the same way any other incumbent LEC is treated when it comes to NXX assignment.

BY MS. CANZANO:

Q Do you believe that Sprint should tariff the interconnection rates, terms and conditions if they are established by the Commission in this proceeding?

A Yes.

Q Please refer to Exhibit 4 attached to your direct testimony, and that's the first -- the first page of which is a letter from Jack Burge of Sprint.

A Yes.

Q Do you have a copy of that?

A Yes.

Q Besides the rate for interconnection -- Is this a proposed stipulation agreement from Sprint?

A What are you referencing actually?

Q Your whole exhibit.

A Okay, Exhibit 4?

Q Yes.

A Oh, what the attachment is?

Q Yes.

A Yes, I think if you look on "Stipulation and Agreement," the second page in Exhibit 4, it's Page Number 1, it says "Stipulation and Agreement."

Q Yes.

A It's a FAX that I received from Sprint on January 18th.

Q So that's proposed by Sprint? I just want to get it clear what we are looking at.

A At that time, January 18th, that's what Sprint sent to me, yes.

Q Okay. We would like you to, you know, go through the agreement and tell us what you like and don't like but not counting the actual rate for interconnection, just, you know, like the platform issues. Basically we are trying to figure out, staff is trying to figure out what issues you and -- your company and United-Centel can agree on, and if you can't on those platform issues, how far off are you?

A Well, disagreement is basically, except for the rates and a couple of other things, almost identical to the BellSouth agreement. So if you want to reference in my earlier deposition --

Q I would rather not because this is a separate proceeding. If you could just briefly --

A I could tell you the things based on our discussion that --

Q Maybe, why don't you just go through the points of contention.

A Okay. Why I don't -- I can just tell you. I actually have a -- you know, I wrote some notes, you know, from my mental memory things I know we disagree with Sprint United-Centel.

Q Okay.

A In terms of interconnection, certainly rate level and rate structure. We think the rate level is excessive, and the rate structure is based on long distance switched

access which has nothing to do with what we are doing here. And the rates should be equal, identical and reciprocal and based on incremental costs.

We also disagree on whether or not ALECs can cross connect each other at serving wire centers. So if we are collocated at the Winter Park serving wire center in Orlando and so is MCI Metro, we would like to be able to cross connect to them.

We also disagree about the switched access meet-point billing, collection of the residual interconnection charge, the RIC charge. We feel that we should receive the RIC revenue and for the end office in switched, when we are providing -- jointly provided switched access, just as incumbents do it today with each other.

Also, with ported calls, the same thing would apply if we are providing the end-office function and it's currently billed through the end office for the RIC, just as incumbent LECs do, we think it should apply for us.

In instances where we use collocation -- so if we have a collocation arrangement at the Winter Park tandem and if we are going to use that, something that we pay money, we pay on a monthly basis, you know, the cost to have virtual collocation, if we are using that to exchange traffic, so in terms of traffic exchanged between us and

Sprint, that we should not be charged the collocation rate because currently LECs don't charge each other cross connect rates to connect to each other's. Network -- and we are actually, by using collocation, we are paying to have collocation, and to pay additional fees to cross connect to their network when normally LECs don't charge each other, we don't feel that is appropriate.

We also disagree about -- we disagree on the switched access structure. In terms of a transit fee in cases where, let's say, MFS has interconnection with Sprint and MCI has interconnection with Sprint and let's just say we are not collocated at the same wire center, if I want to be able to send a call through Sprint, to have them send the call over to MCI or MCI reciprocally send it to us, we are willing to pay a transit or intermediary switching charge of, you know, let's say, you know, whatever their tandem switching rate is, or some kind of rate, maybe let's say up to two tenths of a penny, which would adequately recover that tandem switching capability. We don't feel that they should charge us their switched access tandem switching charge plus the transit fee on top of that, because that would be double charging and double recovery, so we disagree on that issue.

There are some other more operational issues too we have kind of disagreed about. Let's say if initially

MFS and Sprint agree that we are going to use a certain technical interconnection arrangement, then nine months later, after traffic has increased significantly that, you know, if we feel mutually that it's technically and economically efficient and effective to transition to a different method of interconnection, that we should be able to do that and not pay any penalties for the initial arrangement that we are using; and of course that would be something we would have to mutually agree to. But it seems reasonable that if it's beneficial for both companies to go to a different method then we should do it.

Q Are you familiar with this Commission's expanded interconnection and local transport restructure order?

A I haven't actually seen it, but I'm familiar that they have done that.

Q Isn't it correct that the RIC is a make-whole rate for the incumbent LEC?

A Well, all the states did was mirror what the FCC did, so that's ~~not really true~~ true; so I would ~~dis~~agree with that statement.

Q What is the purpose of the RIC?

A The RIC?

Q For the incumbent LECs.

A The RIC was originally intended to help -- in environments where you had switched access before, LTR and

switched access unbundling, AT&T, MCI, whomever, paid on a per-minute, per-mile basis to get a call terminated from their long distance network, you know, down through the LEC network to an end office and then paid on a per-minute, per-mile basis. Well, with local transport restructure the IXC is given an option that if they wanted to get dedicated DS-1 facilities or DS-3 facilities to an end office they could do that, and the concept of the RIC was to help the LEC to recover some of that revenue that -- They would say that they are losing, but of course they are getting DS-1 revenue; and if, let's say, the revenue level is a hundred million dollars and let's say AT&T, which was probably one of the few companies that could actually benefit from direct trunks and maybe MCI from a certain extent, but they may see like a revenue reduction. And that RIC was used as an interim basis to cover some of that per-minute, per-mile switching and transport.

Q So it's kind of like a revenue plug; is that correct?

A Yes, but it was really for the -- you know, it wasn't intended just for the tandem provider. It's to recover the transport, also the switching. It's not just for the switching. It was intended to be an interim method of compensation, and that RIC element was eventually going to disappear. And actually the FCC had a Phase 1 and a

Phase 2 of switched access restructuring. They've only really completed Phase 1, and part of Phase 2 was to actually end up actually eliminating and restructuring switched access and lowering the rate levels for switched access. We all know that --

Q Until that time why should an ALEC be entitled to collect the RIC?

A Well, it's a pure discrimination issue. Currently Sprint, when Sprint United-Centel is an end office, office let's say of BellSouth tandem, Sprint recovers -- bills and collects the residual interconnection charge to the interexchange carrier; and I can't see, especially in Sprint's situation, as being rather hypocritical when they have mostly end offices subtending, you know, LEC -- usually our box -- access tandems across the United States. And in a new instance where there is somebody who might be subtending their tandem where they want it reversed from what they do now, seems rather hypocritical. They currently bill and collect for the RIC when they are the end-office provider. Now they want to switch it. When they are the tandem provider, they want to bill and collect the RIC, and it seems like a hypocritical discrimination issue.

Q Okay. We are going to move on to your testimony regarding GTE. For the issues that you stipulated with

GTE, for the issues in our docket, would those be Issues 2, 4 through 10, 12 and 14?

A That's consistent with what we filed in our position statement.

Q So you have no remaining issues within those issues? They are completely stipulated; is that correct?

A But we are asking that the docket be kept open because some of the things that we agreed to still need to get more to a detailed level, and I think that's why we left --

Q What issues would those be for the 2, 4 through 10, 12 and 14 where you might -- where you still have to further negotiate the details?

A Okay, I'll get the agreement out and I can go through it for you. If you want to go to the MFS/GTE agreement, I can walk through.

Q And what I'm looking for is, you know, obviously which issues you absolutely do not agree on at all and then which issues you have full agreement on and those that you partially agree where we'll just revisit them if necessary at a subsequent time, so pretty much should not be too cumbersome an answer.

A Yeah, on Number 1 --

Q Don't agree; is that right?

A Two, I think those things should be tariffed

too. On Number 3 is one we still don't have agreement on. And then Number 4, just taking Number 4 and just going back to the agreement of that section -- Number 4, I'll check. Okay, Number 4 we have full agreement on. Five, Number 5 we still need to determine, and we have agreed within 60 days upon execution upon our agreement that we would finalize any compensation that needs to be addressed. So I would think we are going to be able to address that because GTE and MFS aren't on their own probably going to be able to do that. We will probably have to do it with the county and maybe the state being involved too. So I don't think Number 5 is going to be a problem, but there is still -- the final details of if there will be any compensation and if there is, what is the level of it, still has to be finalized. But it's 911, so I don't think it's something where it's going to be a problem. I don't think either company is going to try to make an issue of that one. But that is one of the reasons why the Commission itself may want to -- although we are saying we really extremely feel we have addressed these, there is always a chance that something could pop out.

Q Right, so I'm putting that in the we-might-need-to-revisit category?

A Yeah. And I don't think there is going to be an issue but -- especially because it's 911.

Q Okay. What about Issue Number 6?

A Six, no, we have full agreement on that.

Q Seven?

A We have agreed in principle in this agreement as to how things will work. For Items 7, 8 -- for Items 7 and 8, it's GTE's position that their publishing company would need to ultimately execute an agreement with us, but GTE of Florida has agreed that that is what should happen in terms of these terms and conditions for delivering directories and those items.

Q Do you know if that publishing company is an affiliate of GTE?

A Yes, they are.

Q Okay.

A Again, I don't think -- it's just a procedural thing that has to be done, but in terms of the rates and the principle of how these things will work, we agreed with rates and terms and conditions.

Q I will also put that in the part category.

A And then -- okay, in terms of Number 9, that covers a few things. In terms of audio text calls or information services, we have agreed in terms of to reciprocally compensate each other and to do billing and collection. You know, we have to work out some more details how to operationally bill and collect and

compensate and the rates and everything, so we have agreed that we would do it. Certainly if for some reason we can't reach a detailed final agreement, you know, each of our companies would probably want to seek some kind of relief back from the Commission. But in principle we agree upon those issues; it's just getting the details worked out.

Q Okay. What about Number 10?

A Actually also with Number 9 there is a second issue because we are talking about credit card, collect, third-party calls.

Q Right.

A In terms of that, we talk about in the agreement that GTE will explore the possibility of subaccount detail for collect, calling card, third-party calls; and I guess that's another one where I guess in principle we generally agree but there is still some detailed items to be worked out. So hopefully we can get the nuts and bolts worked out, but of course there is always a chance that we could not. I guess it's a case where we didn't think -- For some of these even more detailed items, we are really happy with the agreement we have with GTE. Generally -- I think it's considerably more detailed than what BellSouth or GTE has signed with any other party, so it is more of a business agreement, but there still are some details that we have to work out, and I think that's --

Q Is that also true for Issues 12 and 14, or do you have complete agreement on those issues?

A Yeah, Item 11, you know, we've generally agreed where we are going to connect to their network and they are going to connect to ours.

Q I thought that was not part of this stipulation, Item 11, correct me if I'm wrong.

A No, I think in our prehearing statement we said in here, you know, it referenced our agreement. It's another one, Number 11, where we have agreed fundamentally that we are going to connect to each other's networks and the different options that we could use to do that, which we think is a good step forward. In terms of actually determining the trunk type, like the local toll trunk type or an IXC trunk type or meet-point billing trunk type, we still have to work those out, and we think we should be able to work those out because we have done it with, you know, half a dozen other LECs, so it shouldn't be a barrier. But again, for some reason, you know, we could have a problem, just like -- I guess what I've seen, once the -- Let's say the co-carrier policies principally are ordered in a state, one of the big things that is going to happen is that there will be a lot of compliance issues where, you know, MFS may interpret from the policy order something and BellSouth may interpret something or GTE

might, or we might interpret something from an agreement we made, so I think it's -- To say nobody is ever going to want to come back to the Commission to seek a dispute resolution, I mean we are always, all of us are all going to end up having disputes over things; I think it's just the nature of the beast since it's all so new.

Q Yes.

A And that's what I've seen in other states. I mean I did New York, Connecticut and Massachusetts, and we had agreements with everybody, and there is also going to be disputes.

Q Well, this concludes staff's questions.

MS. CANZANO: I just wondered how many, around how many questions other people have in terms of time if maybe this would be a good place to take a break, or if it's something that we can go through quickly.

MR. WILLIS: I have a fair number of questions.

MS. CANZANO: Maybe this would be a good time to take a quick break. Is that okay with you, Mr. Devine?

THE WITNESS: Yes, that would be great.

MR. RINDLER: How quick is quick, Donna?

MS. CANZANO: How about five minutes or a Commission five?

MR. RINDLER: How about ten?

MS. CANZANO: Ten minutes is fine with us.

MR. RINDLER: Okay. Thank you.

(BRIEF RECESS TAKEN)

MR. WILLIS: Okay. You ready to proceed on?

EXAMINATION

BY MR. WILLIS:

Q Tim, this is Lee Willis. I represent Sprint-United and Sprint-Centel. In some instances when I ask you questions, I will refer to Sprint, but what I am intending to mean by that is by Sprint-United and Sprint-Centel, and we'll just use Sprint as a shorthand.

Is one of your responsibilities with MFS to coordinate discussions with local exchange companies within the southern region?

A Yes.

Q When did you assume your responsibilities?

A In August.

Q What comprises the southern region?

A It's the traditional BellSouth states and the Southwestern Bell states.

Q Okay. So it's the whole southern region of the United States then?

A Well, it's states where Southwestern Bell's regular territory is and also where BellSouth's territory is.

Q Okay. What states was MFS negotiating with local exchange companies from June 1995 to date?

A What companies?

Q Yes.

A It would be every state where we are in business, California, Oregon, Washington, Colorado, Minnesota, Illinois, Michigan, Texas. It would be any state where regulations permitted us to compete local exchange service where we had an investment, so --

Q Would that comprise all of the states with which you are responsible?

A No, it would be states, we have -- Where my region is, it would be Texas, Florida, Georgia, and now in light of the new federal legislation, new federal law, it would be Missouri too.

Q So during this time period you had active ongoing negotiations with local exchange companies in Texas, in Georgia, in addition to Florida; is that correct?

A During what time period again?

Q From July of 1995 to date.

A Well, as I said earlier, I assumed this role in August. Before I had the responsibility, there was somebody else who had the responsibility that was doing negotiations, and I know they initiated those in July. And in Texas, the new Texas law did not go into effect until

September 1st, so I was the one that initiated those negotiations in Texas.

Q Okay. Well, it's fair to say that there was a significant amount of activity going on in a number of different jurisdictions for which you were responsible during that time period, isn't it?

A Yes, there is a lot of activity going on in the communications business, especially with regard to the regulation and competition.

Q All right. Now Mr. Gary Ball of MFS sent a letter to John Clayton of Sprint on July the 19th, isn't that right?

A Yes.

Q And isn't it true that Mr. Clayton responded to that letter?

A Well, I went through all of our files that we had for Florida, and I also spoke directly with Gary Ball twice -- he does what I do up in the northeast -- and all Gary told me Sprint provided MFS and the only things that was in the file that Sprint had provided MFS were two documents. One was Sprint's annual report for Sprint Corporation, and the second was a -- I think I may have it here in the room with me. It was like a two-page highlight of Sprint's corporate position on competition and that was it.

Q Okay. Isn't it true that MFS was asked for clarifications of provisions in the MFS July 19th letter?

MR. RINDLER: I'm sorry, I didn't hear that.

Q Isn't it true that Sprint asked for clarification of the provisions in MFS's July 19th letter?

A Asked for in what manner?

Q Well, weren't there discussions where Sprint requested a clarification of the provisions that you put in your July 19th letter? Weren't those provisions discussed between the parties?

MR. RINDLER: At what point in time are you talking about, Mr. Willis?

A What point in time, and who are you talking about?

Q After July 19th and before November the 10th. There were some discussions between the companies, were there not?

A Yes.

Q Okay. Now isn't it true that there was an awful lot of activity in the telecommunications area in Florida this fall on a number of different issues?

A Yes.

Q Isn't it true that the parties, including MFS and Sprint, initially concentrated on interim number portability?

A Could you restate that question?

Q Isn't it true that the parties, including MFS and Sprint, concentrated initially on issues related to interim number portability?

A Do you mean in our discussions or what I do and Sprint does on a daily basis in Florida or what? I guess, maybe you could get more specific. I --

Q Well, you entered into specific negotiations with Sprint and other parties in Florida on issues relating to interim number portability which resulted in a stipulation being reached in August, on August the 31st, isn't that right?

A Yes, that all started and began within about a month of my initial responsibility for this area.

Q All right. And the Commission approved that stipulation in an order issued October 3rd, isn't that right?

A Subject to check, yes.

Q Okay. Now the Commission held universal service hearings on October 16th through 18th, isn't that right?

A I don't know the exact dates. I don't recollect, but there were universal service hearings, meetings, yes.

Q And you were involved in those hearings, were you not?

A Yes.

Q Okay. And isn't it true that you were quite occupied with that docket and issues surrounding that docket before and during that hearing?

MR. RINDLER: Well, what do you mean by "quite occupied?"

Q You spent a lot of time on those issues?

A I keep very busy doing a lot of different things, and universal service in Florida is a very important issue to MFS. Yeah, we were involved in it and I spent time on it. I don't keep a log of how many hours I spend on a project, so I really can't tell you what I spent on the most.

Q Okay.

MS. CANZANO: May I interrupt for one second? There is some type of interference or something on the line, so if people aren't participating, could they push their mute button? And for other people, just try not to make other noises because it's hard I think for the court reporter to hear the responses.

Q Well, Mr. Devine, isn't it true that some four months passed before MFS sent to Sprint a document which was received -- or sent, must have been on November the 9th, but received by Sprint on November the 10th?

A As I told you, I assumed this role in August of '95. And initially in August I was doing it part time

coming down from the New York area. I had discussions with Gary Ball who used to have this responsibility, and Gary informed me that there were some conference calls and that we sent out our letter in July highlighting what we wanted and that Sprint never formally sent a response back other than the two documents I mentioned to you, which was your annual report and a very high level document about Sprint's corporate position on competition.

Q Okay. The first time MFS provided Sprint with any level of detail in a document was on Friday, November the 10th, isn't that right?

A Well, I think our initial document was really specific in terms of the kind of things that we sought from Sprint, so I think our initial letter, you know, talked about all the issues and, you know, we were seeking some response from that, and also some conference calls that I know Gary had with Sprint.

Q Okay.

A But, yeah, I will agree that the most detailed request was sent out in my November 9th letter.

Q Okay. Now following the November 9th letter, which was received on November the 10th, and up to November the 28th, didn't Sprint place several calls to you seeking to set up a conference call and requesting clarification of language in the document that you sent?

A I don't keep a daily log of every phone call I make or receive. I know we had some conversation. Our document is very specific in terms of what we want. We did follow up, and we had a conference call. You know, I mean I could go back and try to check my records, but it was within probably a couple of weeks or so after I sent the letter, so I mean we've had discussions.

I think Sprint has been very cooperative in our discussions once we started to get more to the meat of the issues, and we don't have an issue with the cooperation we are getting with Sprint in terms of negotiating out these items. Frankly, I think based on our recent discussions with Mr. Jack Burge and Mr. Ben Poag that it's likely we will end up agreeing to most of the same issues that GTE and MFS agreed to. So I don't think, you know, this was any disagreement from MFS, and I haven't received anything from Mr. Ben Poag or Mr. Jack Burge that there is any of us, MFS or (inaudible) operating in terms of trying to resolve these issues.

THE COURT REPORTER: That there is any what?

MS. CANZANO: That there is any what the court reporter asked?

A There has been no issues raised between MFS or Sprint about the lack of cooperation between either party in our discussions we have been having for the last

(inaudible) --

Q Okay. Well, then you --

THE COURT REPORTER: The last month?

MS. CANZANO: Did you say last month?

A Few months.

Q Well, isn't it true then that there have been active and ongoing negotiations between MFS and Sprint over the last few months?

A We have been spending a lot of time negotiating items.

Q Okay. And you have received some four separate proposals from Sprint, have you not?

A Yes, and I have sent about a half dozen proposals to Sprint too.

Q Okay. You've had some six conference calls, does that sound about right?

A Six or more. I don't know. I mean we seem to be talking a lot to each other.

Q Okay. And you've had one face-to-face meeting?

A Yeah, I mean one face to face; there might have been some more. I think what we are trying to do since we have limited time, we are trying to talk as often as we can, so that limits our face-to-face discussions.

Q Right. And it's true that you are actively working on a document that is called a "partial co-carrier

agreement?"

A Yes.

Q Okay. Now is it true that your last conference call on that agreement was on February the 22nd?

A I don't know exactly, but there was the last detailed ones, I mean --

Q Okay.

A Jack Burge and I have been talking back and forth about things. In fact we talked even a few hours ago, so we are talking fairly often.

Q Okay.

A I don't know the exact dates off the top of my head.

Q All right. Now the draft of that agreement is on your computer, is it not?

A Yes, that's true.

Q All right. And didn't you agree to make some changes in the partial co-carrier agreement and provide it to Sprint by February the 23rd?

A I don't know exactly when. I mean the last conversation I had with Jack Burge, not the one I had today, but yesterday when we talked we kind of agreed that, you know, the staff sent out a recommendation in the BellSouth case on unbundling, and that staff was sending out a recommendation on interconnection, and we kind of

agreed, you know, let's see what comes out in the staff recommendation to allow our company, MFS and Sprint to kind of reassess in much more detail in terms of things we could agree upon.

I think the conversation we had, if it's February 22nd, if that's the date. Since then we had, subsequent phone calls I had with Jack, I said, Jack, you know, why don't we try to agree to a little bit more issues? Because we weren't even trying to agree on the loop item. You know, we were kind of totally punting on loop and even general architecture. Let's try to agree on some more things. Because initially Sprint said, well, you know, let's shoot for simple things. And I think what we are finding is that we will agree on probably just as many things as we did with GTE, so that way it will simplify the hearing so that all we are just really in contest with each other is generally the rate levels for loops and interconnections, so I think (inaudible) -- much more of our agreement, the more issues to simplify the hearing process, which I think we'd all appreciate.

MS. CANZANO: One moment please, Tim. Tim, the court reporter is looking for a place she missed what you said, and she was going to read to you that part that she got and, you know, you can fill it in.

(WHEREUPON, THE COURT REPORTER REREAD THE ANSWER)

A Well, I think it would simplify the hearings for everybody, and we would probably all agree to that.

Q Okay. Now you had a conference call that was scheduled for yesterday at ten o'clock which you cancelled; is that right?

A Yes, I talked to, I called Jack Burge yesterday morning, and as I just told you, I said, Jack, the staff sent out an unbundling recommendation last Friday. And he said, and he was -- you know, he read through it a little, and we both knew that an interconnection recommendation was going to be coming out and, you know, gathered that it was an okay idea to cancel the call so each company could sit back, reassess, so when we come back together to talk that we can try to get more things accomplished. In fact, I'm waiting for Jack to leave me a message, and maybe he has since this morning, about a time that we could talk tomorrow.

Q Okay.

A I think both companies are working cooperatively, in good faith to get in agreement on as many things as we can.

Q Okay. Well, you would agree then that Sprint has adopted a constructive, reasonable and positive approach to the negotiations?

A Yeah, I think we are working very cooperatively. I would agree with that.

Q Okay. Could you outline for us the precise issues that remain unresolved? And let's start with the D/NIP issues, which is D slash n-i-p, issue which you, I think you referred to at one time during the staff's questions. Have you specified to Sprint precisely where you would request a D/NIP be located in Sprint's serving territory?

A Yes, we've talked about -- this is one of the items that we, you know, we brought up initially, and then -- I think it was Mr. Poag who said, Well, gee, let's not try to tackle that one too much. That might be too tough. Let's get these other ones ironed out.

We have talked about the Sprint's Winter Park serving wire center, D/NIP. MFS is located there and it seemed to make a lot of sense, but in some subsequent conversations we also talked about MFS attempting to transmit Winter Park's serving wire center and Sprint reciprocally connecting to MFS at the MFS node site, central office site in Maitland.

Q Okay. So initially there would be one D/NIP established in this agreement that you are working on?

A Well, what we are talking about is there would be a D/NIP at the Winter Park wire center at Sprint's

location, and there would be a D/NIP at MFS's node or central office location at 1060 Maitland, Common Centers.

Q Okay.

THE COURT REPORTER: 1060 what?

A 1060 Maitland, it's called Common Centers. It's our central office site.

Q Okay.

A We still have a lot of work to do on network interconnection, but the whole thought is let's try to agree more than what we were earlier talking about.

Q Okay. Are you still discussing how the RIC should be covered if at all in this draft agreement?

A Well, I would like to discuss it more, but we seem to keep agreeing to disagree, so I think we are kind of, we are going to punt that one to the Commission.

Q Okay. All right. What other issues, specific issues remain outstanding?

MR. RINDLER: You mean in addition to those he has already testified to in response to Donna?

Q Well, in addition to the two that I have just mentioned.

A Okay. Well, besides network interconnection, related to that, in terms of interconnection, the interconnection structure and level compensation. And that one we keep agreeing to disagree on, so I don't think it's

likely we will get agreement on that, but we all keep trying. The ability to be able to cross connect the serving wire center of Sprint to another ALEC.

Q All right. That issue is also outstanding with GTE, is it not?

A Yes, that's true.

Q All right.

A Okay, the meet-point billing RIC issue, the RIC issue associated with ported calls, interim number portability calls, and those are agreed by GTE. Not being charged cross connect rates when we use our collocated space for traffic, it seems to be able to exchange local traffic between MFS.

Q All right. That also was not settled in the GTE agreement, was it?

A That's correct.

Q All right.

A And then the call issue of a transit fee, we don't have a problem with paying a transit fee. That is based on the tandem switching charge or two tenths of a penny or less, whatever the lesser of the --

THE COURT REPORTER: Tandem switching charge or what?

A Tandem switching charge or two tenths of a penny, the lesser of the two. But we have an issue because they

want to, Sprint wants to impose switched access structure which, therefore, would mean someone charges a transit fee plus charges a tandem switching fee, which we feel would be double charging and double recovery.

Q Okay. Isn't that issue still outstanding with GTE as well?

A Yes.

Q All right.

A There is a bunch of other, like issues that we still need to get the details on in terms of -- like GTE, we are still working out the compensation if there is any for 911.

Q Okay.

A Fifteen seconds, I could give you two more items.

Q All right.

A My intent is to see if we can agree to everything but the rate for interconnection and the rate for loops just like we did in the GTE. And there will be a few other things we just went through, so hopefully we can really simplify things.

We have to work out some more details on information services in terms of now the 976, the weather information, those kind of calls when you dial a number and your phone company bills you for that call that you made.

I think in principle we've kind of agreed similarly to what we've talked to GTE about, but we have a lot more details to work out.

Likewise, in terms of directory listings, directory distribution, directory assistance, information pages, I think conceptually we've kind of agreed on those things, which are similar to what is in the GTE agreement, but we still have to work out some details. And Sprint, like GTE, wants a separate agreement executed with Sprint Publishing, Sprint Directories; but in concept, they have agreed to the terms and conditions.

Q You've handled that in the GTE agreement by just making that proviso, have you not?

A Yes, we've put the terms and conditions and rates in there, and then we've said that we need to execute a subsequent agreement within 60 days upon execution of this actual partial agreement.

Q Okay.

A It looks like -- in terms of coordinated repair calls, we would like to get a little bit more detail in here. I know that staff's recommendation in the BellSouth case is consistent with what we agreed to with GTE, and we would hope to get the same with Sprint, although there's -- I think we just need to talk a little bit more about that, in terms of coordinated repair calls, and it's probably not

an issue because we are both going to try to help of course.

In terms of I guess the unbundling docket, but we haven't agreed to anything yet there, but I would like to have us agree at least to the technical arrangement.

And then number portability, basically I think we are in general agreement there. And one of the issues that we need to talk more with Sprint about is the item of the customers are going to use their phone number through interim number portability, that they think that is their phone number. They might still want to have that capability to do third-party type billing. Let's say a customer is a subscriber in Orlando of MFS and then were utilizing interim number portability, the customer thinks that is their phone number. And when they are traveling in California and they want to bill a call to that phone number, we would like to have that continue to happen, as would the subscriber; therefore, MFS and Sprint have to have an arrangement for billing and collection for Sprint to provide us detailed billing so we can rebill the customer so they can continue to use their phone number for those kind of calls. And I know Sprint has talked about just shutting off the numbers, so I think that is something we have to work out, and maybe that can be part of some further discussions, I don't know.

There might be some other operational or like legal arrangements that have to be worked out, but I think based on our recent discussions, I think there is a good chance that we can agree to a lot more items.

Q Okay. And I take it you are going to provide your proposed language on these points for Sprint to consider, that is, tomorrow?

A Yeah, what I told Jack Burge is, is that I have been redrafting the language and, you know, that I should be able to get him something for our call tomorrow and we could use that as an outline for our discussion.

MR. RINDLER: I would note, we expected the deposition to be a lot shorter, however.

MR. WILLIS: Well, why don't we stop this part of the questioning and let you get to work.

THE WITNESS: Yeah, I have a bad sinus infection, so usually I -- I have an office in my home, and I work at night after my wife and kids go to bed, and I wasn't able to last night.

MR. WILLIS: Okay, Mr. Devine. Thank you.

MS. CANZANO: Do any other parties want to cross examine Mr. Devine?

MR. GILLMAN: Donna, I have a few questions. This is Tony.

MS. CANZANO: Okay.

EXAMINATION

BY MR. GILLMAN:

Q How you doing, Mr. Devine?

A Fine, thank you.

Q The statistics that (inaudible) attached to your testimony --

MS. CANZANO: Could you repeat your question? I'm sorry, Tony.

Q The calling ratios that you relied upon with respect to NYNEX, when were those statistics compiled, or over what period of time do those statistics or calling statistics pertain?

A Those are the month of January through August of 1995.

Q And how long have you been competing in New York prior to January of 1995?

A We turned up our initial operations of local service in July of '93, and initially we were doing more or less city-wide resale, so a lot of the compensation arrangements were still not ordered by the New York commission or agreed upon between MFS and NYNEX; but that was prior to having all the full co-carrier arrangements, so we didn't have unbundled loops yet and some other items. We just started getting unbundled loops from NYNEX April of '95, started to get them delivered.

Q Do you presently serve any residential customers in New York?

A Yes, we do.

Q And what percentage compared to business do you serve?

A I don't know any actual numbers, but we serve residents, including Lifeline customers.

Q And is it less than one percent, or don't you know at all?

A I really don't know.

Q In questioning by the staff, also by Sprint-United, there was, you describe certain agreements that GTE still has to make with MFS over the next 60 days. Do you recall that testimony?

A Yes.

Q Now for the purposes of the hearing that will be held in March, you're not asking that those issues be considered by the Commission at that time -- at this time, are you?

A That's correct. We just kind of want to keep things open, and I think Ms. Bev Menard, who I had most of my discussions with when we were negotiating the agreement, I think we generally agreed that there are some issues that may pop up and there are some details we still have to work out; but at this point we would not be asking the

Commission to do anything regarding the items that we filed in our, the latest hearing statement, and that maybe MFS or GTE down the road after 60 days could get some relief for some reason we can't finalize the details; that is why we wanted to keep the docket open. So certainly in terms of the proceeding, I just wanted to give staff sort of a little background as to why we are doing that.

Now we don't really intend to spend any time ourselves with those issues in front of the Commission. We really want to focus on the key issues of compensation for loops and interconnection and a couple of the other ones that we do agree to disagree on.

Q On Page 8 of your rebuttal testimony --

A Okay.

Q -- specifically on your answer to the question beginning on 14, GTE recently supported bill and keep in principle. Are you with me?

A Yes.

Q And in your answer you refer to a stipulation with Intermedia. Do you view the Intermedia agreement as a bill and keep agreement?

A Well, it says in the Intermedia agreement, you know, when the staff asked a similar question, it talks about that, you know, bill and keep could be an option if it were mutually agreed. I guess in principle, you know,

we are saying that GTE must not have a huge problem with it, you know, by actually putting some kind of language like that in an agreement. And then also if you take that 105-percent cap, you know, basically you have bill and keep for everything except for any kind of five-percent-or-less variance, such as traffic imbalance, so we kind of perceived that, you know, in principle to kind of be in support of bill and keep somewhat, really in regard to those two references.

Q Where you said there was language in the stipulation that -- Looking on the next page, Page 9 which I think you referred to in your answer, that the stipulation also recognizes the primary reason for adopting bill and keep, the desirability of avoiding the unnecessary administrative cost involved in other forms of compensation, and where does the agreement say that?

A Well, really what we are -- you know, the concept that why people a lot of times do bill and keep and when it's talked about, that that is one of the benefits of doing bill and keep, so really we are probably extrapolating from the conceptual idea that GTE was thinking about bill and keep and also the 105-percent traffic balance that, you know, maybe that they thought -- we were extrapolated from that, you might think that there would be a benefit, and one of the benefits would be

avoiding some of those --

Q Okay. So the agreement itself doesn't say that?

THE COURT REPORTER: Some of the what?

MS. CANZANO: Excuse me, Tony. Could you repeat your last sentence?

Q So the agreement itself doesn't say what you say in your testimony?

MS. CANZANO: No, I meant Mr. Devine's response. I'll let the court reporter read the last sentence that wasn't finished.

(WHEREUPON, THE COURT REPORTER REREAD THE ANSWER)

MS. CANZANO: Is the word cost? I mean what is the word at that -- Did you hear, Mr. Devine?

A Avoiding some of the administrative costs.

MS. CANZANO: Okay. Thank you. She just didn't hear it, we just couldn't hear that one word.

A You're welcome.

Q And my question, Mr. Devine, is that I acknowledge that you've extrapolated that from the agreement, but the agreement doesn't actually say that; is that a fair statement?

A Yes, that's correct. I just said it recognizes, and by saying that, that is to be extrapolated from what it does say, the earlier things I referenced.

Q The other reason that you gave was the

105-percent cap. Given the fact that you view that as evidence of GTE's support of a bill and keep agreement, would MFS be willing to enter a similar arrangement with GTE?

A No, the 105-percent cap, there's really two reasons that we think it's not good. The first is, what it does, it creates an artificial price floor for consumer prices, so it's not in the public interest to have two wholesale providers' phone companies agree to a rate arbitrarily, and then they put this 105-percent cap on the rate. What it does is it creates an artificial price floor for consumer prices because a consumer price cap would be somewhat derived on the wholesale cost we are going to charge each other, and that just does not seem at all in the public interest.

And then secondly, it's an artificial barrier to the market in terms of how costs may be incurred. If for some reason, let's say that our traffic imbalance that we have with NYNEX in New York were to be the case in Florida with GTE in the Tampa area, so in that case if we are out of a hundred phone calls between MFS and GTE, if we are terminating 60 percent of the calls, in that case our compensation with GTE under the 105-percent cap would mean that we could be losing out on 15 percent of that hundred percent of revenue. And you know, just as a lot of the

LECs have advocated in the interconnection cases, that their interpretation of the statute is that, you know, the cost incurred means a per-minute rate and then they turn around and want to put a 105-percent cap on the traffic, it seems to be real hypocritical. So we feel that it's, one, not in the public interest, and two, it doesn't provide adequate, reciprocal compensation between the parties.

Q Assuming that the NYNEX figures would apply to Florida, which would be more beneficial to MFS, a bill and keep or the 105-percent cap, financially, monetarily?

A Well, neither one would be in our public interest. I mean we wouldn't want either one. As we have advocated, that we just want bill and keep in the interim to give the Commission time to set appropriate rates in a contested case. We don't want bill and keep for life. We want per-minute-incremental-cost based rates, which keeps the price for consumers low, and it also enables, you know, the appropriate, you know, cost and flows of revenues to go in their natural direction.

Q So --

A No artificial barriers.

Q If MFS and GTE agreed on price from a structure point of view, you would agree with Mr. Beauvais then with respect to his ORP plan?

A No, I think you would have to be specific about

your question.

Q Well --

A What MFS would want, would be an incremental-, per-minute-of-use-based rate without any cap; that is what we would want.

Q Isn't that what Mr. Beauvais is advocating?

A You would have to be specific about what you're talking about in regard to his testimony. I really can't answer that without exact --

Q You're not familiar with what Mr. Beauvais is advocating?

A ~~No,~~ Yes, I've gone through it, but it's difficult for me to answer the question without reciting a specific part of his testimony you want me to respond to.

Q Well, are you familiar at all with the ORP plan that he suggested in his testimony?

A No, not in detail.

Q Okay. You just know you don't like it?

A It's not what MFS wants. I mean MFS wants an incremental cost base per-minute rate, that's what we want.

Q Well, let's just about -- I guess I want to divorce myself, or the question, from what the rate ought to be and go to the structure as compared to bill and keep. I mean on a long-term permanent basis don't you advocate that which Mr. Beauvais has advocated in his

testimony?

A Well, if you can tell me specifically what you're referencing in that testimony, that Mr. Beauvais is referencing -- that you are referencing from his testimony.

Q Well, I'm referencing in general his recommendation that an originating responsibility plan should be implemented instead of bill and keep. What I'm asking you is on a permanent basis would you agree with that?

A What do you mean by originating responsible party, specifically?

Q Well, specifically as described by Mr. Beauvais in his testimony. Now you can tell me that you don't understand it or that you are not that familiar with it, if that's okay, I won't ask the question.

A I haven't had enough time to go study it.

Q Okay.

A And it first --

Q You filed rebuttal against him, but you didn't have the chance to study it beforehand.

MR. RINDLER: Tony, you interrupted the witness.

Q I'm sorry.

A I read through it when it was initially filed, and I gathered high level from it, but I didn't study it.

Q I see.

A I mean what -- access rates, whether they are for interexchange carriers or between LECs, ultimately should all be based on incremental costs, so -- now there could be some general agreement. But from day one to today, to change local interconnection rates along with access rates right out of the gate, I don't think you can do that. I think there is too much going on. I mean I don't think this proceeding is about addressing that. I think the proceeding is about addressing what is the interconnection rate between LECs and ALECs within the state.

I do agree that LECs, whether it's BellSouth's, the GTE or GTE and United Telephone, those rates should also be based on incremental costs on a per-minute basis and that ultimately all rates for calls that are exchanged between wholesale carriers should also be; but day one we are really dealing with here are the rates between an ALEC and a LEC.

Q What joint and common costs are included in your definition of LRIC?

A A small portion of, you know, things like cost of capital, cost of money and, you know, the fixed infrastructure that gets you to the point of incrementally adding minutes to the network.

THE COURT REPORTER: Adding what to the network?

MS. CANZANO: Adding what to the network for the

court reporter?

A Adding minutes to the network.

MS. CANZANO: It's just getting a little bit more difficult to hear you now for some reason, I'm not sure. There is a lot of static on our end.

THE WITNESS: Okay. I'll try to get as close as I can to the phone, although I'm pretty close right now.

MS. CANZANO: Well, there is some type of interference or something on the phone.

THE WITNESS: Yeah, I know when we had the depositions in January it seemed to work. I don't know why -- It's the same phone that I'm using.

A Does that answer your question?

Q Is that the only common cost that would be included?

A Yes, it would be the cost that would get you to the point where you could incrementally provide minutes.

Q Would you support the Michigan plan in Florida?

A What specific aspect of the Michigan plan?

Q All aspects.

A No. What we would go with in Florida, obviously, is an equal, reciprocal and identical rate based on incremental cost on a per-minute-of-use basis with no caps and artificial barriers. I believe the Michigan plan has

some caps involved in it. There is some bill and keep, and there are some caps.

Q What do you support about the Michigan plan?

A Compared to Florida?

Q Well, we don't have one in Florida yet, but what -- I kind of got the impression from reading your testimony that you liked the Michigan plan, and tell me what you think this Commission could adopt if anything from the Michigan plan.

A Well, part of it is bill and keep. With the cap in there it depends how far traffic is out of balance, so -- You know, we like the concept of bill and keep initially so we can get into business real fast. If GTE and MFS had, let's say, bill and keep or even six months, nine months, whatever it was, until the Commission could permanently order a rate, that would give, you know, time for a contested case to address the issue, and it would allow us to get in business right away. So you know, the aspect of having -- you know, it partially supports the concept of bill and keep, and I guess that would have been the aspect that we like in it. I mean we want to get in business as fast as we can, and that's why as an interim we look for bill and keep, but we are not looking for bill and keep, you know, for life as opposed to, I believe, some other parties.

Q I think in some questions from the staff you testified that if carriers do not provide MFS with bill and keep arrangements that those carriers would be discriminating against MFS?

A I referenced -- that I made that statement in the context of GTE, BellSouth or BellSouth and United Telephone currently use bill and keep with each other for exchange of local traffic, and if for some reason the Commission were to adopt -- if they would continue to allow bill and keep between BellSouth and United or GTE and United but then apply a different concept between BellSouth and MFS or GTE and MFS, that it's our position that, really two things: One, it would be discriminatory; and two, that it would not be consistent with the Telecom Act of '96, the new federal law.

Q And it would be discriminatory because the LECs are treating the other LECs differently from the way they are treating you, is that your basis for your discrimination?

A Yes.

Q If the Commission approves GTE's agreement with Intermedia, wouldn't the Commission be authorizing discrimination if they approved that agreement and authorized the company to enter a bill and keep arrangement with MFS?

A If a party wanted to on its own free will enter into an agreement with another party, I'm not a lawyer, but I would think that, you know, the state laws and regulations allow them to enter into an agreement if they want to on their own. But if another party, in that instance as you described, if MFS were to seek nondiscriminatory treatment and have for its arrangements that is available for a similarly situated party, if we enter as a similarly situated party, which we are, and we are not provided that same opportunity, then, yes, we would feel that is discrimination. But if the parties indicate that GTE and Intermedia were wanting to enter into an agreement of their own free will, I would think the Commission, you know, would and could let them do that, if neither party is seeking anything else or alleging any discrimination. I thought that was a concept of everybody doing their own petitions and all that.

Q Do you have any evidence of -- well, let me refer you to your testimony on Page 7.

MR. RINDLER: Which testimony?

Q The same, rebuttal in the interconnection testimony.

A Page 7?

Q And specifically Line 14 where you say that bill and keep economizes on the cost of measurement and billing.

A Yes.

Q Do you have estimates of what the cost of measuring and billing is?

A No, not specific. It's been identified in numerous parties and numerous proceedings that there are specific costs, and I believe in Washington State -- I know this came up in another state that was involved in, that that was identified as a huge cost.

Q And what was that cost, and who identified it?

A I don't remember exactly, but it's just something that consistently seems to come up. Obviously there are costs of measurement and billing, and any way to minimize cost between the wholesale providers, lowers the price floor for consumers. I mean that is really our intent, and what we are trying to get at, is if you minimize the artificial cost between two wholesale providers, you are going to, you know, lower the price floor for consumer prices.

Q Why do you think the cost of measurement and billing is artificial?

A Well, if you do percentage of -- if you are doing a per minute of basis and doing, you know, percentages of use, then you don't have to have as sophisticated as measurement of billing capabilities; but if you are doing bill and keep, you don't have any. So there are costs

associated with pursuing measuring and billing, and I don't think anyone would ever dispute that.

The dispute has been the actual, you know, level of dollars, and I don't think -- I haven't seen a lot of visual evidence on it just from talking to some other parties on a case in Connecticut. I know Washington was mentioned for some reason. Maybe GTE knows more about that. I know they operate in Washington.

Q Is that the only thing you have to rely on to support your statement on Page 7?

A I've had discussions too with our billing people, and it does take more resources, more processing time, more coordination, more tape. One of the biggest things is the administrative, you know, receiving bills, paying bills, all the same kind of costs associated with what interexchange carriers have.

I know my prior experience with Sprint, I was responsible for product management for some products, and often times I was finding myself going over to our network billing department and talking to the people in charge of paying bills for access to the local exchange carriers, and I was amazed that, at the voluminous records and the huge task that we had on our payroll to be able to manage paying bills and auditing bills and associating those with our internal records. So, you know I have a lot of personal

experience having worked at Sprint, having dealt with, you know, the same kind of environment. And really, on the local side, since we are talking about the same kind of thing, you are talking about receiving bills, paying bills, auditing bills, referencing those bills, again, your internal records, your phone switch. There is a significant amount of administrative work to validate and pay a bill.

Q But you haven't conducted any studies of what that administrative work would entail or cost?

A No, not internally at MFS. We have not conducted a study to detail exactly what our cost would be, but certainly we are adding more personnel and resources in that area. Because as we interconnect with more parties, we have to employ more people in that area.

MR. GILLMAN: I have no further questions. Thank you.

THE WITNESS: Sure.

MS. CANZANO: Do any other parties have questions?

(NO RESPONSE)

MR. LOGAN: None for AT&T, Donna.

MS. CANZANO: Okay. What about, Rich, do you have anything you want to say?

MR. RINDLER: No. Consistent with my desire to

get this over with, I have no redirect.

MS. CANZANO: That's great. I think that concludes staff's deposition for the 985 docket.

(WHEREUPON, THE DEPOSITION WAS CONCLUDED)

* * * *

ERRATA SHEET

DOCKET NUMBER 950985

TIMOTHY T. DEVINE

FEBRUARY 27, 1996

CERTIFICATE OF DEPONENT

This is to certify that I, TIMOTHY T. DEVINE, have read the foregoing transcription of my testimony, Page 1 through 103, given on February 27, 1996 in Docket Number 950985, and find the same to be true and correct, with the exceptions, and/or corrections, if any, as shown on the errata sheet attached hereto.

_____

TIMOTHY T. DEVINE

Sworn to and subscribed before me this
_____ day of _____, 19_____

_____
NOTARY PUBLIC
State of _____
My Commission Expires:

STATE OF FLORIDA)
: CERTIFICATE OF REPORTER
COUNTY OF LEON)

I, NANCY S. METZKE, RPR, CCR, Certified Shorthand Reporter and Registered Professional Reporter,

DO HEREBY CERTIFY that I was authorized to and did stenographically report the foregoing deposition of Timothy T. Devine.

I FURTHER CERTIFY that this transcript, consisting of 106 pages, constitutes a true record of the testimony given by the witness.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel connected with the action, nor am I financially interested in the action.

DATED this 29th day of February, 1996.

Nancy S. Metzke

NANCY S. METZKE, RPR, CCR

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In re: Resolution of Petition(s) to Establish Nondiscriminatory Rates, Terms, and Conditions for Interconnection Involving Local Exchange Companies and Alternative Local Exchange Companies Pursuant to Section 364.161, Florida Statutes	)	Docket No. 950985-TP Filed: March 5, 1996

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC.
RESPONSES AND OBJECTIONS TO SPRINT UNITED/CENTEL'S
FIRST SET OF INTERROGATORIES

COMES NOW, Metropolitan Fiber Systems of Florida, Inc. ("MFS-FL"), and pursuant to Rules 1.340 and 1.280(b), Florida Rules of Civil Procedure, and Rules 25-22.034 and 25-22.035, Florida Adminstrative Code, hereby submits the following responses and objections to Sprint United/Centel's First Set of Interrogatories in the above-captioned docket.

General Objections to Sprint United/Centel's Interrogatories

MFS-FL makes the following general objections to Sprint United/Centel's First Set of Interrogatories ("Discovery Requests"):

1. MFS-FL objects to the Discovery Requests to the extent that they seek privileged or confidential information or documents, including information encompassed by the attorney-client privilege, the work product doctrine, or trade secrets protected pursuant to Section 90.506, Florida Statutes.

2. MFS-FL objects to these Discovery Requests to the extent that they seek information or documents beyond the scope of discovery as described by Rule 1.280, Florida Rules of Civil Procedure, or otherwise not permitted by the Florida Rules of Civil Procedure.

3. MFS-FL objects to these Discovery Requests to the extent that they seek information or documents which are duplicative, oppressive, burdensome, and not reasonably calculated to lead to the discovery of admissible evidence.

4. MFS-FL objects to these Discovery Requests to the extent that they are vague, ambiguous, or overbroad.

5. As used herein, all objections as to relevancy shall mean that the information or documents requested are irrelevant to the subject matter involved in the pending action and are not reasonably calculated to lead to the discovery of admissible evidence.

6. MFS-FL objects to the Discovery Requests to the extent that they seek information or documents not in the possession, custody, or control of MFS-FL, or to which Sprint United/Centel has equal access.

7. MFS-FL objects to the Discovery Requests as burdensome to the extent that they seek information or documents that are publicly available.

8. By responding to these Discovery Requests, MFS-FL neither admits nor concedes the appropriateness or accuracy of the words or definitions in the Discovery Requests. MFS-FL will respond to the Discovery Requests to the extent it does not object thereto, in accordance with relevant provisions of law and according to its understanding of the fair and reasonable meaning of the Discovery Requests where possible.

9. MFS-FL hereby incorporates these general objections into its specific responses to the interrogatories of Sprint United/Centel and, in responding to these requests, does not waive the foregoing objections.

Specific Responses and Objections to Sprint United/Centel's Interrogatories

REQUEST: Sprint United/Centel's Interrogatories, Set No. 1

DATED: February 13, 1996

ITEM: 1. Has MFS-FL been a party to local interconnection dockets or negotiations in states other than Florida?

RESPONSE: Yes.

RESPONDENT: Timothy Devine.

REQUEST: Sprint United/Centel's Interrogatories, Set No. 1

DATED: February 13, 1996

ITEM: 2. If the answer to Interrogatory No. 1 is affirmative, please provide the name of each state in which such dockets or negotiations have occurred.

RESPONSE: Subject to and without waiving the foregoing objections, active interconnection dockets or negotiations exist or existed in the following states: Florida, Georgia, New York, Massachusetts, Connecticut, Illinois, Washington, Oregon, Ohio, Michigan, Pennsylvania, Maryland, and California.

RESPONDENT: Timothy Devine.

REQUEST: Sprint United/Centel's Interrogatories, Set No. 1

DATED: February 13, 1996

ITEM: 3. For each state listed in response to Interrogatory No. 2, please provide the following information:

(a) the docket number and other identifying information if the matter was a docketed proceeding;

(b) whether an order was rendered and the date of the order;

(c) if an order was rendered, whether it was for an interim/temporary or permanent arrangement for interconnection;

(d) if an order was rendered, the date it is to be implemented, or if already implemented, the date of implementation;

(e) identify all parties or persons participating in this docket;

(f) if an order was issued, list the technical arrangements contained therein, including the location(s) at which local interconnection is allowed (e.g., tandem, end office, etc.);

(g) if an order was issued, list each rate associated with the technical arrangements listed in response to Interrogatory 3(f);

(h) if an order was issued, identify whether the rate mechanism for local interconnection was (1) usage-based; (2) flat-rate based; (3) bill and keep; or (4) other (specify);

(i) if the rate mechanism for local interconnection is usage-based, identify the specific rate(s);

(j) if the agreement was interim/temporary, the term of the agreement.

RESPONSE: MFS-FL objects to the extent that this interrogatory seeks information that is duplicative, oppressive, burdensome, and not reasonably calculated to lead to the discovery of admissible evidence. MFS-FL further objects to the extent that this interrogatory seeks information or documents not in the possession, custody, or control of MFS-FL, or to which United/Centel has equal access. MFS-FL also objects to this interrogatory as burdensome to the extent that it seeks information or documents that are publicly available.

James C. Falvey
Counsel for MFS-FL

RESPONSE: (a), (b), and (c): Consistent with and without waiving the foregoing objection, MFS-FL affiliates have been and are parties to interconnection dockets in a number of states. Several of these state commission's have issued orders governing interconnection (usually in the same order as unbundling arrangements). The most significant of these orders are listed below and will be provided to United/Centel pursuant to United/Centel's First Document Requests to MFS-FL. Many states, including but not necessarily limited to Illinois, Michigan, Maryland, Connecticut, Massachusetts, Washington, and Pennsylvania, have ongoing proceedings that are extremely active. The information provided in response to this interrogatory is provided upon information and belief that it is the most current information regarding proceedings to which MFS-FL affiliates are or have been active parties.

The Michigan Public Service Commission has ordered interim interconnection arrangements. *In the matter of application of City Signal, Inc., for an order establishing and approving interconnection arrangements with Ameritech Michigan*, Case No. U-10647, Opinion and Order at 32-63, Ordering ¶¶ C and D (Feb. 23, 1995). A separate docket has been established to address permanent interconnection arrangements (Docket No. U-10860) but no order has been issued to date. A Connecticut affiliate of MFS-FL has an agreement with Southern New England Telephone covering interconnection arrangements which was adopted by the Commission in two recent orders. *DPUC Investigation into the Unbundling of the Southern New England Telephone Company's Local Telecommunications Network*, Docket No. 94-10-02, Decision, Unbundling and Resale Stipulation attached to Decisions (Sept. 22, 1995, Jan. 17, 1996). An MFS affiliate is also a party to a separate Connecticut interconnection docket, Docket No. 95-06-17, in which a decision was recently issued. *Application of the Southern New England Telephone Company*, Decision, Docket No. 95-06-17 (Dec. 20, 1995). In New York, the Commission has issued numerous orders pertaining to interconnection and related issues. It would be burdensome for MFS-FL to have to list every order issued in the New York "Competition II" proceeding, an extensive proceeding that has spanned almost two years, not to mention every order from its predecessor "Competition" proceeding. One of the most significant orders issued last year was: *Proceeding on Motion of the Commission to Examine Issues Related to the Continued Provision of Universal Service and to Develop a Framework for the Transition to Competition in the Local Exchange Market*, Case 94-C-0095 (March 8, 1995). The Illinois Commerce Commission has likewise ordered interconnection arrangements. *Illinois Bell Telephone Comany*

Proposed Introduction of a trial of Ameritech's Customers First Plan in Illinois, Order at 38-61, 134-35 (April 7, 1995). A second docket, docket no. 95-02-96. has been opened involving a challenge to Ameritech's implementing tariff (Il. Com. Comm'n No. 5). The Washington Utilities and Transportation Commission has also ordered interconnection. *Washington Utilities and Transportation Commission v. U S West Communications, Inc.*, Docket No. UT-941464, Fourth Supplemental Order Rejecting Tariff Filings and Ordering Refiling, Granting Complaints, In Part, at 47-53 (Oct. 31, 1995); Sixth Supplemental Order on Clarification and Reconsideration (Dec. 27, 1995). Maryland and Oregon have also recently issued orders addressing interconnection and unbundling. *In re Application of MFS Intelenet of Maryland, Inc.*, Case No. 8584, Phase II (Md. P.S.C., Dec. 28, 1995); *In re Application of MFS Intelenet of Oregon, Inc.*, CP 14 (Or. P.U.C., Jan. 12, 1996). An earlier interconnection order was also issued in Maryland. *In re Application of MFS Intelenet of Maryland, Inc.*, Case No. 8584, Order, 152 PUR4th 102 (April 25, 1994). The Massachusetts Department of Public Utilities, in Docket No. 94-185, is conducting a proceeding addressing the issue of interconnection, but no order has been issued to date. The Pennsylvania Public Utility Commission has also issued orders governing interconnection. *In re Application of MFS Intelenet of Pennsylvania*, Inc., Docket No. A-310203F0002, Opinion and Order (October 4, 1995); Opinion and Order (December 13, 1995). There is also a rulemaking proceeding in Ohio concerning interconnection and unbundling issues, rulemaking 95-845-TP-COI, and an interconnection proceeding in Oregon. *In re Application of MFS Intelenet of Oregon, Inc.*, CP 14 (Or. P.U.C.). Comments on the subject of interconnection have been filed in Georgia.

(c) Virtually all of the interconnection arrangements ordered to date have been interim arrangements. At least one exception is Illinois, which ordered a permanent arrangement but where, as discussed above, the permanent tariff is being challenged in a separate proceeding. Consistent with and without waiving the foregoing objections, MFS-FL refers United/Centel to the orders provided in response to United/Centel's First Document Request to MFS-FL for responsive information.

(d) through (i) Consistent with and without waiving the foregoing objections, MFS-FL refers United/Centel to the orders cited above, provided in response to United/Centel's First Document Request to MFS-FL, and to the public commission records in each respective state, for responsive information.

RESPONDENT: Timothy Devine

REQUEST: Sprint United/Centel's Interrogatories, Set No. 1

DATED: February 13, 1996

ITEM: 4. If MFS-FL has reached an agreement for interconnection, whether in a docketed matter or otherwise, please describe in detail the provisions of the agreement, including at a minimum, the type of information requested in Interrogatory 3(c) through (i).

RESPONSE: Subject to and without waiving the foregoing objection, Mr. Devine is not aware of any oral agreements concerning interconnection. MFS-FL and its affiliates have signed written agreements concerning interconnection. MFS-FL has signed an interconnection agreement with GTE Florida, Inc. in connection with this docket. The agreement is attached to MFS-FL's testimony rebutting United/Centel as Exhibit TTD-8. An affiliate of MFS-FL has agreed to interconnection arrangements with Pacific Bell in California, as detailed in the agreement provided in response to United/Centel's First Request for Production. An affiliate of MFS-FL has an agreement with New England Telephone for interconnection in Massachusetts. Interim Co-Carrier Agreement at 7 (April 14, 1995). A Connecticut affiliate of MFS-FL has an agreement with Southern New England Telephone covering interconnection. *DPUC Investigation into the Unbundling of the Southern New England Telepho/ne Company's Local Telecommunications Network*, Docket No. 94-10-02, Decision, Unbundling and Resale Stipulation attached to Decision (Sept. 22, 1995). MFS-FL refers United/Centel to the agreements and orders cited above, provided in response to United/Centel's First Document Requests to MFS-FL, and to the public commission records in each respective state, for information responsive information to each of the subparts.

RESPONDENT: Timothy Devine.

REQUEST: Sprint United/Centel's Interrogatories, Set No. 1

DATED: February 13, 1996

ITEM: 5. For each state listed in response to Interrogatory No. 2, please provide the following information:

(a) whether an order or agreement concerning universal service has been rendered and, if so, the date of such order or agreement;

(b) if an order has been rendered, or an agreement reached, the date it is to be implemented, or if already implemented, the date of implementation;

(c) if an order has been rendered or an agreement reached, whether it was for an interim/temporary or permanent arrangement for universal service;

(d) the effect of such an order or agreement on the local interconnection dockets or agreement if one was reached;

(e) a summary of the terms and conditions of the order or agreement.

RESPONSE: MFS-FL objects to the extent that this interrogatory seeks information which is duplicative, oppressive, burdensome, and not reasonably calculated to lead to the discovery of admissible evidence. MFS-FL further objects to the extent that this interrogatory seeks information or documents not in the possession, custody, or control of MFS-FL, or to which United/Centel has equal access. MFS-FL also objects to this interrogatory as burdensome to the extent that it seeks information or documents that are publicly available.

James C. Falvey
Counsel for MFS-FL

RESPONSE: The issue of universal service has appropriately been decided in a separate docket in Florida. This issue was not and is not an issue in this proceeding. Subject to and without waiving the foregoing objections, MFS-FL provides the following citations, by way of example, of certain universal service dockets in other jurisdictions. *Proceeding on Motion of the Commission to Examine Issues Related to the Continued Provision of Universal Service and to Develop a Framework for the Transition to Competition in the Local Exchange Market*,

Case 94-C-0095 (N.Y. P.S.C.); *In re Formal Investigation To Examine and Establish Updated Universal Service Principles and Policies For Telecommunications Services in the Commonwealth*, Docket No. I-00940035 (Pa. P.U.C.); *Rulemaking on the Commission's Own Motion into Universal Service and to Comply with Mandates of Assembly Bill 3643*, R.95-01-020 (Ca. P.U.C.); *Proposed Rulemaking to Establish the Arizona Universal Service Fund*, Docket No. R-0000-95-498 (Az. Corp. Comm'n).

RESPONDENT: Timothy Devine.

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In re: Resolution of Petition(s) to establish nondiscriminatory rates, terms, and conditions for interconnection involving local exchange companies and alternative local exchange companies pursuant to Section 364.162, Florida Statutes	)	Docket No. 950985-TP Filed: February 27, 1996

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

Metropolitan Fiber Systems of Florida, Inc. ("MFS") hereby responds to Staff's Second Set of Interrogatories.

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 22. Please provide a detailed outline of your proposed interconnection agreements with Sprint-United/Centel.

a. Please provide the specific items that the parties have agreed upon, if any.

b. What specific items remain at issue?

c. Of the items that remain at issue, which would MFS-FL characterize as contentious?

RESPONSE: 22. A detailed outline of the MFS-FL proposed interconnection agreements with Sprint-United/Centel is attached to my interconnection direct testimony as Exhibit TTD-2.

a. Despite a certain amount of progress in negotiations, MFS-FL has been unable to come to terms with Sprint-United/Centel on any issue.

b. All of the items in this docket remain at issue.

c. Among the most contentious issues are: reciprocal traffic exchange and reciprocal compensation arrangements; meet-point billing/tandem subtending; and the pass-through of IXC switched access to the ALEC on ported calls.

RESPONDENT: Timothy Devine.

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 23. a) If you were able to negotiate an interconnection rate, how soon would you be able to provide service to your target customers within Sprint-United's territory?

b) If you were able to negotiate an interconnection rate, how soon would you be able to provide service to your target customers within Sprint-Centel's territory?

RESPONSE: a) If Sprint-United were cooperative with respect to physical interconnection and operational issues, MFS-FL could begin providing service to customers in Sprint-United's territory within a matter of months.

b) If Sprint-Centel were cooperative with respect to physical interconnection and operational issues, MFS-FL could begin providing service to customers in Sprint-United's territory within a matter of months.

RESPONDENT: Timothy Devine.

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 24. Do you think Sprint-United/Centel is being unreasonable in its negotiations? If so, why? Please be specific and identify any documentation supporting your claims.

RESPONSE: 24. Yes. While more progress was made in negotiations with Sprint-United/Centel than with certain other LECs, the fact that Sprint-United/Centel is unable to come to any agreement on any issue indicates that it is being unreasonable. MFS-FL was able to come to agreement with GTE on most of the issues in this proceeding. See response to Interrogatory No. 42. In light of the Florida statutes and the federal Telecommunications Act of 1996 requiring interconnection on specific terms and conditions, the intransigence of Sprint-United/Centel appears to be nothing more than an attempt to delay the inevitable introduction of local competition in Florida, and raise entry costs for new entrants such as MFS-FL. Moreover, prior to the filing of this Petition, Sprint-United/Centel would not enter into serious negotiations with MFS-FL on any issue. The correspondence submitted with the Direct Testimony of Timothy T. Devine as Exhibits TTD-1 through 5 supports these claims.

RESPONDENT: Timothy Devine.

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 25. Does MFS-FL have any interconnection agreements with any LECs, AAVs, ALECs, or equivalent entities in other jurisdictions?

RESPONSE: 25. (a) Yes. Affiliates of MFS-FL have interconnection agreements with Pacific Bell in California, New York Telephone in New York, Southern New England Telephone Company in Connecticut, and New England Telephone in Massachusetts. The New York, Connecticut, and Massachusetts agreements are subject to the outcome of ongoing proceedings. The New York and Connecticut commissions have issued orders, and a Massachusetts decision is expected shortly.

(b) Yes. MFS-FL has an interconnection agreement with GTE Florida, Inc. which was attached to its rebuttal testimony to Sprint-United/Centel in this docket as Exhibit TTD-8.

RESPONDENT: Timothy Devine.

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 26. If Staff's Interrogatory No. 25a and 25b is answered in the affirmative, identify any and all interconnection arrangements reflected in tariffs filed with the appropriate public utility regulatory agency.

RESPONSE: 26. All of the agreements referred to in response to Interrogatory No. 25 are public documents, but none are reflected in tariffs.

RESPONDENT: Timothy Devine.

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 27. If Staff's Interrogatory No. 25a and 25b is answered in the affirmative, identify any and all interconnection arrangements which are based on a written contractual agreement, other than those identified in MFS-FL's response to Staff's Interrogatory No. 26.

RESPONSE: 27. The interconnection arrangements with GTE Florida, Inc., Pacific Bell, New England Telephone Company, New York Telephone, and Southern New England Telephone Company are all based on written contractual agreements.

RESPONDENT: Timothy Devine.

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 28. Should interconnection arrangements between MFS-FL and Sprint-United/Centel be on the same terms and conditions as interconnection between incumbent LECs today? Explain in detail why or why not.

RESPONSE: 28. Generally, yes, the interconnection arrangements between MFS-FL and Sprint-United/Centel should be on the same terms and conditions as interconnection between incumbent LECs today. For example, bill and keep is the most commonly used form of reciprocal compensation across the country between incumbent LECs, and bill and keep should apply between MFS-FL and Sprint-United/Centel. There may be issues, such as number portability, that may be addressed differently to accommodate the transition to a competitive environment.

RESPONDENT: Timothy Devine.

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 29. What are the appropriate technical and financial billing arrangements which should govern interconnection between MFS-FL and Sprint-United/Centel for the delivery of calls originated and/or terminated from interexchange carriers not directly connected to MFS-FL's network?

RESPONSE: 29. Meet-point billing should follow established industry guidelines. Where MFS-FL is collocated, it should be permitted to cross-connect without transiting the United/Centel network. The carrier providing terminating access should collect the RIC as is currently the case between United/Centel and independents today.

RESPONDENT: Timothy Devine.

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 30. What are the appropriate technical and financial requirements for the exchange of intraLATA 800 traffic which originates from a MFS-FL customer and terminates to an 800 number served by or through Sprint-United/Centel?

RESPONSE: 30. ALECs cannot route 800 numbers to the appropriate carrier. United/Centel should be required to handle database queries and route ALEC 800 number calls to the appropriate carrier. They will be compensated for this by switched access billed to IXCs, and there should therefore be no fee for providing records.

RESPONDENT: Timothy Devine.

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 31. What are the appropriate technical arrangements for the interconnection of MFS-FL's network to Sprint-United/Centel 911 provisioning network such that TCG's customers are ensured the same level of 911 service as they would receive as a customer of Sprint-United/Centel?

RESPONSE: 31. Sprint-United/Centel must provide trunk connections to its 911/E-911 selective routers/911 tandems for the provision of 911/E911 services and for access to all sub-tending Public Safety Answering Points ("PSAP"). Interconnection should be made at the D-NIP. Sprint-United/Centel must also provide MFS-FL with the appropriate common language location identifier code and specifications of the tandem serving area. Additionally, Sprint-United/Centel should provide to MFS-FL the ten-digit POTS number of each PSAP sub-tending each Sprint-United/Centel selective router/9-1-1 tandem to which MFS-FL is interconnected. Finally, Sprint-United/Centel should use its best efforts to facilitate the prompt, robust, reliable and efficient interconnection of MFS-FL systems to the 911/E911 platforms.

RESPONDENT: Timothy Devine.

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 32. What procedures should be in place for the timely exchange and updating of MFS-FL customer information for inclusion in appropriate E911 databases?

RESPONSE: 32. Sprint-United/Centel should provide MFS-FL with the Master Street Address Guide. Sprint-United/Centel should provide on-line access for immediate updates of the E-911 database. Sprint-United/Centel should arrange for MFS-FL's automated input and daily updating of 911/E911 database information related to MFS-FL end users.

RESPONDENT: Timothy Devine.

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 33. What are the appropriate technical and financial requirements for operator handled traffic flowing between MFS-FL and Sprint-United/Centel including busy line verification and emergency interrupt services?

RESPONSE: 33. Because MFS-FL and Sprint-United/Centel should be able to interrupt calls in emergency situations, Sprint-United/Centel should provide LEC-to-LEC Busy Line Verification and Interrupt ("BLV/I") trunks to one another to enable each carrier to support this functionality. MFS-FL and Sprint-United/Centel should compensate one another for the use of BLV/I according to the effective rates listed in Sprint-United/Centel's federal and state access tariffs, as applicable.

RESPONDENT: Timothy Devine.

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 34. Under what terms and conditions should Sprint-United/Centel be required to list MFS-FL's customers in its directory assistance database?

RESPONSE: 34. The Commission should require Sprint-United/Centel to list competing carriers' customers in their directory assistance databases and should require all carriers (both LECs and ALECs) to make their directory listings available to one another. In general, all LECs should be required to update their directory assistance databases with data provided by competitors on at least as timely a basis as they update these databases with information regarding their own customers.

RESPONDENT: Timothy Devine.

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 35. Under what terms and conditions should Sprint-United/Centel be required to list MFS-FL's customers in its universal white and yellow pages directories and to publish and distribute these directories to MFS-FL's customers?

RESPONSE: 35. The Commission should require Sprint-United/Centel to list competing carriers' customers in their White and Yellow Pages directories and should require Sprint-United/Centel to distribute these directories to ALEC customers at no charge, in the identical and transparent manner in which it provides those functions for its own customers' telephone numbers (including the same level of confidentiality). MFS-FL should be provided the same rates, terms and conditions for enhanced listings (i.e., bolding, indention, etc.) as are provided to Sprint-United/Centel customers. MFS-FL must provide Sprint-United/Centel with its directory listings and daily updates to those listings in an industry-accepted format; Sprint-United/Centel will provide MFS-FL a magnetic tape or computer disk containing the proper format. Sprint-United/Centel will ensure that access to MFS-FL's customer proprietary confidential directory information will be limited solely to those Sprint-United/Centel employees directly involved in the preparation of listings.

RESPONDENT: Timothy Devine.

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 36. What arrangements are necessary to ensure that MFS-FL bill and clear credit card, collect, third party calls and audiotext calls?

RESPONSE: 36. United/Centel and ALECs need to exchange records in an accurate and timely manner and therefore need to develop arrangements for the reciprocal exchange of a wide variety of information without the assessment of charges between carriers. For calls provided by United/Centel's interim number portability service, consolidated billing should be required.

RESPONDENT: Timothy Devine

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 37. What arrangements are necessary to ensure the provision of CLASS/LASS services between interconnected networks?

RESPONSE: 37. ALECs and Sprint-United/Centel should provide LEC-to-LEC CCS to one another, where available, in conjunction with LATA-wide traffic, in order to enable full interoperability of CLASS features and functions. All CCS signaling parameters should be provided, including automatic number identification, originating line information, calling party category, charge number, etc. Sprint-United/Centel and MFS-FL should cooperate on the exchange of Transactional Capabilities Application Part ("TCAP") messages to facilitate full inter-operability of CCS-based features between their respective networks. CCS should be provided by Signal Transfer Point-to-Signal Transfer Point connections. Given that CCS will be used cooperatively for the mutual handling of traffic, link facility and link termination charges should be prorated 50% between the parties. For traffic for which CCS is not available, in-band multi-frequency, wink start, and E&M channel-associated signaling will be forwarded. The originating carrier should also be required to transmit the privacy indicator where it applies.

RESPONDENT: Timothy Devine

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 38. What are the appropriate arrangements for physical interconnection between MFS-FL and Sprint-United/Centel including trunking and signaling arrangements?

RESPONSE: 38. Sprint-United/Centel should exchange traffic between its network and the networks of competing carriers using reasonably efficient routing, trunking, and signaling arrangements. ALECs and Sprint-United/Centel should reciprocally terminate LATA-wide traffic originating on each other's network, via two-way trunking arrangements. These arrangements should be jointly provisioned and engineered. Moreover, each local carrier should be required to engineer its portion of the transmission facilities terminating at a D-NIP to provide the same grade and quality of service between its switch and the other carrier's network as it provides in its own network. MFS-FL and Sprint-United/Centel should use their best collective efforts to develop and agree upon a Joint Interconnection Grooming Plan prescribing standards to ensure that trunk groups are maintained at this grade of service. Carriers should provide each other the same form and quality of interoffice signaling (*e.g.*, in-band, CCS, etc.) that they use within their own networks, and SS7 signaling should be provided where the carrier's own network is so equipped. The Feature Group D-like ("FGD-like") trunking arrangements used by either party to terminate LATA-wide traffic may also be employed to terminate any other FGD traffic to that party, subject to payment of the applicable tariffed charges for such other traffic, *e.g.*, interLATA traffic.

RESPONDENT: Timothy Devine

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 39. To the extent not addressed in the number portability docket, Docket No. 950737-TP, what are the appropriate financial and operational arrangements for interexchange calls terminated to a number that has been "ported" to the respective ALEC?

RESPONSE: 39. Switched access and local compensation should apply regardless of whether a call is completed using interim number portability. Only if the customers' carrier collects these revenues will competition be stimulated by interim number portability. Sprint-United/Centel should therefore compensate ALECs as if the traffic had been terminated directly to the ALEC's network, except that certain transport elements should not be paid to ALECs to the extent that Sprint-United/Centel will be transporting the call on its own network. Thus, for LATA-wide calls originating on Sprint-United/Centel's network and terminating on MFS-FL's network, the effective inter-carrier compensation structure at the time the call is placed should apply. Traffic from IXCs forwarded to MFS-FL via temporary number portability should be compensated by Sprint-United/Centel at the appropriate intraLATA, interLATA-intrastate, or interstate terminating access rate less those transport elements corresponding to the use of the Sprint-United/Centel network to complete the call. Furthermore, MFS-FL believes that procedures for the processing and billing of interim number portability should be established by the Commission in this proceeding.

RESPONDENT: Timothy Devine

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 40. What arrangements, if any, are necessary to address other operational issues?

RESPONSE: 40. Each carrier should be required to provide the same standard of maintenance and repair service for its trunks terminating at the D-NIP as it does for interoffice trunks within its own network. Each carrier should be required to complete calls originating from another carrier's switch in the same manner and with comparable routing to calls originating from its own switches. The Commission should establish reasonable arrangements to address information services billing and collection, transfer of service announcements, coordinated repair calls, information pages, and the operator reference database.

RESPONDENT: Timothy Devine

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 41. What arrangements, if any, are appropriate for the assignment of NXX codes to the respective ALECs?

RESPONSE: 41. It is MFS-FL's understanding that Sprint-United/Centel does not assign NXX codes. If this is true, there is no need to address this issue with respect to Sprint-United/Centel.

RESPONDENT: Timothy Devine

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 42. Please provide a detailed outline of your proposed interconnection agreements with GTEFL.

a. Please provide the specific items the parties agreed upon, if any.

b. What specific items remain at issue?

c. Of the items that remain at issue, which would MFS-FL characterize as contentious?

RESPONSE: 42. A detailed outline of the MFS-FL interconnection proposal to GTE is attached to the Direct Testimony of Timothy T. Devine as Exhibit TTD-2.

a. A number of issues have been agreed upon, including essentially every aspect of issues 2 (tariffing), 4 (intraLATA 800 traffic), 5 (911/E911), 6 (operator handled traffic), 7 (directory assistance services), 8 (white and yellow pages), 9 (billing and collection services), 10 (CLASS/LASS services), 11 (physical interconnection), 12 (treatment of "ported" calls), and 14 (NXX codes). The agreement is attached to the Rebuttal Testimony of Timothy T. Devine as Exhibit TTD-9.

b. Certain technical and other operational arrangements (issue 13) remain to be worked out. The parties expect to be able to reach agreement on these issues, and in fact have agreed to negotiate an agreement with respect to these issues within 60 days. More importantly, MFS-FL and GTE were unable to agree upon the appropriate reciprocal compensation for call termination between its respective end users. GTE was unwilling to agree to the MFS-FL position that bill and keep transitioning to LRIC-based rates is the appropriate form of interconnection compensation. GTE would also not agree with MFS-FL on three additional issues: 1) arrangements advocated by MFS-FL, and ordered by the New York Public Service Commission, that would permit two collocated ALECs to cross-connect directly to one another without transiting GTE's network; 2) the appropriate intermediary charge for MFS-FL traffic transiting the GTE network; and 3) that, where interconnection occurs via collocation, upon reasonable notice, MFS-FL would be permitted to change

from one interconnection method to another with no penalty, conversion, or rollover charges. Accordingly, the issues that remain to be resolved in whole or in part are issues 1 (reciprocal compensation), 3 (technical and financial arrangements for billing third party callls), and 13 (operational issues).

c. The operational issues are not contentious and the parties expect to reach agreement on them. All other unresolved issues could be considered contentious.

RESPONDENT: Timothy Devine

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 43. If you were able to negotiate an interconnection rate, how soon would you be able to provide service to your target customers?

RESPONSE: 43. If GTE continues to be cooperative with respect to physical interconnection and operational issues, MFS-FL could begin providing service to customers within GTE's service area within a matter of months.

RESPONDENT: Timothy Devine

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 44. Do you think GTEFL is being unreasonable in its negotiations? If so, why? Please be specific and identify any documentation supporting your claims.

RESPONSE: 44. Generally, no. GTE adopted a constructive, positive approach to negotiations that resulted in an agreement on most of the issues in this docket. MFS-FL believes that, particularly in light of the Florida statute and the recently signed federal legislation it is unreasonable to delay competition by failing to come to agreement on the issue of reciprocal compensation, as well. GTE, however, was the most reasonable of the LECs with whom MFS-FL has negotiated to date.

RESPONDENT: Timothy Devine

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 45. a) Does MFS-FL have any interconnection arrangements with any LECs, AAVs, ALECs, or equivalent entities in other jurisdictions?

b) Does MFS-FL have any interconnection arrangements with any LECs, AAVs, ALECs, or equivalent entities in Florida?

RESPONSE: a) Yes. Affiliates of MFS-FL have interconnection agreements with Pacific Bell in California, New York Telephone in New York, Southern New England Telephone Company in Connecticut, and New England Telephone in Massachusetts. The New York, Connecticut, and Massachusetts agreements are subject to the outcome of ongoing proceedings. The New York and Connecticut commissions have issued orders, and a Massachusetts decision is expected shortly.

b) Yes. MFS-FL has an interconnection agreement with GTE Florida, Inc. which was attached to its rebuttal testimony in this docket.

RESPONDENT: Timothy Devine

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 46. If Staff's Interrogatory No. 45a and 45b is answered in the affirmative, identify all interconnection arrangements reflected in tariffs filed with the appropriate public utility regulatory agency.

RESPONSE: 46. All of the agreements referred to in response to Interrogatory No. 45 are public documents, but none are reflected in tariffs.

RESPONDENT: Timothy Devine

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 47. If Staff's Interrogatory No. 45a and 45b is answered in the affirmative, identify all interconnection arrangements which are based on a written contractual agreement, other than those identified in MFS-FL's response to Staff's Interrogatory No. 46.

RESPONSE: 47. The interconnection arrangements with GTE Florida, Inc., Pacific Bell, New England Telephone Company, New York Telephone, and Southern New England Telephone Company are all based on written contractual agreements.

RESPONDENT: Timothy Devine

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set no. 2

DATED: February 5, 1996

ITEM: 48. Should interconnection arrangements between MFS-FL and GTEFL be on the same terms and conditions as interconnection between incumbent LECs today? Explain in detail why or why not.

RESPONSE: 48. Generally, yes, the interconnection arrangements between MFS-FL and GTE should be on the same terms and conditions as interconnection between incumbent LECs today. For example, bill and keep is the most commonly used form of reciprocal compensation across the country between incumbent LECs, and bill and keep should apply between MFS-FL and GTE. There may be issues, such as number portability, that may be addressed differently to accommodate the transition to a competitive environment.

RESPONDENT: Timothy Devine

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 49. What are the appropriate technical and financial billing arrangements which should govern interconnection between MFS-FL and GTEFL for the delivery of calls originated and/or terminated from interexchange carriers not directly connected to MFS-FL's network?

RESPONSE: 49. Collocated ALECs should be permitted to cross-connect without transiting the GTE network. The appropriate charge for traffic transiting the GTE network, when necessary, is the lesser of: 1) GTE's interstate or intrastate switched access per minute tandem switching element; or 2) a per minute rate of $0.002. MFS-FL and GTE have reached agreement on other aspects of this issue as outlined in the agreement attached to MFS-FL's rebuttal testimony as Exhibit TTD-9.

RESPONDENT: Timothy Devine

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 50. What are the appropriate technical and financial requires for the exchange of intraLATA 800 traffic which originates from a MFS-FL customer and terminates to an 800 number served by GTEFL?

RESPONSE: 50. MFS-FL and GTE have reached agreement on this issue as outlined in the agreement attached to MFS-FL's rebuttal testimony as Exhibit TTD-9.

RESPONDENT: Timothy Devine

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 51. What are the appropriate technical arrangements for the interconnection of MFS-FL's network to GTEFL 911 provisioning network such that MFS-FL's customers are ensured the same level of 911 service as they would receive as a customer of GTEFL?

RESPONSE: 51. MFS-FL and GTE have reached agreement on this issue as outlined in the agreement attached to MFS-FL's rebuttal testimony as Exhibit TTD-9.

RESPONDENT: Timothy Devine

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 52. What procedures should be in place for the timely exchange and updating of MFS-FL customer information for inclusion in appropriate E911 databases?

RESPONSE: 52. MFS-FL and GTE have reached agreement on this issue as outlined in the agreement attached to MFS-FL's rebuttal testimony as Exhibit TTD-9.

RESPONDENT: Timothy Devine

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 53. What are the appropriate technical requirements for operator traffic flowing between MFS-FL's operator services provider and GTEFL's operator services provider including busy line verification and emergency interrupt services?

RESPONSE: 53. MFS-FL and GTE have reached agreement on this issue as outlined in the agreement attached to MFS-FL's rebuttal testimony as Exhibit TTD-9.

RESPONDENT: Timothy Devine

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 54. Under what terms and conditions should GTEFL be required to list MFS-FL's customers in its directory assistance database?

RESPONSE: 54. MFS-FL and GTE have reached agreement on this issue as outlined in the agreement attached to MFS-FL's rebuttal testimony as Exhibit TTD-9.

RESPONDENT: Timothy Devine

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 55. Under what terms and conditions should GTEFL be required to list MFS-FL's customers in its universal white and yellow pages directories and to publish and distribute these directories to MFS-FL's customers?

RESPONSE: 55. MFS-FL and GTE have reached agreement on this issue as outlined in the agreement attached to MFS-FL's rebuttal testimony as Exhibit TTD-9.

RESPONDENT: Timothy Devine

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 56. What arrangements are necessary to ensure that MFS-FL can bill and clear credit card, collect, third party calls and audiotext calls?

RESPONSE: 56. MFS-FL and GTE have reached agreement on this issue as outlined in the agreement attached to MFS-FL's rebuttal testimony as Exhibit TTD-9.

RESPONDENT: Timothy Devine

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 57. What arrangements are necessary to ensure the provision of CLASS/LASS services between interconnected networks?

RESPONSE: 57. MFS-FL and GTE have reached agreement on this issue as outlined in the agreement attached to MFS-FL's rebuttal testimony as Exhibit TTD-9.

RESPONDENT: Timothy Devine

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 58. What are the appropriate arrangements for physical interconnection between MFS-FL and GTEFL, including trunking and signaling arrangements?

RESPONSE: 58. MFS-FL and GTE have reached agreement on this issue as outlined in the agreement attached to MFS-FL's rebuttal testimony as Exhibit TTD-9.

RESPONDENT: Timothy Devine

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 59. To the extent not addressed in the number portability docket, Docket No. 950937-TP, what are the appropriate financial and operational arrangements for interexchange calls terminated to a number that has been "ported" to the respective ALEC?

RESPONSE: 59. MFS-FL and GTE have reached agreement on this issue as outlined in the agreement attached to MFS-FL's rebuttal testimony as Exhibit TTD-9.

RESPONDENT: Timothy Devine

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 60. What arrangements, if any, are necessary to address other operational issues?

RESPONSE: 60. Certain operational issues remain to be worked out, but the parties have agreed to negotiate a solution within 60 days. MFS-FL and GTEFL have reached agreement on all other aspects of this issue as outlined in the agreement attached to MFS-FL's rebuttal testimony as Exhibit TTD-9.

RESPONDENT: Timothy Devine

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

DOCKET NO. 950985-TP

REQUEST: Staff Interrogatories, Set No. 2

DATED: February 5, 1996

ITEM: 61. What arrangements, if any, are appropriate for the assignment of NXX codes to the respective ALECs?

RESPONSE: 61. MFS-FL and GTEFL have reached agreement on this issue as outlined in the agreement attached to MFS-FL's rebuttal testimony as Exhibit TTD-9.

RESPONDENT: Timothy Devine

DISTRICT OF COLUMBIA)
)
CITY OF WASHINGTON)

BEFORE ME, the undersigned authority, personally appeared Timothy T. Devine, who being first duly sworn deposes and says:

That he occupies the position of Senior Director of External and Regulatory Affairs for the Southern Region of MFS Communications Company, Inc., and is the person who has furnished answer(s) to these interrogatory(ies) Nos. 22 through 61 and further says that said answer(s) are true and correct to the best of his knowledge and belief.

WITNESS my hand and seal this 26th day of February, 1996.

Signature Timothy T. Devine

Eleanor M. Wills

Notary Public

State of WASHINGTON DISTRICT of COLUMBIA

My Commission Expires:

Eleanor M. Wills
Notary Public Of District of Columbia
My Commission Expires July 31, 1999

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ACADEMIC AND PROFESSIONAL QUALIFICATIONS OF DON PRICE

Academic Background:

My academic background is in the social sciences. I received my Bachelor of Arts degree in Sociology from the University of Texas at Arlington in May of 1977, and was awarded a Master of Arts degree in Sociology by the University of Texas at Arlington in December, 1978.

Professional Qualifications:

From January, 1979 until October, 1983, I was employed by the Southwest telephone operating company of GTE where I held several positions of increasing responsibility in Economic Planning where I became acquainted with such local exchange telephone company functions as the workings and design of the local exchange network, the network planning process, the operation of a business office, and the design and operation of a large billing system.

From November 1983 until November 1986, I was employed by the Public Utility Commission of Texas (PUCT). I initially provided analysis and expert testimony on a variety of rate design issues including setting of rates for switched and special access services, MTS, WATS, EAS, and local exchange service. In 1986 I was promoted to Manager of Rates and Tariffs, and was directly responsible for staff

FLORIDA PUBLIC SERVICE COMMISSION
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analyses of rate design and tariff issues in all telecommunications proceedings before the Texas Commission.

I have been with MCI for nearly nine years, all of which has been in the regulatory arena. In my present position, I have broad responsibilities in monitoring and participating in telephone-related state regulatory and legislative proceedings throughout the Southwestern Bell and BellSouth service areas, primarily focused on the policy issues surrounding local competition.

I have presented testimony before a number of state commissions, including the Public Service Commission of Arkansas, the Public Service Commission of Florida, the Kansas Corporation Commission, the Louisiana Public Service Commission, the Missouri Public Service Commission, the North Carolina Utilities Commission, the Corporation Commission of the State of Oklahoma, the Public Service Commission of South Carolina, the Public Service Commission of Tennessee , and the Public Utility Commission of Texas. A list of those proceedings in which I have furnished testimony is provided on the following pages.

**TESTIMONY PRESENTED BEFORE
REGULATORY UTILITY COMMISSIONS**

Arkansas

Docket No. 91-051-U: IN RE IMPLEMENTATION OF TITLE IV OF THE AMERICANS WITH DISABILITIES ACT OF 1990

Docket No. 92-079-R: IN THE MATTER OF A PROCEEDING FOR THE DEVELOPMENT OF RULES AND POLICIES CONCERNING OPERATOR SERVICE PROVIDERS

Florida

Docket No. 941272-TL: IN RE: SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY'S PETITION FOR APPROVAL OF NUMBERING PLAN AREA RELIEF FOR 305 AREA CODE

Docket No. 950696-TP: IN RE: DETERMINATION OF FUNDING FOR UNIVERSAL SERVICE AND CARRIER OF LAST RESORT RESPONSIBILITIES.

Docket No. 950737-TP: IN RE: INVESTIGATION INTO TEMPORARY LOCAL TELEPONE NUMBER PORTABILITY SOLUTION TO IMPLEMENT COMPETITION IN LOCAL EXCHANGE TELEPHONE MARKETS.

Kansas

Docket No. 190,492-U: IN THE MATTER OF A GENERAL INVESTIGATION INTO COMPETITION WITHIN THE TELECOMMUNICATIONS INDUSTRY IN THE STATE OF KANSAS

Louisiana

Docket No. U-17957: IN RE: INVESTIGATION OF OPERATING PRACTICES OF ALTERNATIVE OPERATOR SERVICES PROVIDERS TO INCLUDE RATES AND CHARGES

Docket No. U-19806: IN RE: PETITION OF AT&T COMMUNICATIONS OF THE SOUTH CENTRAL STATES, INC., FOR REDUCED REGULATION OF INTRA-STATE OPERATIONS

Docket No. U-20237: IN RE: OBJECTIONS TO THE FILING OF REDUCED WATS SAVER SERVICE RATES, INTRALATA, STATE OF LOUISIANA

Docket No. U-20710: IN RE: GENERIC HEARING TO CLARIFY THE PRICING/IMPUTATION STANDARD SET FORTH IN COMMISSION ORDER NO. U-17949-N ON A PROSPECTIVE BASIS ONLY, AS THE STANDARD RELATES TO LEC COMPETITIVE TOLL OFFERINGS

Missouri

Case No. TO-87-42: IN THE MATTER OF SOUTHWESTERN BELL TELEPHONE COMPANY FILING ACCESS SERVICES TARIFF REVISIONS AND WIDE AREA TELECOMMUNICATIONS SERVICE (WATS) TARIFF, INDEX, 6th REVISED SHEET, ORIGINAL SHEET 16.01

Case No. TO-95-289, et al: IN THE MATTER OF AN INVESTIGATION INTO THE EXHAUSTION OF TELEPHONE NUMBERS IN THE 314 NUMBERING PLAN AREA

North Carolina

Docket No. P-100, SUB 119: IN THE MATTER OF: ASSIGNMENT OF N11 DIALING CODES

Oklahoma

Consolidated Dockets PUD NO. 000237: IN THE MATTER OF THE APPLICATION OF SOUTHWESTERN BELL TELEPHONE COMPANY FOR AN ORDER APPROVING PROPOSED CHANGES AND ADDITIONS IN APPLICANTS' WIDE AREA TELECOMMUNICATIONS SERVICE PLAN TARIFF; and

PUD NO. 000254: IN THE MATTER OF THE APPLICATION OF SOUTHWESTERN BELL TELEPHONE COMPANY FOR AN ORDER APPROVING PROPOSED

ADDITIONS AND CHANGES IN APPLICANTS' ACCESS SERVICE TARIFF AND WIDE AREA TELECOMMUNICATIONS SERVICE PLAN TARIFF

Consolidated Dockets PUD NO. 920001335: IN THE MATTER OF THE APPLICATION OF THE OKLAHOMA RURAL TELEPHONE COALITION, GTE SOUTHWEST, INC., ALLTEL OKLAHOMA, INC., AND OKLAHOMA ALLTEL, INC. FOR AN ORDER ADOPTING THE OKLAHOMA ALTERNATIVE SETTLEMENT PLAN; and

PUD NO. 920001213: IN THE MATTER OF THE APPLICATION OF SOUTHWESTERN BELL TELEPHONE COMPANY FOR AN ORDER IMPLEMENTING TERMINATING ACCESS CHARGES IN LIEU OF INTRALATA TOLL AND SURCHARGE POOLS; and

PUD NO. 940000051: IN RE: INQUIRY OF THE OKLAHOMA CORPORATION COMMISSION REGARDING WHETHER THE INTRALATA TOLL POOL AND SURCHARGE POOL SHOULD CONTINUE TO EXIST IN THE STATE OF OKLAHOMA

<u>South Carolina</u>

Docket No. 92-606-C: IN RE: GENERIC PROCEEDING TO REVIEW THE USE OF N11 SERVICE CODES

<u>Tennessee</u>

Docket No. 93-07799: IN RE: SHOW CAUSE PROCEEDING AGAINST CERTIFIED IXCS AND LECS TO PROVIDE TOLL FREE, COUNTY-WIDE CALLING

Docket No. 94-00184: INQUIRY FOR TELECOMMUNICATIONS RULE-MAKING REGARDING COMPETITION IN THE LOCAL EXCHANGE

Docket No. 93-08793: IN RE: APPLICATION OF MCI METRO ACCESS TRANSMISSION SERVICES, INC. FOR AUTHORITY TO OFFER LOCAL EXCHANGE SERVICES WITHIN TENNESSEE

Docket No. 95-02499: UNIVERSAL SERVICE PROCEEDING, PART 1 -- COST OF UNIVERSAL SERVICE AND CURRENT SOURCES OF UNIVERSAL SERVICE SUPPORT, AND PART 2 -- ALTERNATIVE UNIVERSAL SERVICE SUPPORT MECHANISMS

Texas

Docket 4992: APPLICATION OF GENERAL TELEPHONE COMPANY OF THE SOUTHWEST FOR A RATE/TARIFF REVISION

Docket 5113: PETITION OF PUBLIC UTILITY COMMISSION FOR AN INQUIRY CONCERNING THE EFFECTS OF THE MODIFIED FINAL JUDGMENT AND THE ACCESS CHARGE ORDER UPON SW BELL AND THE INDEPENDENT TELEPHONE COMPANIES OF TEXAS (Phase II)

Docket 5610: APPLICATION OF GENERAL TELEPHONE COMPANY OF THE SOUTHWEST FOR A RATE INCREASE

Docket 5800: APPLICATION OF AT&T COMMUNICATIONS FOR AUTHORITY TO IMPLEMENT "REACH OUT TEXAS"

Docket 5898: APPLICATION OF SAN ANGELO FOR REMOVAL OF THE EXTENDED AREA SERVICE CHARGE FROM GENERAL TELEPHONE COMPANY OF THE SOUTHWEST'S RATES IN SAN ANGELO, TEXAS

Docket 5926: APPLICATION OF SOUTHWESTERN BELL TELEPHONE COMPANY TO ESTABLISH FEATURE GROUP "E" (FGE) ACCESS SERVICE FOR RADIO AND CELLULAR COMMON CARRIERS

Docket 5954: INQUIRY OF THE PUBLIC UTILITY COMMISSION OF TEXAS INTO OFFERING EXTENDED AREA SERVICE IN THE CITY OF ROCKWALL

Docket 6095: APPLICATION OF AT&T COMMUNICATION FOR A RATE INCREASE

Docket 6200: PETITION OF SOUTHWESTERN BELL TELEPHONE COMPANY FOR AUTHORITY TO CHANGE RATES

Docket 6264: PETITION OF THE GENERAL COUNSEL FOR INITIATION OF AN EVIDENTIARY PROCEEDING TO ESTABLISH TELECOMMUNICATIONS SUBMARKETS

Docket 6501: APPLICATION OF VALLEY VIEW TELEPHONE COMPANY FOR AN AMENDMENT TO CERTIFICATE OF CONVENIENCE AND NECESSITY

Docket 6635: APPLICATION OF MUSTANG TELEPHONE COMPANY FOR AUTHORITY TO CHANGE RATES

Docket 6740: APPLICATION OF SOUTHWEST TEXAS TELEPHONE COMPANY FOR RATE INCREASE

Docket 6935: APPLICATION OF SOUTHWESTERN BELL TELEPHONE COMPANY TO INTRODUCE MICROLINK II - PACKET SWITCHING DIGITAL SERVICE

Docket 8730: INQUIRY OF THE GENERAL COUNSEL INTO THE MEET-POINT BILLING PRACTICES OF GTE SOUTHWEST, INC.

Docket 8218: INQUIRY OF THE GENERAL COUNSEL INTO THE WATS PRORATE CREDIT

Docket 8585: INQUIRY OF THE GENERAL COUNSEL INTO THE REASONABLENESS OF THE RATES AND SERVICES OF SOUTHWESTERN BELL TELEPHONE COMPANY

Docket 10127: APPLICATION OF SOUTHWESTERN BELL TELEPHONE COMPANY TO REVISE SECTION 2 OF ITS INTRASTATE ACCESS SERVICE TARIFF

Docket 11441: PETITIONS OF INFODIAL, INC., AND OTHERS FOR ASSIGNMENT OF ABBREVIATED N11 DIALING CODES

Docket 11840: JOINT PETITION OF SOUTHWESTERN BELL TELEPHONE COMPANY AND GTE SOUTHWEST, INC. TO PROVIDE EXTENDED AREA SERVICE TO CERTAIN COMMUNITIES IN THE LOWER RIO GRANDE VALLEY

Docket 14447: PETITION OF MCI TELECOMMUNICATIONS CORPORATION FOR AN INVESTIGATION OF THE PRACTICES OF SOUTHWESTERN BELL TELEPHONE COMPANY REGARDING THE EXHAUSTION OF TELEPHONE NUMBERS IN THE 214 NUMBERING PLAN AREA AND REQUEST FOR A CEASE AND DESIST ORDER AGAINST SOUTHWESTERN BELL TELEPHONE COMPANY

BIOGRAPHY

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EXPERIENCE

10/88-Present Private consultant. Microeconomic consulting, primarily in fields of telecommunications and antitrust.

2/82 - 10/88 President: Cornell, Pelcovits & Brenner Economists Inc. Microeconomic consulting, primarily in fields of telecommunications, broadcasting, environmental, and antitrust economics. Assignments have included serving as an expert witness before State and Canadian regulatory agencies on many emerging issues in telecommunications such as: the appropriate structure of access charges to interexchange companies; the public interest benefits of competition and of resale; the need to separate the unregulated from the regulated activities of telephone companies; appropriate telephone costing methodology, market rules, and industry structure; the proper costing of Centrex service; the setting of appropriate prices for the sale of embedded terminal equipment; and the appropriate application of cost and demand studies to the design of telephone tariffs; assisting in the cross examination of opposing witnesses and preparation of information requests; sponsoring cellular tariffs in cellular applications to the FCC; and testifying before Congressional committees on the economics of home taping, copyright, and the First Sale Doctrine.

3/81 - 2/82 Vice President: Owen, Cornell, Greenhalgh & Myslinski Economists Inc. Microeconomic consulting in telecommunications, broadcasting, environmental, and antitrust economics. Assignments included serving as expert witness in court cases, including U.S. v. AT&T, and before the Public Service Commission of the State of Florida on the public interest benefits of competition in long haul services and of resale, and on standards for access charges for competitors; assisting in preparation of depositions and cross examination of opposing witnesses; preparing an analysis of the economic impact of the broadcasting regulations on the video industry; preparing a cost-benefit analysis of proposed water pollution control regulations for the steel industry and defending it before EPA.

5/78 - 2/81 Chief: Office of Plans and Policy, Federal Communications Commission. Responsible for proposing policy and directing medium and long-range planning for the Commission. During this period, developed an in-house economics capability and functioned as chief economist for the Commission, sat at all Commission meetings, and advised the Commissioners on economic policy issues and alternatives. Directed a staff of 28-35 of mixed disciplines, mainly economics and engineering. Projects of the Office covered such topics as appropriate regulation for common carriers, including involvement in developing a new cost manual, further extensions of resale to switched intercity services, appropriate instances to require separate subsidiaries, and proper regulatory treatment of non-dominant common carriers; direct broadcast satellites; public coast stations; and radio; appropriate policies to achieve an improved UHF TV service; children's television; and how to improve spectrum management.

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO. 22
COMPANY/ WITNESS: Cornell
DATE: 3/12/96

DOCUMENT NUMBER-DATE
01009 JAN 26 96
FPSC-RECORDS/REPORTING

2/77 - 5/78 Senior Staff Economist: Council of Economic Advisors. Covered all areas of regulation except energy for the Council. Some major areas of activity were development of the regulatory analysis requirement in Executive Order 12044; the Regulatory Analysis Review Group; development of policy on various EPA activities such as prevention of significant deterioration of air quality; beverage container deposit legislation; revisions to the Clean Air, and the Clean Water Acts; minerals policy; and carcinogen regulation; also amendments of the laws governing civil aviation, trucking and communications.

6/76 - 2/77 Senior Economist: Council on Wage and Price Stability. Worked on energy issues. Major activity was as lead economist on the Presidential Task Force on Reform of Federal Energy Administration Regulation.

8/72 - 4/76 Research Associate: The Brookings Institution. First two years were in Foreign Policy Studies working as the economist on an interdisciplinary study on international institutions for managing oceans, outerspace, and weather modification. Last two years were in Economic Studies working with Charles L. Schultze on energy policy and working on safety and health regulation.

9/65 - 6/67 Teaching Assistant: Department of Economics, University of Illinois at Urbana-Champaign.

PUBLICATIONS

"Regulation and Optimal Technological Change: Not Whether but How," in The Changing Nature of Telecommunication/Information Infrastructure, Computer Science and Telecommunications Board, National Research Council, Washington, D.C., National Acadamy Press, 1995.

"Optimal Costing and Pricing Methodologies for Regulated Monopoly Telephone Companies," in William Pollard, Editor, Marginal Cost Techniques for Telephone Services: Symposium Proceedings, Columbus, Ohio, The National Regulatory Research Institute.

Contributor, "The State of Competition in Telecommunications," in Barry G. Cole, Editor, After The Breakup: Assessing the New Post-AT&T Divestiture Era, New York: Columbia University Press, 1991.

Co-Author, "Public Utility Rate-of-Return Regulation: Can It Ever Protect Consumers?" by Nina W. Cornell and Douglas W. Webbink, in Robert W. Poole, Jr., editor, Unnatural Monopolies, Lexington, Mass.: Lexington Books, 1985.

Co-Author, "Access Charge Theory and Implication: A Slip Twixt Cup and Lip," by Michael D. Pelcovits, Nina W. Cornell, and Steven R. Brenner, in Patrick C. Mann and Harry M. Trebbing, Editors, Changing Patterns in Regulation: The Effect on Public Utility Pricing, Proceedings of the Institute of Public Utilities Fourteenth Annual Conference, East Lansing, Michigan: Institute of Public Utilities Graduate School of Business Administration, 1984.

Co-Author, "Toward Competition in Phone Service: A Legacy of Regulatory Failure," by Nina W. Cornell, Michael D. Pelcovits, and Steven R. Brenner, in Regulation, July/August 1983.

Co-Author, "The Present Direction of the FCC: An Appraisal," by Nina W. Cornell and Douglas W. Webbink, American Economic Review, Papers and Proceedings, Vol. 73, No. 2, May 1983.

Co-Author, "Access Charges, Costs, and Subsidies: The Effect of Long Distance Competition on Local Rates," by Nina W. Cornell and Michael D. Pelcovits, in Eli Noam, editor, Telecommunications Regulation Today and Tomorrow, New York: Harcourt Brace Jovanovich, 1983.

"Direct Broadcast to Home Satellites — Boon or Bane to Broadcasting, Cable and the Public: A Panel Discussion," Jurimetrics Journal, Winter 1982.

Co-Author, "Social Objectives and Competition in Common Carrier Communications: Incompatible or Inseparable?" by Nina W. Cornell, Daniel A. Kelley, and Peter R. Greenhalgh, in Harry Trebing, ed., Energy and Communications in Transition, Michigan State University Public Utilities Papers, 1981.

"Rate of Return Regulation: Protecting Whom from What?", Regulation, November/December 1980.

Co-Author, "Common Carrier Regulation and Technological Change: The New Competition in the Communications Industries," by Nina W. Cornell and Douglas W. Webbink, Joint Economic Committee of Congress, Special Study on Economic Change, Volume 5, December 8, 1980.

Co-Author, Policies for Regulation of Direct Broadcast Satellites, by Florence O. Setzer, Bruce A. Franca, and Nina W. Cornell, Staff Report, Office of Plans and Policy, Federal Communications Commission, September 1980.

"For Spectrum Economics," Mobile Times, February 1980; and "More on the Spectrum Economics Debate: Rebuttal for the Proposal," Mobile Times, March 1980.

"The Politics of Policy Analysis," American Journal of Agricultural Economics, Vol. 61, No. 4, part 2, November 1979.

"Can Safety Be Mandated?" Economic Effects of Government-Mandated Costs, Public Policy Research Center, University of Florida, 1978.

Co-Author, Regimes for the Ocean, Outerspace, and the Weather, by Seyom Brown, Nina W. Cornell, Larry L. Fabian, and Edith Brown Weiss, The Brookings Institution, 1977.

Co-Author, "Safety Regulation" by Nina W. Cornell, Roger C. Noll, and Barry Weingast, in Henry Owen and Charles L. Schultze, eds., Setting National Priorities: The Next Ten Years, The Brookings Institution, 1976.

"Manganese Nodule Mining and Economic Rent," Natural Resources Journal, Vol 14, No. 4, October 1974.

SELECTED CONFERENCE PRESENTATIONS

Asilomar Conference on Lifting the MFJ Restrictions, A Symposium Sponsored by The Communications Committee of the National Association of Regulatory Utility Commissioners and the California Public Utilities Commission, Asilomar Conference Center, Pacific Grove, California, January 2-5, 1990

"Emerging IntraLATA Rate Structures and the Impact of IntraLATA Pricing on Competition," presented at the 1988 NARUC Advanced Regulatory Studies Program, Williamsburg, Virginia, February 28, 1988.

"Local Telephone Prices and the Subsidy Question," with Roger C. Noll, presented at the Bell Communications Research Telecommunications Demand Modeling Conference, New Orleans, Louisiana, October 25, 1985.

TESTIMONY — REGULATORY COMMISSIONS

Canadian Radio-television and Telecommunications Commission:

- Inquiry Into Telecommunications Carriers' Costing and Accounting Procedures: Phase III - Costing of Existing Services, 9/30/82.

Public Utilities Board for the Province of Alberta, Canada:

- In the Matter of "The Alberta Government Telephones Act," Being Chapter A-23 of the Revised Statutes of Alberta, 1980, as Amended; And in the Matter of "The Public Utilities Board Act," Being Chapter P-37 of the Revised Statutes of Alberta, 1980, as Amended; and in the Matter of an Application by Alberta Government Telephones to the Public Utilities Board for an Order Approving the Deletion of Certain Basic Terminal Equipment (Voice) Services. (On Proper Conditions to Apply to Local Telephone Company Services in order to have a Competitive Equipment Market), 2/10/83.

Alaska Public Utilities Commission

- In the Matter of Consideration of Regulations Governing the Market Structure for Intrastate Interexchange Telecommunications Service, Docket No. R-90-1, 6/5/90.

Arizona Corporation Commission:

- In the Matter of the Application of the Mountain States Telephone and Telegraph Company, a Colorado Corporation, for a Hearing to Determine the Earnings of the Company, the Fair Value of the Company for Ratemaking Purposes, to Fix a Just and Reasonable Rate of Return Thereon, and to Approve Rate Schedules Designed to Develop Such Return, Docket No. E-1051-84-100, and In the Matter of the Mountain States Telephone & Telegraph Company Filing New Tariff Pages for Approval by the Commission, Which Introduce Access Services, Docket No. E-1051-83-293, 8/23/85.
- In the Matter of the Application of GTE Sprint Communications Corporation for a Certificate of Public Convenience and Necessity to Offer Intercity Telecommunications Services to the Public in the State of Arizona, Docket No. U-2432-84-003, 1/11/85.
- In the Matter of a General Investigation on the Commission's Own Motion into Competition for Intrastate Interexchange Services, Docket No. U-0000-84-058, 9/4/84.

Arkansas Public Service Commission:

- In the Matter of an Investigation of Intrastate Separations, Settlements and Intrastate Toll Rates of Return, Docket No. 83-042-U, 5/28/85.

Public Utilities Commission of California:

- Order Instituting Rulemaking on the Commission's Own Motion Into Competition for Local Exchange Service; Order Instituting Investigation on the Commission's Own Motion Into Competition for Local Exchange Service; R.95-04-043, et al., 10/27/95.
- Investigation on the Commission's Own Motion into the Second Triennial Review of the Operations and Safeguards of the Incentive-Based Regulatory Framework for Local Exchange Carriers, I. 95-05-047, 9/28/95.
- In the Matter of Alternative Regulatory Frameworks for Local Exchange Carriers and Related Matters, I.87-11-033, 5/18/92; 10/9-10/91.

- Application of AT&T Communications of California, Inc. (U 5002 C) under Rule 18 for a Certificate of Public Convenience and Necessity for Authority to Provide Intrastate InterLATA AT&T MEGACOM and AT&T MEGACOM 800 Service; Application of AT&T Communications of California, Inc. (U 5002 C) under Rule 18 for a Certificate of Public Convenience and Necessity for Authority to Provide AT&T PRO sm WATS California; Application of AT&T Communications of California, Inc. (U 5002 C) for Authority to Provide Intrastate AT&T 800 READYLINE Service, A.88-07-020, A.88-08-051, A.89-03-046, 3/2/90, 5/7/90.
- In the Matter of the Application of the Pacific Telephone and Telegraph Company, a corporation, for authority to establish a rate stability plan for Centrex-CO and associated services, to expand Centrex-CO service to smaller line size customers and to lower certain Centrex-CO service rates, Application No. 83-05-45, 12/27-28/83.
- Order Instituting Investigation to determine whether competition should be allowed in the provision of telecommunications transmission services within the state. And related matters. OII 83-06-01, Applications No. 82-12-21, No. 83-10-20, No. 83-05-16, No. 83-05-26, No. 83-05-40, No. 83-06-54, No. 83-07-21, No. 83-08-26, No.83-09-37, Case No. 83-05-05, 9/26-27/83 and 10/21/83.
- In the Matter of the Application of the Pacific Telephone and Telegraph Company, a corporation, for authority to increase certain intrastate rates and charges applicable to telephone services furnished within the State of California due to increased depreciation expense and Related Cases, Application No. 82-11-07, Application Nos. 83-01-22; 83-06-65; OII 83-04-02, 8/25-26/83.

Public Utilities Commission, State of Colorado:

- In the Matter of Costing and Pricing for Telephone Services, Docket No. 92M-039T, 2/24-28/92, 12/1-3/92.
- In Re: Application of Mountain States Telephone and Telegraph Company, D/B/A, U S West Communications, Inc., for Approval of a Five Year Plan for Rate and Service Regulation and for a Shared Earnings Program, Docket No. 90A-655T, 10/28/91.
- In Re: Investigation and Suspension of Proposed Changes in Tariffs Filed by the Mountain States Telephone and Telegraph Company, d/b/a U S West Communications, Inc., in Advice Letter No. 2173, Docket No. 90S-544T, 7/23/91, 7/25/91.
- In Re: Rules Prescribing the Provision of Certain Services within Open Network Architecture, Docket No. 90R-512T, 11/26/90.
- In Re: Investigation of IntraLATA Interexchange Telecommunications Markets in the State of Colorado, Docket No. 89I-082T, 2/22/90.
- Investigation and Suspension of Proposed Changes and Additions to Exchanges in Network Services Tariff—Telephone, Mountain States Telephone and Telegraph Company, Denver, Colorado 80202, I & S Docket No. 1766, 11/29/88.
- William C. Danks, Complainant v. Mile Hi Cablevision, Inc., Mile Hi Cablevision Associates, Ltd., and The Mountain States Telephone and Telegraph Company, Respondents; The Mountain States Telephone and Telegraph Company, Complainant, v. American Television and Communications Corporation, d/b/a American Cablevision of Littleton, Inc., American Cablevision of Thornton, Inc., American Cablevision of Wheatridge, Inc., and American Cablevision of Northglenn, Inc., Respondent, 12/11/85.
- In the Matter of the Application of MCI Telecommunications Corporation for a Certificate of Public Convenience and Necessity to Offer Intrastate Telecommunications Services to the Public in the State of Colorado, Application No. 36337, In the Matter of the Application of GTE Sprint Communications Corporation for a Certificate of Public Convenience and Necessity to Offer Intercity Telecommunications Services to the Public

in the State of Colorado and for the Establishment of Initial Rates, Application No. 36360, In the Matter of the Authority to Provide Interexchange Switched Voice Telecommunications Service on an IntraLATA Basis in the State of Colorado, Application No. 36456, 11/2/84.

Connecticut Department of Public Utilities:

- DPUC Investigation into the Unbundling of The Southern New England Telephone Company's Local Telecommunications Network, Docket No. 94-10-02, 5/8/95 and 5/19/95.
- DPUC Investigation into the Cost of Service of Southern New England Telephone Company, Docket 94-10-01, 2/2/95; 3/1/95.
- DPUC Investigation into the Rate Structure and Operational and Financial Status of the Southern New England Telephone Company, Docket No. 89-12-05, 5/6/91.
- DPUC Investigation into Authorization of Competition for Intrastate Telecommunications Service Pursuant to P.A. 87-415, Docket No. 87-08-24, 2/4-5/88.
- DPUC Investigation into Competition for Intrastate Interexchange Telecommunications Service, Docket No. 85-06-04, 4/2-3/86 and 5/29-30/86.
- Investigation into Compensation to Telephone Companies by Interstate Common Carriers for Unauthorized Intrastate Calls, Docket No. 85-05-23, 7/9/85 and 7/17/85.

Public Service Commission, State of Florida:

- In re: Petition for Review of Rates and Charges Paid by PATS Providers to LECs, Docket No. 860723-TP, 8/2/90.
- In re: Review of Southern Bell Telephone and Telegraph Company's Capital Recovery Position, Docket No. 890256-TL, 3/29/90.
- In re: Investigation into Equal Access Exchange Areas (EAEAs), Toll Monopoly Areas (TMAs), 1+ Restriction to the Local Exchange Companies (LECs), and Elimination of the Access Discount, Docket No. 880812-TP, 11/2/89.
- In re: An Investigation into the Statewide Offering of Access to the Local Network for the Purpose of Providing Information Services, Docket No. 880423-TP, 2/17/89.
- In re: Investigation into NTS Cost Recovery - Phase II, Docket No. 860984-TP, 3/17/88.
- In re: Investigation into NTS Cost Recovery - Phase I Levels, Docket No. 860984-TP, 9/17/87.
- In re: Intrastate Access Charges for Toll Use of Local Exchange Services - Toll Monopoly Transmission Areas and Bypass Restrictions (Phase I), Docket No. 820537, 5/2/86.
- Application of AT&T Communications of the Southern States, Inc. for a Certificate of Public Convenience and Necessity/Motion for Waiver of Tariff Filing Requirements, Docket No. 830489-TI, 3/13/86.
- In re: Intrastate Access Charges for Toll Use of Local Exchange Services, Docket No. 820537-TP, 9/14/83.
- In re: Petition of MCI Telecommunications Corporation for a Certificate of Public Convenience and Necessity, Docket No. 820450-TP, 3/21/83.
- In the Matter of: Resale of Wide Area Telephone Service and Message Toll Service, Docket No. 1 810239-TP, 1/22/82.
- Application of Microtel, Inc. for a Certificate to Construct and Operate a Microwave System, Docket No. 800333-TP, 11/5/81.

Georgia Public Service Commission:

- Docket No. 3522-U, 8/15/85.
- Application of MCI to Provide Intrastate Toll Service, Docket No. 3446-U, 2/29/84 (Direct testimony only).

State of Illinois, Illinois Commerce Commission:

- In the Matter of Illinois Bell Telephone Company Petition to Regulate Rates and Charges of Non-Competitive Serives Under an Alternative Form of Regulation, Docket No. 92-0448, 8/3/93.
- In the Matter of: Independent Coin Payphone Association and Total Communication Services, Inc. Complaint to Reclassify Illinois Bell Telephone Company Pay Telephone Service as a Competitive Service in Illinois Market Service Area 1 (MSA 1), Docket No. 88-0412, 11/14-15/91, 2/5/92.
- Centel Network Communications, Inc., Application for Certification of Service Authority Pursuant to Sec. 13-404; and For Other Authority and Waivers of Commission Rules and Regulations, Docket No. 89-0132, 1/16/90.
- In the Matter of Illinois Bell Telephone Company and Commonwealth Edison Company, Illinois Power Company, Central Illinois Light Company, Central Illinois Public Service Company, and the Illinois Telephone Association and Illinois Cable Television Association, Docket Nos. 86-0192, 86-0228, 86-0229, 3-15-88, 3-22-88.
- In the Matter of the Application of GTE Sprint Communications Corporation for a Certificate of Public Convenience and Necessity pursuant to section 55 of the Illinois Public Utilities Act, to Provide INTRA-MSA Telecommunications Services Within the State of Illinois, No. 83-0634, 11/14/84.
- In the Matter of the Application of AT&T Communications of Illinois, Inc. for the issuance of a Certificate of Public Convenience and Necessity to provide interexchange/INTER-MSA telephone and telecommunications services between and among Market Service Areas in the State of Illinois, 83-0648, 6/15/84.
- Satellite Business Systems Application for a Certificate of Public Convenience and Necessity pursuant to Section 55 of the Illinois Public Utilities Act, to provide INTER-MSA Telecommunications Services Within the State of Illinois, 84-0025, 4/30/84.
- GTE Sprint Communications Corporation Application for a Certificate of Public Convenience and Necessity pursuant to Section 55 of the Illinois Public Utilities Act, to Provide INTER-MSA Telecommunications Services Within the State of Illinois, 83-0633, 2/16/84.

Indiana Utility Regulatory Commission:

- In the Matter of the Complaint of the Indiana Payphone Association, Incorporated, an Indiana Not-For-Profit Incorporated Association, Complainant, v. Indiana Bell Telephone Company, Inc., Respondent, Cause No. 39474, 5/31/94, 6/2/94.
- Petition of MCI Telecommunications Corporation for a Certificate of Territorial Authority to Provide Intercity Telecommunications Services Within Indiana, Cause No. 37240, 10/3/83 and 11/21/83.

Iowa Utilities Board

- In re: IntraLATA Presubscription, Discounted Access Charges, and Imputed Access Charges, Docket No. INU-90-1, 8/13/90.
- Docket No. RPU-84-2, 10/17/84.

Public Service Commission of the Commonwealth of Kentucky

- In the Matter of An Inquiry into IntraLATA Toll Competition, an Appropriate Compensation Scheme for Completion of IntraLATA Calls by Interexchange Carriers, and WATS Jurisdictionality, Administrative Case No. 323, 12/13/89, 10/29/90.

Louisiana Public Service Commission

- In the Matter of Investigation of the Revenue Requirements, Rate Structures, Charges, Services, Rate of Return and Construction Program of South Central Bell Telephone Company of its Louisiana Intrastate Operations, the Appropriate Level of Access Charges, and All Matters Relevant to the Rates and Service Rendered by the Company, Docket No. U-17949-B (Generic Phase), 12/10/90 and 5/8/91.
- In the Matter of US Sprint Custom Network Services Tariff (UltraWATS Service), Docket No. U-17644, American Telephone and Telegraph Communications of South Central States Inc. (Megacom Service, Docket No. U-17578, and MCI Telecommunications Company Custom Network Services Tariff (Prism I and II), Docket No. U-17767.

Public Service Commission of Maryland:

- In the Matter of the Application of MFS Intelenet of Maryland, Case No. 8584, Phase II, 8/10/95.
- In the Matter of the Investigation by the Commission on Its Own Motion into Legal and Policy Matters Relevant to the Regulation of Firms, Including Current Telecommunications Providers and Cable Television Firms, Which May Provide Local Exchange and Access Services in Maryland in the Future, Case No. 8587, 8/8/94.
- In the Matter of the Application of MFS Intelenet of Maryland, Case No. 8584, 2/3/94.
- In the Matter of the Investigation by the Commission on its own Motion into the Rates and Charges of AT&T Communications of Maryland, Inc., Case No. 7941, 6/4/86, 7/10/86.
- In the Matter of the Application of MCI City Telecommunications Corporation for Authority to Provide Intercity Telecommunications Service within the State of Maryland, Case No. 7719, 8/29/83 and 11/29/83.

Commonwealth of Massachusetts, Department of Public Utilities:

- Investigation by the Department of Public Utilities on its Own Motion into IntraLATA and Local Exchange Competition in Massachusetts, D.P.U. No. 94-185, 7/7/95, 10/2/95.
- Petition for an Advisory Ruling as to the Competitive Nature of Public Pay Telephone Service, D.P.U. 88-45, November or December, 1988.
- Investigation by the Department of the cost studies filed by New England Telephone and Telegraph Company on April 18, 1986, pursuant to the Department's Orders in D.P.U. 1731, D.P.U. 86-33, 5/22-23/88.
- Investigation by the Department on its own motion as to the propriety of the rates and charges set forth in the following rates schedules: DPU Mass. No. 10, Part C - Sec. 7, Original of table of contents, page 1, Original of pages 1 thru 6, filed with the Department on December 15, 1987 to become effective January 14, 1988 by the New England Telephone and Telegraph Company, D.P.U. 88-13, 5/21-22/88.
- In the Matter of New England Telephone Company, Re: D.P.U. 86-33, D.P.U. 86-124, 9/16/86, 6/18-19-87, 8/3-4/87.
- Petition of the Attorney General for a Generic Adjudicatory Proceeding Concerning Intrastate Competition by Common Carriers in the Transmission of Intelligence by Elec-

tricity, Specifically as with Respect to IntraLATA Competition, and Related Issues, Filed with the Department on December 20, 1983, D.P.U. 1731, 7/19-20/84.

- Investigation by the Department on its Own Motion as to the Propriety of the Rates and Charges Set Forth in a Tariff for Carrier Access Charges filed by the New England Telephone and Telegraph Company with the Department on October 21, 1983, to Become Effective November 20, 1983, D.P.U. 1661, 2/22/84.

Public Service Commission of the State of Michigan:

- An Inquiry, on the Commission's Own Motion Into the Status of Competition in the Provision of Telecommunications Services, Case No. U-8716, 6/10/87.
- In the Matter of the Applications of MCI Telecommunications Corporation for special temporary authority or alternatively, for a finding of no jurisdiction over its proposed service, Case No. U-7853, and In the Matter of the Application of GTE Sprint Communications Corporation for a Certificate of Public Convenience and Necessity to Offer Intercity Telecommunications Services to the Public in the State of Michigan, Case No. U-7873, 5/8/84.

Minnesota Public Utilities Commission:

- In the matter of a consolidated proceeding to investigate the provision of intrastate intercity telecommunications services within the State of Minnesota, Docket No.P-422, P-442, P-444, P-421, P-433/NA-84-212, 2/5-6/85.

Missouri Public Service Commission:

- In the matter of proposals to establish an alternate regulation plan for Southwestern Bell Telephone Company, Case No. TO-93-192, 8/93 (no cross examination).
- In the matter of Southwestern Bell Telephone Company's Application for Classification of its Non-Basic Services, Case No. TO-89-56, 11/2/90.
- The Staff of the Missouri Public Service Commission, Complainant, v. Southwestern Bell Telephone Company, A Missouri Corporation, Respondent, Case No. TC-89-14, et al., 1/31/89 and 4/11/89.
- CyberTel Cellular Telephone Company, Complainant v. Southwestern Bell Telephone Company, Respondent, Case No. TC-86-158; Midwest Cellular Telephone Company, Complainant v. Southwestern Bell Telephone Company, Respondent, Case No. TC-87-39; and In the Matter of the Applications of Southwestern Bell Telephone Company for Approval of a New Radio Common Carrier Interconnection Service Tariff, Case No. TR-87-58, 7/1/87.
- In the Matter of the Application of MCI Telecommunications Corporation for a Certificate of Public Convenience and Necessity to offer telecommunications service in Missouri, Case No. TA-84-82, and In the Matter of the Application of GTE Sprint Communications Corporation for a Certificate of Public Convenience and Necessity to Offer Intercity Telecommunications Services to the Public in the State of Missouri, Case No. TA-84-114, 8/8-9/84.

Montana Public Service Commission

- Presentation on Building Blocks, January 22, 1993.

Nebraska Public Service Commission:

- In the Matter of the Application of GTE Sprint Communications Corporation For a Certificate of Public Convenience and Necessity to Offer Intercity Telecommunications Services to the Public in the State of Nebraska, Docket C-497, 3/7/85.

- In the Matter of the Application of Northwestern Bell Telephone Company, Omaha, Nebraska, for Approval of Tariff Sheets of its General Exchange Tariff, Application No. C-353, 5/5/83.
- In the Matter of the Effect of Competition in Inter-exchange Telephone Service, Application No. C-506, 9/6/84.

Public Service Commission of Nevada:

- The Application of Centel Network Communications, Inc., for a Certificate of Public Convenience and Necessity, to Operate as an Intrastate and InterLATA Resale Carrier, Docket No. 88-1156, 4/20-21/89.

New Hampshire Public Utilities Commission

- Re: DE 90-002 - Generic Competition Docket, 9/24/92.

New Jersey Department of Energy, Board of Public Utilities:

- In the Matter of the Application of New Jersey Bell Telephone Company of Approval of its Plan for an Alternative Form of Regulation, Docket No. T092030358, 10/5/92.
- In the Matter of Investigation of Intrastate Tele-communications Competition, BPU Docket 8312-1126, Direct and Rebuttal Testimony, 1/31/84.

New Mexico State Corporation Commission

- In The Matter Of The Rates And Charges Of U S WEST Communications, Inc., Docket No. 92-227-TC, 3/11/93.

New York State Public Service Commission:

- Proceeding on Motion of the Commission to Investigate Performance-Based Incentive Regulatory Plans for New York Telephone Company, Case No. 92-C-0665, 12/12/94.
- Petition of Rochester Telephone Corporation for Approval of Proposed Restructuring Plan, Case 93-C-0103 and Petition of Rochester Telephone Corporation for Approval of New Multi-Year Rate Stability Agreement, Case 93-C-0033, by affidavit, 8/94.
- Proceeding on Motion of the Commission to Investigate Performance-Based Incentive Regulatory Plans for New York Telephone Company, Case No. 92-C-0665, 10/7/93.
- Proceeding on Motion of the Commission to Review Regulatory Policies for Segments of the Telecommunications Industry Subject to Competition, Case No. 29469, 9/28-29/87.

North Carolina Utilities Commission:

- In the Matter of Investigation to Consider Whether Intrastate Offerings of Long Distance Telephone Service Should be Allowed in North Carolina and What Rules and Regulations Should be Applicable to Such Competition if Authorized, P-100, Sub 72, 10/24/84.
- In the Matter of: Resale of Intrastate Telecommunications Services, Docket No. P-100, Sub 61, 11/16/82.

Public Utilities Commission of Ohio:

- In the Matter of the Commission's Investigation Relative To Establishment of Intrastate Access Charges, Case No. 83-464-TP-COI, 10/17/83.

Oklahoma Corporation Commission:

- In re: Inquiry of the Oklahoma Corporation Commission Concerning the Regulation of Intrastate InterLATA Carriers, Cause No. 29217, 11/16/84.
- In re: Application of MCI Telecommunications Corporation, Cause No. 28713, 3/26/84.

Public Utility Commission of Oregon:

- In the Matter of the Investigation into the Cost of Providing Services, Docket UM 351, Phase II: Unbundling and Pricing Issues, 10/20/95.
- In the Matter of the Application of MCI Access Transmission Services, Inc. for a Certificate of Authority to Provide Local Exchange Telecommunications in Oregon, Docket No. CP 15, 7/12/95.
- In the Matter of the Revised Rate Schedules Filed by U S West Communications, Inc. for toll service. Advice No. 1291, Docket No. UT 94, 8/30/90.
- In the Matter of the Investigation into the Revenue Requirements and Rate Spread of Pacific Northwest Bell Telephone Company, dba U S West Communications, Docket No. UT 85, 6/8/89.
- In the Matter of the Petition of Pacific Northwest Bell Telephone Company d/b/a U S West Communications, Inc., to Price List Telecommunications Services Other Than Essential Local Exchange Services, Docket No. UT 80, 6/8/89.
- In the Matter of an Investigation Into Presubscription, Exchange Carrier Toll Rates, and Antitrust Implications of the "IntraLATA Access Charges Agreement" Proposed by Pacific Northwest Bell Telephone Company and the Oregon Independent Telephone Association, Docket No. UT-47, 3/18/87.

Pennsylvania Public Utilities Commission:

- Application of MFS Intelenet of Pennsylvania, Inc., For Approval to Operate As a Local Exchange Telecommunications Company, Docket No. A-310203F002, 2/9/95.
- In the Matter of the Bell Telephone Company of Pennsylvania's Petition for An Alternative Form of Regulation Under Chapter 30, Docket No. P-00930715, 2/7/94.
- Generic Access Charge Investigation, Docket No. P-830452, 11/3/83, 3/21-22/84.

South Carolina Public Service Commission:

- In re: Application of MCI Telecommunications Corporation for a Certificate of Public Convenience and Necessity, Docket No. 84-181-C, 7/23-24/84.

Public Utilities Commission of the State of South Dakota:

- In the Matter of the Inquiry into the Competitive Status of Private Line and Special Access Services in South Dakota, F-3741; In the Matter of the Inquiry into the Competitive Status of Cellular Radio Services, Premise Cable and Inside Wire, Centron and Centron-Like Services, and Billings and Collections Services in South Dakota, F-3742; In the Matter of the Inquiry into the Competitive Status of MTS, WATS, and New Products and Services in South Dakota, F-3743; In the Matter of the Inquiry into the Competitive Status of Optional Services in South Dakota, F-3744, 1/16 & 1/19/89.

Public Service Commission, State of Tennessee:

- South Central Bell Telephone Company v. Southeastern Telecommunications, Inc. and Intercall, Inc. TPSC Docket No. U-82-7167 (on resale), 7/3/82 and 7/7/82.

Public Utilities Commission of Texas:

- Complaint of Intellicall, Inc Against Private Coin Phone Rates and Practices of Southwestern Bell Telephone Company; Complaint of Advanced Telecom Systems, Inc., Against Private Coin Phone Rates and Practices of Southwestern Bell Telephone Company; Complaint of Intellicall, et al. Against Private Coin Phone Rates and Practices of Southwestern Bell Telephone Company; Application of Southwestern Bell Telephone Company to Revise its Private Coin Service Tariff, Docket Nos. 7122, 7123, 7124, 7152, 6/29-30/87 (Deposition - case subsequently settled.)
- In re: Petition of the PUC of Texas for an Inquiry Concerning the Effects of the Modified Final Judgment and the Access Charge Order upon Southwestern Bell Telephone Company and the Independent Telephone Companies of Texas, Docket No. 5113, 11/8/83.
- In the Matter of the Petition of Southwestern Bell Telephone Company for Authority to Change its Rates, Docket No. 4545, 11/3/82.

Utah Public Service Commission:

- In the Matter of Restructuring the Utah Intrastate Universal Service Fund Which Was Established in Docket No. 89-999-01, Docket No. 93-999-05, November 8, 1994.
- In the Matter of the Request of U S WEST Communications Inc. for an Increase in its Rates and Charges, Docket No. 94-049-05, 2/1/93.
- In the Matter of the Application of U S West Communications for Approval of an Incentive Regulation Plan, Docket No. 90-049-03, and In the Matter of the Investigation into the Reasonableness of the Rates and Charges of U S West Communications, Docket No. 90-049-06, 3/7/91.
- In the Matter of Mountain States Telephone and Telegraph Company, Case No. 88-049-07, 5/24/89.

Vermont Public Service Board:

- Investigation into NET's tariff filing re: Open Network Architecture, including the unbundling of NET's network expanded interconnection and intelligent networks, Docket No. 5713, 8/31/95.
- Petition of New England Telephone and Telegraph Company, Docket Nos. 5700 and 5702, 6/22/94, 7/21/94.
- Investigation of Proposed Second Vermont Telecommunications Agreement, Docket No. 5540, 2/14/92.
- Joint Petition of New England Telephone and Telegraph Company and the Vermont Department of Public Service Requesting Approval of the Vermont Telecommunications Agreement of October 14, 1987, Docket No. 5252, 5/2-3/88.

Virginia State Corporation Commission:

- Ex Parte, in re: Investigation to Consider the Impact of Modified Final Judgment in United States v. American Telephone & Telegraph Company, Civil Nos. 74-1698 and 82-0192, 552 F. Supp. 131 (D.D.C. 1972) and In the Matter of MTS and WATS Market Structure, FCC Docket No. 78-72 (Feb. 28, 1983) on the Provision of Toll Service in Virginia, Case No. PUC830020, 9/10-11/86.
- Petition of AT&T Communications of Virginia for Authority to Set Rates and Charges Pursuant to 1 of the Code of Virginia, Virginia Case No. PUC 840023, 7/30-31/84.
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Washington Utilities and Transportation Commission:

- Washington Utilities and Transportation Commission vs. U S West Communications, Inc., Docket No. UT-941464, et al, 6/28/95.
- Northwest Payphone Association, et al. v. U S WEST Communications, Inc., Docket UT-920174, 2/2/93, 12/13/93.
- Washington Utilities and Transportation Commission, Complainant, vs. U. S. West Communications, Respondent, Docket Nos. UT-911488, UT-911490, and UT-920252, 9/28-29/92, 2/9/93.
- In the Matter of Pacific Northwest Bell D/B/A U S West Communications Petititon for an Alternative Form of Regulation, Docket No. U-89-3245-P, 11-28-89.
- Washington Utilities and Transportation Commission vs. Pacific Northwest Bell Telephone Company, Docket No. U-87-1083-T, 3-7-88.
- In the Matter of the Petition of AT&T Communications of the Pacific Northwest, Inc. for Classification as a Competitive Telecommunications Company, Cause No. U-86-113, 4/6/87.
- Washington Utilities and Transportation Commission, Complainant, vs. Pacific Northwest Bell Telephone Company, Petitioner and Respondent, Consolidated Cause Nos. U-86-34, U-86-35, U-86-36, U-86-86, U-86-90, 12/14-17/86, 2/9/87.
- In the Matter of the Petition of MCI Telecommunications Corporation for Classification as a Competitive Telecommunications Company, Cause No. U-86-79, 9/2-3/86.
- Washington Utilities and Transportation Commission v. Pacific Northwest Bell Telephone Company et al., Cause No. U-85-23 et al., 4/29/86.

West Virginia Public Service Commission:

- Case Nos. 85-259-T-SC, et al., 1/27/86, 2/18/86.
- Case Nos. 85-282-T-GI and 85-022-T-P, 10/29/85.
- Case No. 83-259-T-SC, 11/1/83.

Public Service Commission, State of Wisconsin:

- Investigation of Intrastate Interexchange Access Charges and Related IntraLATA and InterLATA Compensation Matters, Docket No. 05-R-5, Part C, 2/2/87.
- Investigation of Application of MCI Telecommunications Corporation for Certificate of Public Convenience and Necessity to Offer Intrastate Toll Services (Petition for Interim InterLATA Authority), Docket No. 3258-NC-1, 10/29/84.
- In the Matter of: Proposed Tariff of Wisconsin Telephone Company for Centrex-CO Rate Stability, Docket No. 6720-TR-35, 3/15/83.

Public Service Commission, State of Wyoming

- In The Matter of the Joint Application of U S West Communications, Inc., and Range Telephone Cooperative, Inc., for Authority for U S West to Sell to Range Telephone the Following Telephone Exchanges, I.E. Gas Hills, Albin, Newcastle, Moorcroft, Thermopolis, Kaycee, Jeffrey City, Carpenter, Osage, Upton, Shoshoni, Pine Bluffs, Burns, Hulett, Worland, and Midwest, and for a Transfer of Requisite Certificate Authority, Docket Nos. 70000-TA-93-151 and 70001-TA-93-7, 9/28/93.
- In the Matter of a General Inquiry by the Public Service Commission into the Telecommunications Needs and Capabilities in Wyoming, General Order No. 67, 8/12/93.

- In the Matter of the Joint Application of U S West Communications, Inc. and Tri County Telephone Association, Inc., for Authority for U S West to Sell to Tri County the Following Telephone Exchanges, I.E., Lovell, Meeteetse, Greybull, Frannie and Basin, and for a Transfer of Requisite Certificate Authority, Docket No. 70000-TA-93-150 and Docket No. 70011-TA-93-8, 8/12/93; 9/30/93; 10/1/93.

TESTIMONY — US CONGRESS

Before the:

- House Judiciary Committee, Subcommittee on Courts, Civil Liberties, and the Administration of Justice, 10/27/83, [Economic Impacts of Repeal of the First Sale Doctrine for Audio-visual Works].
- Senate Committee on the Judiciary, Subcommittee on Patents, Copyrights and Trademarks, 10/25/83 [Home Taping of Audio and Video Works].
- Senate Committee on the Judiciary, Subcommittee on Patents, Copyrights and Trademarks, 4/29/83, [Economic Impacts of repealing the First Sale Doctrine for audio-visual Works].
- House Committee on the Judiciary, Subcommittee on Courts, Civil Liberties and the Administration of Justice, 9/22/82, Copyright Aspects of Home Audio Taping].
- Senate Committee on the Judiciary, 4/21/82, [Copyright Aspects of Home Videotaping].
- House Committee on the Judiciary, Subcommittee on Courts, Civil Liberties and the Administration of Justice, 4/13/82, [Copyright Aspects of Home Videotaping].
- Senate Committee on the Judiciary, 7/23/81, [Monopolization and competition in the Telecommunications Industry: Duties of the FCC under S.898].
- House Committee on Energy and Commerce, Subcommittee on Telecommunications, Consumer Protection, and Finance, 5/27/81, [Status of Competition and Deregulation in the Telecommunications Industry: Local Distribution].
- Senate Committee on Government Affairs, Subcommittee on Oversight of Government Management, 10/10/79, [FCC Compliance with Executive Order 12044].
- House Committee on Interstate and Foreign Commerce, Subcommittee on Communications, 6/6/79, [Communications Act of 1979].
- Senate Committee on Commerce, Science and Transportation, Subcommittee on Communications, 6/18/79, [Spectrum Management].

TESTIMONY — COURT CASES

- Clear Communications Limited v. Telecom Corporation of New Zealand Limited, et al., High Court of New Zealand, Wellington Registry, 6/24-26/92, 9/11/92.
- United States Football League, et al., v. National Football League, et al., United States District Court Southern District of New York, 84 Civ. 7484 (PKL), 6/17-19/86.
- International Telemeter Corporation v. Hamlin International Corporation, U.S. District Court - Western District of Washington, No. C76-487, 9/9-10/81.
- U.S. v. AT&T, U.S. District Court for the District of Columbia, Civil Action No. 74-1698, 6/19/81.

TESTIMONY — ARBITRATIONS

- In the Matter of An Arbitration Before the Right Honourable Sir Duncan McMullin Between Clear Communications Limited, Plaintiff, and Telecom Corporation of New

Zealand Limited, Telecom Auckland Limited, Telecom Central Limited, Telecom Wellington Limited and Telecom South Limited, Defendents, 6/24/93.

ADDITIONAL ASSIGNMENTS, NO FORMAL TESTIMONY

- Consultation with Austel on implementation of a Decision-Making Framework for reviewing new proposed tariffs for anticompetitive effects, 5/94-6/94.
- Docket UM 351 Before the Public Utility Commission of Oregon, In the Matter of the Investigation into the Cost of Providing Telecommunications Services, Participation in Workshops on costing (Phase I), 8/90-6/94; Participation in Workshops on pricing (Phase II), 7/93-10/94.
- Civil Action No. 87-59-WS, General Electric Company, Plaintiff, vs. Thomas J. Zuchowski, Defendent; Civil Action No. C-87-249-WS, General Electric Company, Plaintiff, vs. R Squared Scan Systems, Inc., Defendent; and Civil Action No. C-90-78-WS, General Electric Company, Plaintiff, vs. R Squared Scan Systems, Inc., Defendent; participation for R Squared Scan Systems, Inc., in preparation for testifying on liability of General Electric Company for antitrust abuse of copyrighted software for maintaining and repairing computer assisted tomography scanners (CAT scanners), 1987-1991.

FILINGS — State Commissions

"Economic Efficiency and Unbundling the Monopoly Bottleneck: Incompatible or Indispensible?" A Response to the Economic Arguments made by Timothy J. Tardiff, Richard D. Emmerson, and Peter W. Huber on February 8, 1994, on Behalf of Pacific Bell in Docket R.93-04-003 andDocket I.93-04-002 of the California Public Utilities Commission; March 31, 1994

FILINGS — FCC

"Accounting Separations: A Contradiction in Terms," with Michael D. Pelcovits, Appendix I to Reply Comments of Lee Enterprises, Incorporated, Before the FCC, January 21, 1986, in CC Docket No. 85-229 (Third Computer Inquiry), Attachment to the Written Testimony of Robert D. Ross, President, Call-It Co., Before the Subcommittee on Telecommunications, Consumer Protection & Finance, March 13 Hearing to Examine the Competitive Status of the Bell Operating Companies: Diversification and Its Impact upon Consumers.

FILINGS — COURT

Affidavits Before the United States District Court for the District of Columbia, Civil Action 82-0192, October, 1990; May, 1987.

EDUCATION

Ph. D. (Economics), University of Illinois at Urbana-Champaign, June 1972. Doctoral Dissertation: "The Role of the Nobility in Agricultural Change in Russia During the Reign of Catherine II".

M.A. (Economics), University of Illinois at Urbana-Champaign, June 1967.

A.B. (Economics), Swarthmore College, Swarthmore, Pennsylvania, June 1964.

AWARDS

1978-79 Harold and Margarett Sprout Award for the outstanding study on international ecological or environmental affairs.

PROFESSIONAL ASSOCIATION

American Economic Association

OTHER ACTIVITIES

1986-1988: Representative of the American Economic Association on the Executive Committee of the Consortium of Social Science Associations

1986-1988: Ex Officio Member, American Economic Association Committee on Economic Statistics

PERSONAL

BORN: February 17, 1942, in Boston, Massachusetts

PUCO NEWS RELEASE

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96-28
FOR IMMEDIATE RELEASE
March 1, 1996

PUCO ORDERS NEGOTIATED TERMS FOR INTERCONNECTION CONTRACT

COLUMBUS, OH -- The Public Utilities Commission of Ohio (PUCO) today specified terms of an interconnection agreement between Ameritech-Ohio and Time Warner and ordered the two companies to draft a contract under the specified terms by no later than March 8.

If the two companies fail to draft the contract under the direct supervision of the PUCO legal staff, the Commission ordered the companies to submit to the Commission "their last and best offers" no later than Monday, March 11.

The contract to be drafted by the two companies will specify payment rates between the companies' local telephone customers. The two companies had been attempting for months, without success, to negotiate an interconnection agreement. On January 29, Time Warner charged Ameritech with failure to bargain in good faith and requested that the PUCO intervene in the negotiation process.

"An interconnection agreement between Time Warner and Ameritech creates a great opportunity for Ohio to become a leader in the local exchange competition arena," said Commissioner Jolynn Butler. "Time Warner, because it is a facilities based carrier with its own technical infrastructure, offers the potential of competition among all classes of telecommunications customers, both residential and business."

"The Commission wanted these issues resolved by the companies. When it was apparent that these companies were unable to do that, the Commission stepped in and acted as quickly as possible," added Commissioner Ronda R. Fergus.

Terms of the interim contract, which will be in force through December 31, 1997, include:

--- a "bill and keep" reimbursement method in which each company bills its own customers and keeps the revenue collected.

-more-

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO 23
COMPANY/
WITNESS:
DATE: 3/12/96

PUCO ORDER - Page 2

- a $1 a month per residential customer recurring charge paid by Time Warner to Ameritech to enable former Ameritech customers to keep their 'old' telephone number if they choose to buy local exchange service from Time Warner. The business recurring charge per month will be $3.25 per customer.
- Technical issue disputes between the companies are to be resolved through an industry forum to be agreed upon by the parties. Nontechnical disputes are to be resolved through an arbitration panel to be created by the PUCO from its own staff.
- Issues involving costs for E-911 and directory assistance services have been left for resolution by the parties.

August. Time Warner was granted a conditional certification by the PUCO to offer local exchange telecommunication services in 62 Ohio counties. Two other companies have been granted similar certificates and applications from four other companies are pending before the Commission. Each of the companies (see map) seeks to compete against one or more of Ohio's 62 existing, or 'incumbent' telephone companies. All totaled, the 47 existing local exchange companies in Ohio last year generated more than $3 billion in gross revenue.

EXHIBIT NO. _____

DOCKET NO: 950985-TP

WITNESS: DR. NINA CORNELL

PARTY: MCIMETRO

DESCRIPTION:

2/28/96 DEPOSITION TRANSCRIPT

PROFFERING PARTY: STAFF

I.D. # ~~NCW~~ NWC-2

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO 24
COMPANY/ WITNESS: MCI / Cornell
DATE: 3/12/96

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In RE: Resolution of petition(s) to establish nondiscriminatory rates, terms, and conditions for resale involving local exchange companies and alternative local exchange companies pursuant to Section 364.161, Florida Statutes.	DOCKET NO. 950984-TP
In Re: Resolution of petition(s) to establish nondiscriminatory rates, terms, and conditions for interconnection involving local exchange companies and alternative local exchange companies pursuant to Section 364.162, Florida Statutes.	DOCKET NO. 950985-TP

DEPOSITION OF:	NINA CORNELL
TAKEN AT THE INSTANCE OF:	The Staff of the Florida Public Service Commission
PLACE:	2540 Shumard Oak Boulevard Room 362 Tallahassee, Florida
TIME:	Commenced at 9:30 a.m. Concluded at 10:35 a.m.
DATE:	Wed., February 28, 1996
REPORTED BY:	SARAH B. GILROY, CP, RPR Notary Public, State of Florida at Large.

BUREAU OF REPORTING
RECEIVED 3-7-96

APPEARANCES:

NORMAN H. HORTON, JR., ESQUIRE, Messer Law Firm, Post Office Box 1876, Tallahassee, Florida, appearing on behalf of McCall.

ERIC EDGINGTON, ESQUIRE, c/o 106 East College Avenue, Suite 1440, Tallahassee, Florida 32301, appearing on behalf of GTE of Florida.

ROBIN DUNSON, ESQUIRE, 1200 Peachtree Street Northeast, Promenade I, Room 4038, Atlanta, Georgia 30309, appearing on behalf of AT&T.

LEE L. WILLIS, ESQUIRE, MacFarlane, Ausley, Ferguson & McMullen, 227 South Calhoun Street, Tallahassee, Florida 32301, appearing on behalf of Sprint/United and Centel.

RICHARD D. MELSON, ESQUIRE, Hopping, Green, Sams & Smith, Post Office Box 6526, Tallahassee, Florida 32314, appearing on behalf of MCI Metro.

TRACEY HATCH, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, appearing on behalf of Commission Staff.

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WITNESSES

NINA CORNELL

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S T I P U L A T I O N S

IT IS STIPULATED that this deposition was taken pursuant to notice in accordance with the applicable Florida Rules of Civil Procedure; that objections, except as to the form of the question, are reserved until hearing in this cause; and that reading and signing was not waived.

IT IS ALSO STIPULATED that any off-the-record conversations are with the consent of the deponent.

ERRATA SHEET

DOCKET No. 950985-TP
NAME: NINA CORNELL
DATE: February 28, 1996

Page Line

MR. MELSON: Nina, do you have a notary there to swear you in?

THE WITNESS: I can get one. Just a moment.

Thereupon,

NINA CORNELL

was called as a witness telephonically, having been first duly sworn, was examined and testified as follows:

MR. WILLIS: Tracey, this is Lee. You might want to swear in both dockets if you plan to do that so you don't have to bring her back.

MR. HATCH: That's probably a good idea. We've been keeping the depo transcripts separate, but that's probably a good idea. Swear in her, just add -- the other docket number is 950984. Just add that to that.

THE WITNESS: I've given it to her.

Thereupon,

NINA CORNELL

was called as a witness telephonically, having been first duly sworn, was examined and testified as follows:

MR. HATCH: Before we get started, Rick, the usual stipulations for Staff's depositions, do you agree to those?

MR. MELSON: That's fine.

DIRECT EXAMINATION

BY MR. HATCH:

Q Good morning, Dr. Cornell. My name is Tracey Hatch. I will be asking you questions on behalf of Staff. We probably don't have too much for you this morning, but I expect the other folks do.

If you have -- if you have a question about anything that I'm asking you, please stop me and ask a question, or if you have any comments that need to be fixed, or confusion, please clear that up through the course.

A Okay.

Q Okay. First let's go through just a general list of questions. I believe in your testimony you talk a fair bit about what's called TS-LRIC, that's total service long-running incremental cost; is that correct?

A That's correct.

Q I'm going to ask you a question to differentiate TS-LRIC from other terms bandied about from time to time. What would be your definition of long-run incremental cost?

A Long-run incremental costs look at the costs caused by some change in the quantity of output, otherwise known as the increment, over the long run, which means that all possible sources of costs are considered in -- are considered as avoidable or changeable, so that you pick up both capital costs and operating costs in essence in such a measure.

Q Is there any specific time period that relates to what long-term means?

A No. It isn't measured in days, months, years; it's measured in the time necessary to be able to consider an input or a factor of production as being avoidable as opposed to fixed.

Q What sorts of discrete kinds of cost elements are included in your direct costs when you measure that for an incremental cost?

A With an incremental direct long-run incremental cost you would measure capital costs, you would measure labor costs, you would measure material costs. There would be nothing that would be left out in a category of cost measures in a long-run cost study. In a short run there might be.

Q What about, for example, just plain overheads?

A Overhead would be included if by overhead you mean costs that are often in an accounting sense considered overhead, but that in fact vary depending on quantity of output of the firm. If they do not vary at all, no matter what, with a change in the level of output of the firm, they are not incremental to the service or the -- that which you are costing, the cost object.

Q Let's use an example in the telephone industry. For example, the central office switch, they have electricity that powers that switch 24 hours a day.

A Right.

Q Is electricity included in your long-run

incremental cost study?

A If because of the offering of the increment of whatever it is you are measuring, the switch is bigger, and it takes more electricity to power it, the answer would be yes. If as a result of what it is you are studying there is absolutely no change in the size of the switch or the power that it requires, the answer would be no.

Q What about, for example, real estate costs, the land and the building?

A Once again, if as a result of the service or the cost object, whatever it is that you are measuring the costs of in a LRIC, the amount of floor space or the size of the building changed, the answer would be yes. If the amount of floor space needed -- now let me go back and say, if the amount of floor space needed by an optimally efficient firm changed, the answer is yes. If it would not change, the answer is no.

Q What is your definition of marginal cost?

A Marginal cost is the change in the total cost of the firm caused by -- in essence a one-unit increase or decrease in output. It is actually the first derivative of the cost function in mathematical terms, translated usually into what happens to the total cost of the firm with a one-unit change in output.

Q How would you compare that with incremental costs?

A Usually incremental -- now I need to -- I need to

say something at this point about just plain LRIC. LRIC is a very vague cost concept in abstract, because it does not specify the size of the increment. A LRIC study as done in the past by Bell Operating Companies was usually a 5 to 10 percent change in demand over current quantities.

A LRIC study could be a TS-LRIC study; that is, it could study the total quantity of an output and still be considered a LRIC; TS-LRIC just specifies what the increment is. Similarly, long-run marginal costs specifies that the increment will be in essence one unit.

Q Let me see if I understand the differentiation you're trying to make. In simple manufacturing terms sometimes it's cheap to manufacture just the next unit because your production facilities are not being utilized at 100 percent.

A No, let me interrupt you. That's short-run consideration.

Q Okay.

A In long-run consideration what you're comparing in essence in all cases is two states of the world: The world optimized for whatever your current level of production is, and the world optimized for whatever is the world with the increment that you are studying.

Now in the case of a TS-LRIC I've almost got -- you almost flip those two, because in the TS-LRIC study you consider the world as it is with everything you produce. And

the TS-LRIC you then consider the world optimized to produce everything but that which you are studying, namely the cost object. And you're assuming that you get rid of the entire quantity of what you are now producing of that cost object.

And a LRIC, as I said before, it's a vaguer concept, because the increment can be anything. But you are always comparing in a long-run study the world optimized under two different circumstances. You're not taking advantage of excess spare capacity that happens to be sitting there. That's a short-run concept.

Q How would you describe average economic cost?

A Average economic cost, when I use the term, I mean it as using TS-LRIC as the definition of cost, and you then divide by the quantity of output. Average economic cost, you can have an average short-run cost; you can have an average long-run cost. It is always taking the total cost and dividing it by output.

Q And then we -- we talked about long-run incremental cost. How would you compare that to total service long-run incremental cost in terms of a definition for TS-LRIC?

A Again, as I tried to say a few minutes ago, total service long-run incremental costs simply specifies that the increment in L-R-I-C -- that is the I of it -- is the total quantity of the cost object -- which I'm going to say cost object instead of that which you are costing -- the total

quantity of the cost object is the increment.

Q Can you give us some sort of an example or an illustration of the difference between TS-LRIC and LRIC?

A Well I can only give it to you if you allow me simply to use LRIC as Bell Operating Companies normally have done it. LRIC as I said before can cover anything in size of increment.

The Bell Operating Companies usually did a 5 or 10 percent change in demand from current levels, whatever current levels were. So it would say, what is the cost now, and what is the cost if I increase output by 10 percent let's say.

A total service long-run incremental cost says, what is the total cost if I were to have all the right -- you know, the optimal equipment in place to provide today's output. What would be the total cost if I had the optimal amount of equipment in place to provide everything I provide today except the cost object in question.

And then you subtract the two, and the difference is the total service long-run incremental cost of the cost object.

Q And when you do TS-LRIC -- I'm going to switch terms, I don't want to get confused. I had talked about overheads before, which is sort of an amorphous term. Joint and common costs, how would you describe those?

A Well joint -- see, some of these terms quite

frankly have been used somewhat sloppily in the question of the history of telephony, let in me put it that way. Joint and common costs should be those costs that do not vary with volume, that are not caused by a single service or function provided by the firm, but rather are caused by the collection either of some or all of them.

Now that's not the way it's treated in an accounting sense. In the accounting categories of overhead or joint or common costs often have within them costs that very definitely are incremental costs of services or functions.

Q Let me see if I understand that. For example, in a central office would the central processor of the switch, would that be considered a joint and a common cost, the cost of that?

A Well there is a raging debate about whether the central processor ever exhausts. If it never exhausts, it's a common cost. If it exhausts, it's part of the incremental costs of services.

Personally I tend to believe that at least part of the cost of the processor really is a cost of service as part of the incremental cost. But that's a fact debate that is, as I say, depends upon whether it really is true that the smallest possible module is a processor that never exhausts.

Q Are joint and common costs allocated or utilized within a TS-LRIC study?

A Joint and common are not.

Q Why not?

A Because if they are truly in an economic sense -- I would rather call them shared costs, if I could, because actually joint cost has a very special meaning in economics, and it's very inapplicable to telecommunications at all.

But shared costs are costs that do not vary with volume and that are caused by more than one service or function collectively; that is, if you got rid of one service or function you would still have the shared costs.

You have to get rid of both or all three or whatever is the group that shares these costs before you could get rid of that pool of costs, if I can put it that way. And therefore, as I said before, it does not vary either with a 10 percent increase or decrease in demand or with the removal of the entire service or function from the output of the firm.

Q And so basically the answer to my question is, shared costs, as you have defined them, aren't part of a TS-LRIC study?

A That's correct. I'm sorry. I thought I said that at the outset.

Q I just wanted to make sure.

A They are not caused by the offering of the service or function.

Q Have you read Gene Michaelson's rebuttal testimony?

A Slightly, yes.

Q I believe he makes the comment in there, and you can assume -- just use this as a hypothetical rather than go dredge up the testimony -- he makes the comment that effectively if you assign co-carrier status to all the ALECs, for example, and that you have a mutual traffic exchange, meaning that there is no cash payment for termination of traffic either way, that co-carriers get to use the LECs network at no charge. Would you agree with that statement?

A Absolutely not. I, you know, there is a very strong desire on the part of the LECs to paint mutual traffic exchange in that fashion, but it is erroneous, and it is wrong. Mutual traffic exchange is payment in kind for services that each is going to render to the other rather than payment in cash.

Payment in kind has never been treated by anybody else other than witnesses for the LECs as for free, zero payment, because it is not zero payment.

Q Is there any economic rationale for mutual exchange of traffic?

A Yes. There -- I mean -- and in fact you see it in the mutual traffic exchange or bill and keep arrangements between independent LECs and the RBOCs in EAS settings. There is a very strong -- in a normal industry where you cannot use interconnection to be anticompetitive, which is what's really at stake in this battle, you search between firms for the most

efficient way to conduct business between the two of you.

And if you're going to be over time exchanging the same amount of traffic going back and forth, and it is worth the same amount as a market -- and I think I went through this in the BellSouth docket as to why, in a normal market, if you can have a market for interconnection, whatever is the price the local exchange carrier is charging is the price the entrant would charge for local exchange -- for traffic termination, excuse me -- that you've got a situation in which under that circumstance firms would exchange without incurring the transaction costs, because those just cost money for no gain.

The problem is here, imposing all these costs is both anticompetitive and is a chance to exploit the inelasticity of demand of local exchange service by something raising the price to consumers. That's what's going on. It's very simple.

Q How is it that this is an attempt to raise the prices for local consumers? I missed that connection.

A Well if you are going to impose all of these costs on entrants, the only way the Commission has of making any possibility for competition is in effect forcing the local exchange carriers eventually to impute these same costs into their operations, otherwise you just have plain and simple an enormous barrier to entry created by imposing costs on entrants that the incumbents do not face.

But to give -- given the requests that are out there for this to be at access charge levels, which is way too high, all you're doing is pushing up the ultimate price floor for local exchange. There is no other way to do it.

You're either barring entry or pushing up the price of local exchange if you want to have entry. It's the wrong way to go, because these costs are just being pushed into the price floor of local exchange.

Q I haven't gone away, I'm just thinking here for a second.

A I mean I can elaborate on that if you want and go through it step by step.

Q Go ahead.

A Okay. You have to understand to begin with that terminating local exchange traffic is an essential input. If an entrant cannot terminate to customers who do not choose to be the customers of the entrant, the entrant cannot offer local exchange service in effect, because all it can offer is termination to its own customers. So it's an essential input, absolutely must have it to be in business.

If you set interconnection charges at switched access rates, a penny or more a minute, if the local exchange carrier does not have to pay a penny or more a minute not only to the entrant, but as part of the calls it terminates -- it originates and terminates to the same customers that the

entrant is terminating to, the local exchange carrier can go back around to anybody who might want to sign up with the entrant and say, in effect, I can give it to you cheaper, and they're right, because they don't have to recover in that price the costs they are charging the entrant, so that at that point you've created a very real barrier to entry.

Remember, a barrier to entry occurs anytime an entrant must pay more for an input than the incumbent has to pay. So if you put interconnection charges at switched access rates and do not require the local exchange -- incumbent local exchange company to impute it, you've put the price of an essential input for the entrant at a price higher than the incumbent pays, and the entrant is barred, certainly impeded.

It must be that much more efficient than the local exchange company to be able to make up that in its costs for other inputs before it can enter. So you've just knocked a whole bunch of potential entrants out of your market by doing this.

The only way to prevent that is to make sure that the incumbent sees it as a cost of its way of doing business, through imputation. Now imputation is not a perfect approach, it's not sufficient, if you will, for effective competition. But it's absolutely necessary for there to be any possibility of effective competition.

The moment you put that high inflated termination

charge into the costs that they must cover of local exchange, you will have raised the floor price for local exchange service, certainly for residential service, given what it is now.

Now I understand you cannot do that right now under the legislation. But that's the direction you're pushing the market every time you set interconnection charges at switched access rates.

Q When you talk about imputation raising the price of LECs' services, and specifically I think you're talking about residential and business, R-1s and B-1s; is that correct?

A That's correct.

Q Why is imputation going to drive those rates up and not others?

A Well because the interconnection is needed for basic local exchange service, therefore that is what -- terminating a local call is what we're talking about, therefore it's the essential input into R-1 and B-1 service. It's not an essential input into providing call waiting, call forwarding or any of those things. It's an essential input for terminating a local call. That's why that's where it belongs in terms of imputation, and that's why that's where the price pressure will come.

Q When you talk about the price pressures on the entrants because of a high threshold interconnection payment,

does that assume or ignore all available revenue sources to the entrant that it has available to it in conjunction with its desire to provide a basic local or basic business residential service?

A It ignores them, and I would like a chance to explain why that is the proper thing to do is to ignore them. There are -- first of all, yes, there are other potential revenue sources that may come to the entrant, but may not. If you say, oh, no, we only want entrants to go after those customers who will give them other revenue sources, because we don't care about this barrier to entry, you have done a number of very pernicious things to the potential of competition to develop in Florida.

First of all you have cut those customers who are purely users of R-1 and B-1, don't take custom calling features, make very few toll calls, receive very few toll calls, out of the competitive battle. I don't know why you wish to keep them out. They deserve as much as everybody else the benefits of competitive pressure on local exchange rates.

By the way you will have completely shielded local exchange rates from competitive pressures. Two, you will have forced these carriers, the entrants, to look beyond their potentially greater efficiency and basic local exchange service and take some of that efficiency, instead of being able to provide it as a benefit to end users, you will force them to

use it to compensate for the barrier to entry.

Every -- I mean the basic fundamental economic fact -- and I've tried to lay it out; I may not have laid it out well enough -- is that for every time you impose a price above cost on an entrant, you have forced that entrant to take by that same amount its own efficiency and not use it to the benefit of end users, but to use it to compensate for a barrier to entry.

If a firm that may be slightly more efficient than the local exchange carrier, but not efficient enough more than the local exchange carrier, if I can put it that way, to overcome the barrier to entry looks at the market, it does not enter, because it will go broke, even though it's more efficient than the incumbent.

This makes no sense for the public, none whatsoever. So you have a situation in which saying that you have to go elsewhere to look, to make up for this barrier to entry, reduces the number of potential entrants, and for those who do enter, prevents them from offering to the public the benefit of their greater efficiencies than the incumbent, forcing them to use them to compensate for barriers to entry instead, which leaves the incumbent unaffected; that is, you get none of the greater efficiencies that are supposed to come from competitive entry unless you found an entrant who is way more efficient than the incumbent, so that there is more,

greater efficiency than just that needed to compensate for barriers to entry.

I want to talk about one last pernicious effect of allowing this outcome, which is that, what you tell the local exchange carrier is, keep finding new barriers to entry, because they can keep on preventing any pressure of greater efficiency from falling on them every time they can add costs above direct economic costs into interconnection charges, they can laugh all the way to the bank while they avoid having to become more efficient.

You hurt Florida consumers. You've done nothing for the benefits of competition. You just have a kind of smoke screen of entry that is meaningless in terms of real benefits to consumers.

Q Would it be fair to say that what we're really talking about is allocation of recovery of contribution, if that makes sense?

A It makes sense. In a sense what you're saying is, yes, the question is, do they -- do the incumbents get to recover their need for contribution, or better still markup to cover nondirect costs from the entrants, or do they have to go out in the competitive marketplace and compete for consumers, thereby having to figure out how to make their indirect costs as efficient as possible.

Remember, a firm that is just as efficient as the

incumbent is going to have indirect costs too, indeed so will a firm that is more efficient than the incumbent. If you force every firm to turn to their consumer base for recovery of indirect costs, those costs will be subjected to competitive pressure.

If you allow the incumbent to recover them from entrants, they will not, because the entrant cannot compete out indirect cost recovery contained in the interconnection charge. All you do when you put it in the interconnection charge is raise the price for it.

Q Something you said sort of caught my attention. When you talked about companies having -- as I understood what you were telling me, companies have two sets of costs; one is external, that which they must actually pay cash for, and the others are internal to their operation that they must also expense in one way or the other; correct?

A That's correct. They're all the same costs -- they're all the same kind of costs ultimately. Ultimately the costs of all firms are composed of the costs that they must pay either for already manufactured items or for raw materials, labor and the capital equipment to manufacture something.

The same is true with services. You can either -- maybe to say you could build your own switch is an exaggeration. But you can buy already put-together services, or you can put them together for yourself.

What you have to pay in that market for labor, for raw materials, for capital equipment and for already put-together services that you buy or must buy are all real economic costs to each firm that must incur them. The problem you have here is that you've got entrants who must buy a very large proportion of already put-together services, namely call terminations from the local exchange carrier, and the local -- the incumbent who does not.

And there is no way around -- the entrant cannot self-supply those call terminations, that it must buy in a much larger absolute quantity relative -- or rather it's the same absolute quantity, but relative to its operations it's a much higher percentage of its operations than are the call terminations already packaged that the entrant supplies to the incumbent, even if over time I'm correct, and traffic tends to balance, which, you know, there are a lot of other people out there from LEC operating environments saying the same thing, Bell Atlantic, New Zealand Telecom and so on, saying they will tend to balance over time.

Even so, it's a much higher percentage of the operation of the incumbent -- of the entrant, excuse me. That was a mistake -- of the entrant, which is what gives the incumbent so much ability to do anticompetitive pricing of them.

MR. HATCH: That's all. Thank you, Dr. Cornell.

THE WITNESS: You're welcome.

MR. HATCH: Anybody else?

MR. WILLIS: Dr. Cornell, this is Lee Willis. I represent Sprint United and Centel.

CROSS EXAMINATION

BY MR. WILLIS:

Q Is MCI providing local exchange service anywhere in the United States at the present?

A My understanding is there are a couple of customers actually getting service from MCI Metro in Baltimore. I do not know beyond that, frankly. I know there have been other switches turned up, but what -- whether they're past the mutual testing with the incumbent, I just really have not stayed abreast of that.

Q And Baltimore, is that a service that has been advertised and offered, or is it just an experimental?

A I honestly don't know. As I say, I haven't kept up with it. I knew that this was the case sometime in late '95, and I haven't asked since.

MR. WILLIS: Okay. I have nothing further.

MR. MELSON: Eric?

MR. EDGINGTON: I was going to say, is there anybody else?

CROSS EXAMINATION

BY MR. EDGINGTON:

Q I just have a few here. And this may show my ignorance to economics. But just generally, is it economically efficient to manufacture something that at best can be sold at a price which will cover only its costs with absolutely no contribution to anything else?

A If you were absolutely certain that you were covering just your direct economic costs with no markup, but you were certain you were doing that, you would be indifferent as to whether you manufactured it or not.

Q Okay. So would -- in essence you would be indifferent, so it would make -- it would really make no sense to do that?

A No, that's not what I said.

Q Well you wouldn't care one way or the other?

A You wouldn't care one way or another. You would be earning a normal return on the capital you used. So as long as you can earn that normal return doing that or doing something else you would be indifferent as to whether you manufactured that output or manufactured something else.

Q Okay.

A That does not mean it would be economic nonsense to do it. You would be indifferent.

Q Assuming you got a normal return on your capital?

A That's part of TS-LRIC is a normal return on capital.

Q Okay. What if you -- what if you could just basically establish you weren't even getting a normal return, obviously you wouldn't do it?

A But then you're not recovering your direct economic costs as I use that term. By the way, is it fair for me to ask who is questioning me?

Q I'm sorry. This is Eric Edgington. I'm with GTE Florida. I thought after I started asking the question -- I introduced myself twice. I don't think you were on the call either time. This is Eric Edgington. I'm with GTE Florida.

A Sorry.

Q It was my fault. After I asked the first question, I realized I hadn't introduced myself.

A I just like to know, as I'm not there and can't see you in person.

Q Would -- would you -- how would you propose that the parties, assuming that they do it, one, if they were to monitor the traffic that's terminating on their networks to distinguish between inter and intrastate traffic; how would you propose that that be done?

A My understanding is that there is at the present time no way to -- I'm going to call it jurisdictionally separate, but it's more than just jurisdictional. There is no way to know whether an incoming minute of use -- you can count minutes in total, but you cannot know whether it is interstate,

intrastate, and if intrastate, whether it is toll or local.

Q Okay.

A That comes from talking to engineers on sort of all sides of the aisle, if you will pardon my putting it that way.

Q And --

A The only -- if I could finish?

Q I'm sorry.

A The only way that people have thought of, but it turns out to be extremely expensive, is to begin to develop schemes that use the SS7 signaling message, which does convey that information, or is able to be analyzed to give you that information is probably a better way to put it.

Q You had talked about the opportunity to I guess strive for economic efficiency, that the incumbent -- that the incumbent should strive to be economically efficient. And I -- my question is, is it -- is it an environment that allows the company to be economically efficient, does that type of environment exist where the price of certain products of the company are fixed and the company is actually obligated to serve all comers at a fixed price regardless of the cost of serving those customers? Is that an environment in which somebody can strive to be economically efficient?

A The answer is of course that depends. And the reason I say that depends is that, if all services recover at least their direct economic costs, the answer is, yes, you can

be economically efficient. I've never made any secret of the fact that my views are that universal service funding should be put in place that recovers the total service long-run incremental cost or the direct economic costs of serving those residential customers whose service is -- does not currently meet that test.

And by "service," I mean that the price for basic universal service does not recover the TS-LRIC of both providing a loop and the part of one -- R-1 I guess is what it was called earlier in this deposition -- service that is usage, the ability to reach 911, having your listing in the white pages and so on.

Q Just like Tracey, I haven't dropped off here. I'm just trying to --

A I understand.

Q -- absorb and understand. You had mentioned imputation of the terminating costs on the incumbent as something that would be necessary I believe if -- if the charges were to be assessed to people -- to companies purchasing or terminating on the incumbents' network. Would its imputation be acceptable if it were imputed across all of the services of the incumbent?

A No. That's really another way of asking the same question that Mr. Hatch asked. If you do it across all of the services, you are demanding that the entrant take some of the

revenue from other services to help make up for, to compensate for the barrier to entry.

And it's -- it's the same as making the entrant take some of its efficiency to compensate for the barrier to entry, you reduce the ability of entrants to put economic pressure, market pressure, on incumbents to become more efficient. It's another way to protect the incumbent from having to face competitive forces.

So you -- on the one hand you have entry, but you don't have -- you don't let it be what entry is supposed to be, which is really effective competition.

Q Well is the market operating efficiently -- let me see if I can ask this. Is the market operating efficiently if -- assuming that if the incumbent is imputing the terminating costs on its product, and because of regulation, the price of that product does not allow it to cover its imputation costs plus the other costs, is the market going to be able to operate efficiently prior to some -- and I will use the phrase universal service mechanism -- to allow the incumbent to make up for, if you will, the fact that its prices are being set externally?

A Well I think you've got two things confused in there.

Q I'm not surprised.

A I would like to respond to what you said, and then

you can see what -- where you want to go with the next question.

The -- if the prices of the incumbent cannot meet an imputation test, it is not imputed. That's just plain and simple. If it is not imputing, you have created an even larger barrier to entry, if it cannot meet an imputation test.

No, the market is not operating efficiently, but the problem in the first and foremost place with all of this is setting the price for termination above direct economic cost. That's the evil that has been causing -- that is causing the market not to work efficiently.

Now, yes, there needs to be a universal service fund if it is the case that there are consumers who are receiving service that is priced below the direct economic cost of serving them. I put it that way with an "if," because the number of consumers for whom that is likely to be true is less than most people have been led to believe.

MR. EDGINGTON: I think I'm done. Thank you.

THE WITNESS: You're welcome.

MR. HATCH: Is there anybody else?

MR. MELSON: Nina, this is Rick, I don't have any clarifying questions.

THE WITNESS: Okay. Does that mean we're done with this one?

MR. HATCH: I guess we're done with 985. We can

move into 984.

THE WITNESS: Maybe it's a good time for me to make a quick run down the hall.

(The deposition was concluded at 10:35 a.m.)

CERTIFICATE OF DEPONENT

This is to certify that I, NINA CORNELL, have read the foregoing transcription of my testimony, pages 1 through 32, given on Wednesday, February 28, 1996, in Docket No. 950985-TP, and find the same to be true and correct, with the exceptions, and/or corrections, if any, as shown on the errata sheet attached hereto.

_____
NINA CORNELL

Sworn to and subscribed before me this
_____ day of_____ , 19____
_____

NOTARY PUBLIC
State of_____
My Commission Expires:

F L O R I D A)
COUNTY OF LEON)

CERTIFICATE OF OATH

I, the undersigned authority, certify that NINA CORNELL personally appeared before me and was duly sworn.

WITNESS my hand and official seal this _____ day of March, 1996.

_____

Notary Public - State of District of Columbia

STATE OF FLORIDA) CERTIFICATE OF REPORTER

COUNTY OF LEON)

I, SARAH B. GILROY, Registered Professional Reporter,

DO HEREBY CERTIFY that I was authorized to and did stenographically report the foregoing deposition of NINA CORNELL.

I FURTHER CERTIFY that this transcript, consisting of 34 pages, constitutes a true record of the testimony given by the witness.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties, nor attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 7th day of March, 1996.

Sarah B. Gilroy

SARAH B. GILROY, CP, RPR

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FIELDS:

Microeconomic Theory, Economics of Regulation,
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CURRENT POSITION:
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Pricing and costing of evolving telecommunication networks and evaluation of welfare, allocative, and distributive effects of alternative pricing systems; Evaluation of alternative regulatory regimes for public utility services; Demand and cost analysis of telecommunications services; Experimental design of peak load pricing experiments; Evaluation of competition in telecommunications markets.

CONSULTING & TESTIMONY PREPARATION:

Virginia State Corporation Commission: design and development of forecasting methodologies for use by Commission in evaluating capital budgets of electric utilities in Virginia; (August, 1975 - June, 1976)

Testimony/Exhibits/Comments Prepared and Filed before:

Federal Power Commission (now FERC)
Federal Communications Commission
Virginia State Corporation Commission
North Carolina Utilities Commission
West Virginia Public Service Commission
Public Service Commission of Wisconsin
Public Utility Commission of Ohio
Hawaii Public Utilities Commission
Illinois Commerce Commission
California Public Utilities Commission
Kentucky Public Service Commission

South Carolina Public Service Commission
Georgia Public Service Commission
Florida Public Service Commission
Corporation Commission of Oklahoma
Indiana Utility Regulatory Commission
Michigan Public Service Commission
Iowa Utilities Board
Pennsylvania Public Utility Commission
Public Utility Commission of Texas
Public Utility Commission of Oregon
Washington Utilities and Transportation Commission
Alabama Public Service Commission

Other Regulatory Appearances:

NARUC Technical Education Conference for Commissioners
New England Council of Public Utility Commissioners
Alabama Public Service Commission Telecommunications Conference
Virginia State Corporation Commission Annual Conference
Instructor - NARUC Annual Regulatory Studies Program; Michigan State University
South Carolina Public Service Commission Annual Conference
Current Policy Issues Forum for Commissioners, NARUC

Legislative Testimony:

Before the Indiana House Commerce Committee
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Before the Florida House of Representatives
Before the Virginia General Assembly

PRESENTATIONS and PUBLICATIONS:

"Econometric Estimation of Peak Electricity Demands", **Journal of Econometrics**, January, 1979 (with R. M. Spann);

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"Usage Sensitive Pricing", **Proceedings of the 5th Annual Symposium on Rate making Problems of Regulated Industries**, May, 1979, (with G. Cohen);

"The Demand for Local Exchange Service: Some Implications for Planning", **Proceedings of the 3rd International Conference on Analysis, Forecasting, and Planning for Public Utilities**, June, 1980, Paris, France; (with G. Cohen);

"Local Loops as Barriers to Entry?", in **Challenges for Public Utility Regulation in the 1980s**; Michigan State University: December, 1980; also appearing in **Proceedings of Workshop on Telecommunication Issues**; Bureau of Utility Research, University of Connecticut: January, 1984; (with J. Alleman);

Universal Measured Service Policy Statement, GTE Service Corporation, March, 1980.

"No Main Is An Island", Paper presented to the Western Economic Association, July, 1981, San Francisco, CA. (with J. Alleman).

"Review of Peak Load Pricing: European Lessons for US Energy Policy", **The Southern Economic Journal**, July, 1981.

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COURSES TAUGHT:

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Introduction to Econometrics
Public Policies Toward Business
Introduction to Public Choice Theory
Industrial Organization
Managerial Economics
Intermediate Microeconomic Theory
Public Finance

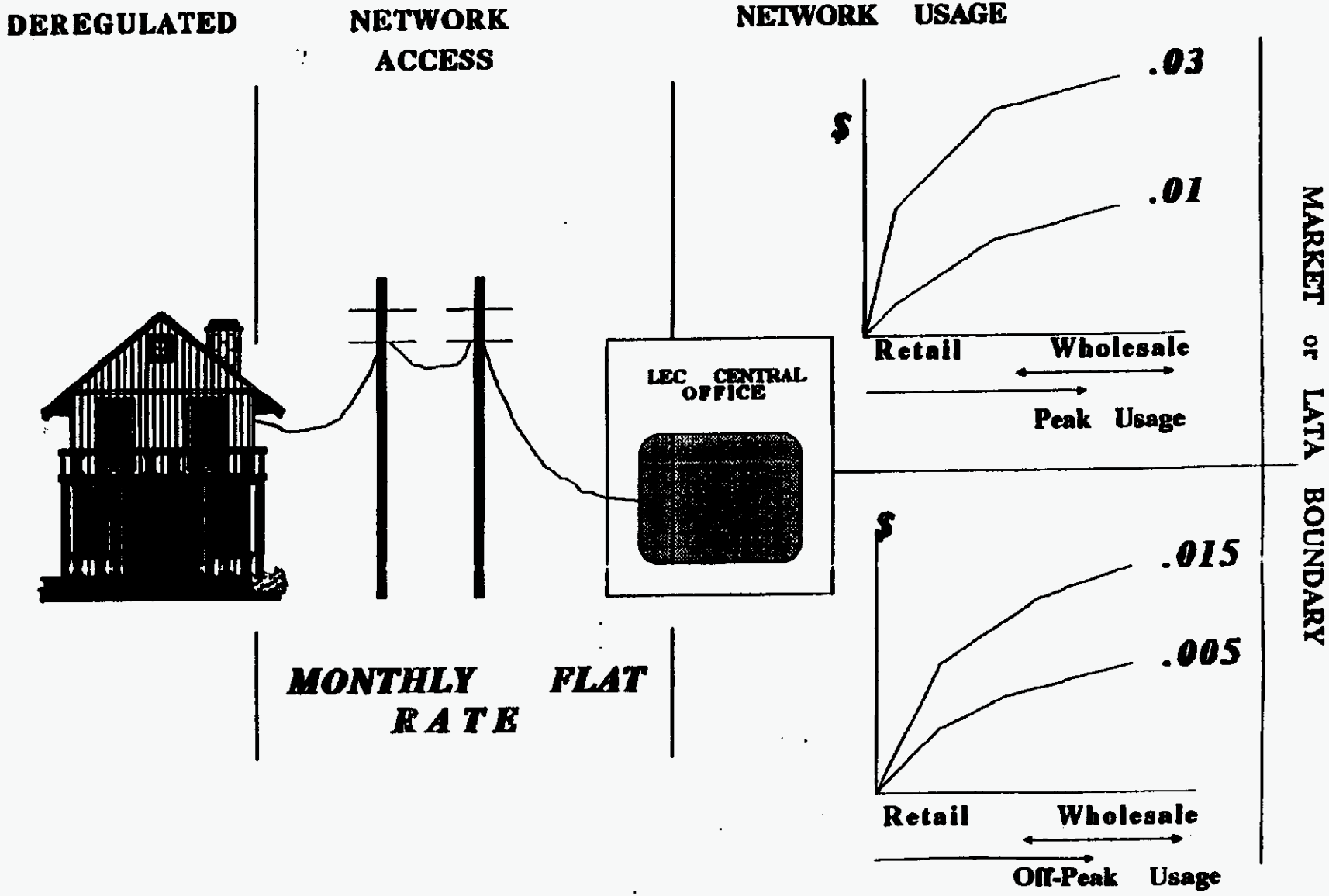
HONORS and AWARDS:

Omicron Delta Epsilon
Phi Kappa Phi
Who's Who in the West
Beta Gamma Sigma
Who's Who in the East

PROFESSIONAL AFFILIATIONS:

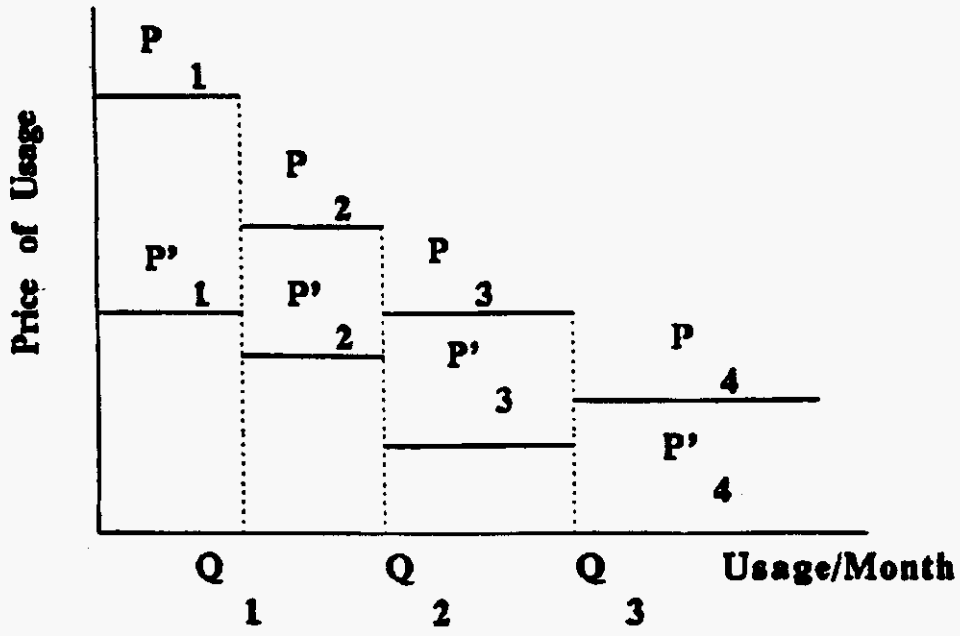
American Economic Association
Southern Economic Association
Western Economic Association
Public Choice Society
Policy Analysis Committee - United States Telephone Association

REPRESENTATIVE RATE STRUCTURE



GTE Florida Incorporated
FPSC Docket No. 950985-TP
Edward C. Beauvais Direct Testimony
Exhibit ECB-2
Page 1 of 2

NONLINEAR MULTIPART TARIFF



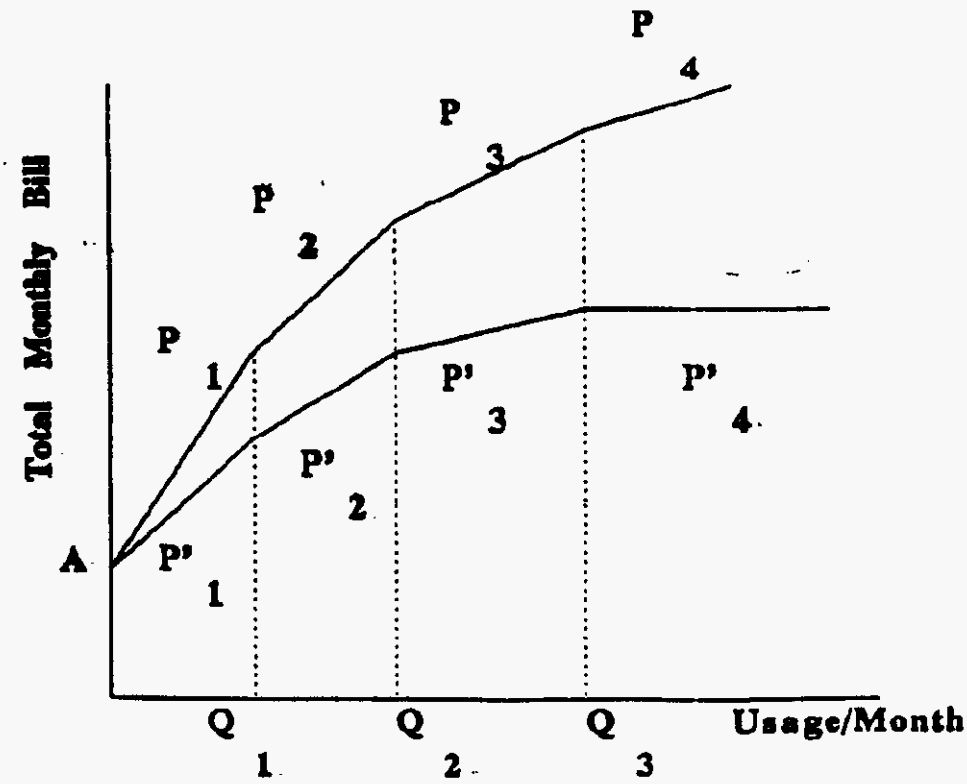


EXHIBIT NO. _____

DOCKET NO: 950985-TP

WITNESS: DR. EDWARD C. BEAUVAIS

PARTY: GTEFL

DESCRIPTION:

2/29/96 DEPOSITION TRANSCRIPT

GTEFL'S RESPONSES TO STAFF'S 2ND SET OF INTERROGATORIES NOS. 20-24.

PROFFERING PARTY: STAFF

I.D. # ECB-2

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO 26
COMPANY/
WITNESS: Beauvais
DATE: 3/12/96

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In RE: Resolution of petition(s) to establish nondiscriminatory rates, terms, and conditions for resale involving local exchange companies and alternative local exchange companies pursuant to Section 364.161, Florida Statutes.	DOCKET NO. 950984-TP
In Re: Resolution of petition(s) to establish nondiscriminatory rates, terms, and conditions for interconnection involving local exchange companies and alternative local exchange companies pursuant to Section 364.162, Florida Statutes.	DOCKET NO. 950985-TP

DEPOSITION OF:	EDWARD BEAUVAIS
TAKEN AT THE INSTANCE OF:	The Staff of the Florida Public Service Commission
PLACE:	2540 Shumard Oak Boulevard Room 362 Tallahassee, Florida
TIME:	Commenced at 2:55 p.m. Concluded at 4:20 p.m.
DATE:	Wed., February 28, 1996
REPORTED BY:	SARAH B. GILROY, CP, RPR Notary Public, State of Florida at Large.

BUREAU OF REPORTING
RECEIVED 3-7-96

APPEARANCES:

NORMAN H. HORTON, JR., ESQUIRE, Messer Law Firm, Post Office Box 1876, Tallahassee, Florida, appearing on behalf of McCall.

ANTHONY P. GILLMAN, ESQUIRE, c/o 106 East College Avenue, Suite 1440, Tallahassee, Florida 32301, appearing on behalf of GTE of Florida.

LEE L. WILLIS, ESQUIRE, JEFFREY WAHLEN, ESQUIRE, MacFarlane, Ausley, Ferguson & McMullen, 227 South Calhoun Street, Tallahassee, Florida 32301, appearing on behalf of Sprint/United and Centel.

RICHARD D. MELSON, ESQUIRE, Hopping, Green, Sams & Smith, Post Office Box 6526, Tallahassee, Florida 32314, appearing on behalf of MCI Metro.

JAMES C. FALVEY, ESQUIRE, Swidler & Berlin, Chartered, 3000 K Street, Northwest, Suite 300, Washington, D.C. 20007, appearing on behalf of MFS of Florida.

LAURA WILSON, ESQUIRE, 310 North Monroe Street, Tallahassee, Florida 32302, appearing on behalf of Florida Cable Telecommunications Association.

JILL BUTLER, ESQUIRE, 2773 Red Maple Ridge, #301, Tallahassee, Florida, appearing on behalf of Time Warner.

SCOTT EDMONDS, ESQUIRE, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, appearing on behalf of the Commission Staff.

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S T I P U L A T I O N S

IT IS STIPULATED that this deposition was taken pursuant to notice in accordance with the applicable Florida Rules of Civil Procedure; that objections, except as to the form of the question, are reserved until hearing in this cause; and that reading and signing was not waived.

IT IS ALSO STIPULATED that any off-the-record conversations are with the consent of the deponent.

ERRATA SHEET

DOCKET No. 950985-TP
NAME: EDWARD BEAUVAIS
DATE: February 28, 1996

Page	Line

MR. EDMONDS: This is the deposition of Mr. Beauvais in Docket No. 950985-TP, the interconnection docket.

Thereupon,

EDWARD BEAUVAIS

was called as a witness, having been first duly sworn, was examined and testified as follows:

MR. EDMONDS: All right. We're back and ready to go. The witness has been sworn in.

MR. FALVEY: Actually I just came on. This is Jim Falvey.

MR. EDMONDS: Let's do a quick roll call to see who else is here on the line.

MR. FALVEY: This is James Falvey with Swidler & Berlin on behalf of Metropolitan Fiber Systems of Florida.

MS. WILSON: Laura Wilson on behalf of the Florida Cable Telecommunications Association.

MR. MELSON: Rick Melson for MCI Metro.

MR. GILLMAN: Tony Gillman, GTE Florida.

MR. EDMONDS: Scott Edmonds on behalf of Commission Staff. Did someone else just come in?

MR. WAHLEN: This is Jeff Wahlen.

DIRECT EXAMINATION

BY MR. EDMONDS:

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Q Okay. With that I guess we will proceed. Please state your name and business address for the record.

A My name is Edward Beauvais. Business address is 600 Hidden Ridge, Irving, Texas, 75038.

Q And did you prefile direct testimony in this docket, No. 950985?

A I did.

Q Do you have any corrections to make to it?

A Not that I'm aware of.

Q Okay.

MR. EDMONDS: Did someone just come on the line?

MS. BUTLER: Yeah, this is Jill Butler with Time Warner Communications.

BY MR. EDMONDS:

Q Staff just has a few questions for you. Is it true that GTE supports -- by GTE, I mean GTE of Florida -- supports an originating responsibility plan?

A Yes, GTE prefers an originating responsibility plan for all its services.

Q Could you give us a brief overview of how that plan would work.

A Basically an originating responsibility plan says the company whose customer originates the call is responsible for seeing that that call is delivered to wherever it's destined, including relationships with other carriers. It will

then bill the originating customer for that call and see that all compensation to terminating parties is paid.

That's the nature of an ORP. The company that originates the call essentially takes responsibility for it.

Q How does this proposed ORP plan differ from the interconnection or compensation plan that GTE agreed to with Intermedia?

A I would argue that it does not. Essentially with the Intermedia plan, what we have agreed to do is to exchange traffic with each other, such that when a GTE customer calls an Intermedia customer, we will pay them compensation to terminate that call for GTE. Since in one sense we don't know -- and by definition can't know -- in advance whether that traffic will be in balance or not, it's kind of a stipulation to all parties we've agreed to cap the payments up front at 5 percent. That's how I would interpret that.

So I would argue that there we have an ORP with a protection agreement. We simply net traffic from the exchange, so if they owe us, and we owe them the same amounts, no payment is made. It's still an ORP. It just happens to be a special case of one.

Q Okay. Let me refer you to page 21 of your direct testimony. Actually I guess you pretty much just answered that.

Why do you believe that a bill and keep arrangement

is not the appropriate compensation arrangement for purposes of interconnection?

A Oh, I think the problem with the bill and keep, to the extent that -- one, it assumes that traffic will be in balance, and it assumes also that the prices that the companies charge each other will be more or less -- will essentially be the same as well.

If that's the case, then a bill and keep essentially becomes the same as an ORP. If it is not the case, and it is not the case between all pairs of companies, then a bill and keep is not necessarily the same thing as an ORP. One can have substantial dollars flowing on an ORP that wouldn't flow with bill and keep.

The other thing about bill and keep, it's one thing to talk about interconnection between -- well since MCI is sitting here, for example, between MCI Metro and GTE, and say the traffic is in balance between those two. That may be a perfectly correct statement. But it is not necessarily the case, but simply because the traffic is in balance between the two of us, that it's also in balance between MCI and MFS, between GTE and MFS --

THE REPORTER: You're going to have to slow down.

THE WITNESS: Oh, I'm sorry.

A It is not necessarily the case that traffic flows will be in balance between all pairs of companies. ORP doesn't

assume that it is; bill and keep does.

BY MR. EDMONDS:

Q Okay. It's GTE's proposal to pay switched access minus the CCL and the RIC for the amount of traffic that is out of balance; is that right?

A And less the information surcharge. Yes, that was our proposal, that we have a current tariffed element that purports to do just that. For end office switching, if MFS or MCI, whoever has a direct connection to our end office, the applicable price would then be the per-end-office switching element.

Q Okay. Why do you believe that this price is the -- is the appropriate for interconnection?

A Well the most obvious reason is, it's there already, which, you know, simplifies things. The second one is, it's not completely out of line with cost and demand characteristics. It's consistent with the cost -- or the prices that we charge for other services as well to other end users.

Q Now do you believe that there should be some contribution in the rates that the Commission sets for interconnection?

A Yes, I do.

Q Could you give us -- what do you think is a reasonable range in terms of percentage for the contribution?

A Well you have to -- the contribution measured relative to what? After all, one is dealing with relatively small numbers in dealing with talking about the incremental costs. As we define contribution as price minus incremental costs, one can get very, very large percentage numbers, even if the absolute dollar value is small.

For example, if you said the cost of a call is three-tenths of a cent as an example, and you say the price is a penny, well all of a sudden you're looking at a threefold or three times markup. Well, yeah, but it's also only seven-tenths of a cent.

So I don't know that I can give a single percentage number saying this is relevant or not, because one can generate numbers of 400, 500 percent without any hassle when you're talking about incremental costs and price relationships, merely because there is very large elements of common costs that are relevant but are not part of the incremental cost calculations.

Q Okay. Under GTE and Intermedia's agreement, what happens if traffic is imbalanced; for example, if it's greater than 105 percent, say if it's 200 percent in favor of the ALEC, in that case would GTE be recovering its costs of interconnection?

A I'm sorry. Give this to me again. If --

Q When we talk about the 5 percent cap. Now say if the traffic is out of balance say 200 percent.

A Okay. Going to --

Q The ALEC.

A So GTE is terminating twice the traffic on the ALEC as it's terminating to GTE?

Q Correct. In that case would GTE be recovering their costs of interconnection?

A Well GTE would be paying those costs, if that's the case, to the ALEC. To the extent that those costs have been properly accounted for in the prices to end users in other services, yes, they would be. If they haven't been, then, no, they wouldn't be.

Q And if you're only paying -- with the 5-percent cap in place --

A Oh, if the 5-percent cap is in place?

Q Yeah.

A Then the chances are the costs would be covered, although on a permitted basis. It would be a close-run thing. You wouldn't be that far off with a cap of 5 percent, which is one of the reasons we put it in there, since all the rate rebalancing is not do-able all at once.

(discussion off the record).

A I'm sorry. I didn't hear the part about the cap in there before. I'm sorry.

BY MR. EDMONDS:

Q Okay. Also in GTE's proposal the parties may

default to a bill and keep arrangement; is that correct?

A We can mutually agree to bill and keep. That is a possibility. You mean under the stipulation?

Q Yes.

A Yes.

Q And under what circumstances would that happen?

A Well presumably if the traffic is in balance, and the prices we agreed to charge each other are essentially the same, you get a bill and keep.

Q And would GTE fully recover their costs of interconnection in that situation?

A It nets out, yes.

Q Okay. Have you read Mr. Devine's rebuttal testimony?

A I read through it yesterday I believe.

Q Okay.

A But I just read through it.

Q Do you have a copy of it with you?

A I don't have a copy of it with me.

Q Okay. We can -- we've got one here.

A But I've got one now. Thank you.

Q Okay. Could you refer to page six, lines 13 through 15, where Mr. Devine is referring to whether or not the federal act requires compensation above costs, and where he states, it is my understanding that the LRIC rates in fact do

take into account a return on investment, and this provision is therefore met by the MFS-FL proposal.

A Do you want a comment on that? Yes, I've read the statement.

Q Okay. Would you like to comment on it?

A I'm willing to comment on anything.

Q Go ahead.

A It is indeed true that, you know, prices should reflect opportunity costs. Part of those opportunity costs will be return or return on rate base -- or return on capital, since rate base is a verboten term now. But it is a return or return on capital. That is a legitimate part of the opportunity costs of doing business.

Yes, they are in those prices. However, it is equally true that a LRIC by itself defines the change in total service long-run incremental costs, for a change in output does not cover all the relevant costs associated with that output.

One must recover those costs before one determines profit contribution. So simply because there is an opportunity to recover costs reflected in LRIC does not mean that you've got a profit contribution yet.

Q Let me see, is it -- are you saying that LRIC includes contribution?

A It would include opportunity costs, yes.

Q Okay. Now does GTE's long-run incremental costs

include a return on investment?

A Yes, it does.

Q Does GTE's switched access costs include contribution?

A They include contribution, yes, they do.

Q Could you be specific as to what type of contribution; for instance, the return on investment or shared and common costs?

A As I understand it, based on the cost studies that I've seen, you would have -- in addition to the incremental costs you will have some contribution to the TS-LRIC type of costs; that is, costs that are directly associated and causally associated with the service under question, switched access, but do not necessarily vary with the output. They are volume insensitive costs.

In addition, our switched access costs or prices will also include some contribution toward the common cost -- the other common costs of the firm, including some contribution to profit.

Q Okay. Approximately do you have an idea of what percentage range of contribution is in those costs?

A Again, you would have to break it down. For switched access? I have not broken down which is contributing to what, no.

But the number would be, you know -- it would be at

least a few hundred percent because of the very small nature of the costs you're looking at in the first place.

Q Okay. What percentage range of contribution is included in GTE's switched access rates that is above the LRIC?

A I haven't calculated the number. I don't know.

Q Okay. Okay.

A But I wouldn't be surprised if you saw a big number.

Q Like in the thousands?

A Well thousands? You know, would it shock me if a number came out at 1,000 percent? No, it wouldn't. If you said 10,000, maybe.

Q Okay. Now if GTE's LRIC includes some contribution, why do you believe that GTE should offer interconnection rates at switched access charges?

A In a very real sense when we're talking about terminating local minutes of use for another company, another party, it's the exact same thing that we offer to a cellular carrier when we terminate a mobile call to a land-lying customer. It comes into the switch, we route it, we send it to the phone number.

It's the exact same function that we perform for an intraLATA toll call that comes into our end office, we route it to the customer. It's the exact same function we perform when we terminate a call from MCI or AT&T that's coming from

Washington or Paris.

The LEC in every case is doing the exact same thing. The Commission has established that price for public policy purposes as being what is currently -- or is approved anyway -- what's currently in our switched access tariffs.

We're doing the same thing, the same function. We also say, yeah, but there was a, you know, nasty little beast out there called carrier common line which was established as a matter of public policy early on in the days of switched access.

You also have the residual interconnection cost that was a result of a combination of federal and state actions and competition. We agree that those ought to be excluded from the switched access charge. So we're not talking about the full application of switched access.

What we're talking about is a price for the exact same thing that we do for the other people.

Q Okay. Could you please explain the difference between total service long-run incremental costs and LRIC?

A Sure. Total service long-run incremental cost is defined as the change in total cost to the firm for a change in output, where output in this case is defined as the entire service, from not having at all up to whatever quantity is we're selling. That's the definition of TS-LRIC.

LRIC then is a given TS-LRIC of that service, how

does the change -- how does TS-LRIC change with respect to output? So we have the change in TS-LRIC with respect to quantity. That will be defined as LRIC.

In other words, LRIC will not normally include or wouldn't include volume insensitive costs; TS-LRIC would. But in addition to those two costs there is also a class of common costs that are readily attributable to say switching, for example, that won't show up in either the TS-LRIC or the LRIC.

The building that the office is in or the switch is in, for example, is a wonderful example of literally an overhead type of common cost that's attributable to switching but won't show up in the TS-LRIC for switched access. It wouldn't show up in the TS-LRIC for local usage. It wouldn't show up in a TS-LRIC for toll. But it would be common to all of those.

You know, so it's a legitimate cost say of providing switchED services, but not of any -- so TS-LRICs don't necessarily add up to your common costs either -- or to your total costs. But there is a difference. And maybe it's a distinction, but I think it's an important one to keep in mind.

MR. EDMONDS: All right. Well Staff has no further questions.

CROSS EXAMINATION

BY MR. MELSON:

Q Dr. Beauvais, I'm Rick Melson representing MCI. Would you agree that the termination of local traffic by GTE-FL is an essential input into the service provided by an alternative local exchange carrier?

A The terminating -- the function of terminating calls to carriers is essential not only as a function that we perform, but that all carriers would now perform that are interconnected with each other in a network.

Q You answered two questions at once.

A Always my objective.

Q And in reading your testimony, would it be fair for me to conclude that the long-run position that GTE is advocating with regard to pricing is that local service be provided on a local measured basis?

A I think that would be going too far. What I've suggested is, one needs to rebalance and restructure rates. Certainly there would be -- I would include in our example more measured options.

But since I'm also recommending a declining kind of block rate structure, one can approximate that structure by a series of offerings, one of which would be a flat rate option at the margin for very large-volume customers.

So it's not -- yes, there would be measured options in there, but it doesn't imply a mandatory measure.

Q Okay. Let's look then at page seven of your

testimony at lines 11 through 14. As I read that, you were saying that traffic sensitive switching and transport costs must become time and distance sensitive where cost and demand justified all classifications of service, and then you include local.

A Yes.

Q How is that consistent with your concept now that flat rate service may continue to be an appropriate option?

A Well as I've just pointed out, the incremental -- the long-run incremental costs of an additional call, termination, can be quite low, in which case there may be a legitimate demand by customers to have unlimited use of options available.

It may help if I can draw on the board, although the people who didn't bother to come get penalized by not being able to see -- end of editorial comment -- but it may help answer your question though, if you would like.

Q No. I -- the court reporter has to leave by 5:30.

A The answer is, I'm going to offer customers a series of options, some of which are measured. In fact one option you could see potentially in the future is, somebody may want, you know, gees, I'm going to really use the phone late at night, where the incremental costs are clearly very low.

So what you may want to do is, you know, create a new service, like midnight caller or something -- kind of

obscene ring to it -- where you will offer it between the hours of 11:00 p.m. and 4:00 a.m.; use it all you want, the charge is $5, in which case you've got a flat rate.

That would be taking into account demand considerations and incremental cost considerations. The same thing on peak may cost you, you know, five times that amount, just as an example. I'm throwing out numbers. But that would certainly be consistent.

Q Let me turn for a minute to your -- I think what you called a nonlinear multipart rate structure.

A Yes.

Q And if I understand that correctly, the usage charge for the traffic sensitive elements is higher for a -- or higher for low-volume customers and lower for high-volume customers; is that the basic concept?

A That's correct. Everything else equal, yes.

Q Is it a declining block type of structure wherein the first block -- first increment of volume you pay one rate, and as you increase volume you pay lower rates for additional blocks of usage?

A At the lower rates of the margin, correct.

Q In that pricing structure is the price for the last block above or below the incremental cost of providing the service?

A At or slightly above, depending on the overall cost

characteristics of the firm. It would not be below.

Q All right. So in essence there, is it fair to say that there is more contribution in the lower-volume blocks and less contribution in the higher-volume blocks?

A Well on a permitted use basis, yes. What the structure says is, I will -- to the extent that I need to extract contribution to satisfy a total revenue equal total costs constraint, the best place, the most efficient place to get those is from the lower-volume blocks.

I get my contribution before I get to the last block, in which case I get something just approaching incremental costs out of those services. So the contribution will be less with the latter blocks of the rate structure.

Q All right. If I was -- without naming any names, can you give me an example of a very high usage customer in GTE's territory, a customer that produces a lot of outgoing traffic, I mean just maybe by a type? I think airline reservations centers, but the traffic goes the wrong way.

A They go the wrong way. Real estate agents, large real estate agents.

Q Okay. Let's use that as an example.

A Even worse, life insurance salesmen. They call everybody.

Q Let's use a large real estate agency.

A Let's pick on life insurance agencies.

Q I can't think of a life insurance agency that's big enough. As interexchange competition was introduced, did you observe a phenomenon where a large business customer might divide its traffic among two or more long distance carriers?

A Sure. And carriers had the incentive to -- each carrier was competing for the volumes of traffic, and sure each carrier would much less have the traffic themselves, but some of them split, as an insurance policy if nothing else.

Q In a declining block type of environment, is it possible that a customer who stayed with a single carrier would see a lower average rate than if he -- than if the customer split its traffic in any way between two competing carriers?

A It is absolutely possible. And so long as the prices meet the -- or don't engage in cross subsidy or other anticompetitive actions, that's the exact incentive that's put out there. It pays to concentrate traffic in a declining block structure, certainly.

Q And would this declining block structure apply, for example, to access charges as well as to local interconnection?

A That would be my recommendation, yes.

Q And in that situation would a carrier such as AT&T experience a lower average cost per minute than a lower-volume carrier such as LDDS?

A No, I don't think they would. In the structure I had in mind, any carrier of any size whatsoever, certainly

LDDS, MCI, AT&T, would all look at expanding under the incremental costs at the same level.

These blocks I'm talking about do not stretch out to hundreds of thousands of minutes per use in the block. This is an end-user-oriented rate structure.

So by the time you get to -- and I would have to quantify it, and I haven't done so before. But by the time you're starting to look at usage say approaching 1,000 minutes, you may be in the marginal block of the rate structure. So in the sense that if AT&T is being, or MCI is being billed under this schedule to GTE, they look like an originating call. You would be subject to that same rate schedule.

So, no, it's not intended to disadvantage MCI versus AT&T versus LDDS or anybody else.

Q Does GTE have this type of rate structure in effect in any state?

A We have something that was quite similar in Illinois, in the sense that it was a mandatory measured structure. But it had a cap or a ceiling on there, so it gave the effect of a taper to the rates.

It was never applied like that to access, however. We have proposed similar things in the past to the FCC, but up until now the FCC has never acted on any major waiver for Part 16 rules for a LEC. So I guess the answer to your question is no.

Q On page 13 of your testimony at lines 10 and 11 you indicate that this model in your multipart rate structure will readily pass an economically correct imputation test.

A I'm sorry. That's true. What page am I on?

Q Page 13. First, can you tell me what an imputation test is, just in general?

A Yeah. In general an imputation test is nothing but a statement about the relative prices of services that are offered. And in particular an imputation test for toll, for example, provided by GTE would call for the price of the toll service offered by GTE to reflect not only its incremental costs of toll, the incremental costs of providing the access arrangement, any differential between the price of providing that access to ourselves and providing it to MCI, as well as imputing the price of the access under the service, under the toll service.

Q Okay. Let me -- let me give you what I believe would be Dr. Cornell's definition of the correct imputation test and see if that's the same definition you're using, because I frankly couldn't quite tell from that last answer.

A Oh, okay.

Q And let's use the example of toll service. Would you agree that the correct imputation test is that the retail price for toll service must equal the price charged to an interexchange carrier for access, plus the direct total service

long-run incremental cost to GTE of all of the components of toll service other than access?

A If you will accept the stipulation -- all other things equal, yes, I would accept that, except -- one -- no, not an equality; the total has to be greater than or equal to that price.

Q Okay.

A I would also say, and assuming that the incremental cost of the LEC providing -- or GTE providing switched access to itself, or access in general, is the same as the cost of providing it to MCI.

We can account for the differences. But assuming those two characteristics are the same, the incremental costs of providing it to ourselves are the same as providing it to you, then indeed the more general case that I stipulated to or set up earlier would be the same as your statement.

Q Okay. Let's focus on the situation where all other things are not equal. Assume that the cost of using -- cost of providing switched access to yourself, GTE, and for the provision of your own service is five-tenths of a cent per minute less -- that's not a good example.

Let's say it is -- let's say it's less than the cost of providing it to an interexchange carrier. In that case -- well first let me ask -- let me back up a minute. Start over. Clean slate.

Does GTE believe that the cost of using access itself is different than the cost of providing it to an interexchange carrier?

A For a given customer -- I was surprised you were going down the previous statement -- I would think for most of the cases under switched access, that the cost of providing it to you is essentially the same as the cost of providing it to ourselves. It's where I have large-volume customers where you may find it more efficient to use special, and I would find it more efficient to use switched, that you get the differences that start to occur.

Q Would you expect the cost to GTE of using a local loop in the provision of local service, is that any different than the cost of providing an unbundled local loop to an alternative local exchange company?

A Would I expect the cost of providing a loop to ourselves is any different -- no. It strikes me it's the same service. If you're talking about two-wire analog copper stuff in the ground going from Point A to Point B, I see no reason why that would be different, depending on who it's provided to.

Q If the costs were different, and let's assume that cost studies suggested that the cost of providing it to yourself was $1 less than the cost of providing it to an alternative local exchange company, would you agree with Dr. Cornell's version of the imputation test, or would you

modify that test in some way?

A I would modify mine to account -- well I would modify hers to account for the differences in incremental cost of provision. I could even write it out for you if you want as to what the test would be.

And you will see that if the costs are the same, then in fact her definition and mine collapse to be one and the same.

Q All right. Did you happen to read Dr. Banerjee's testimony in the earlier phase of this docket?

A Who? Apparently not.

Q Okay. Why -- under what circumstances is it appropriate to apply an imputation test?

A In the broadest sense I think an imputation test applies to everything. Imputation tests are nothing but statements of relative prices. In other words -- also if you flip an imputation test around the other way, it becomes the equivalent of saying all prices should be efficient.

It would solve -- it would be equivalent to stating an efficient component pricing rule. And since that is by definition efficient pricing in a multiproduct firm, subject to competition, then imputation and efficient component pricing rules ought to apply everywhere.

If the market is in fact perfectly competitive, you don't have to worry about it. The marketplace will take care

of itself.

Q Would you agree with me that if a particular service offered by a firm does not pass an imputation test, that the result is to create a price squeeze against a competitor who purchases from that firm one of the monopoly inputs?

A You said on a service-by-service basis?

Q Correct.

A Well on a service-by-service basis, I think you need to take into account the possibilities within a classification of service, not, you know, rate element by rate element. So, I mean, are we talking rate element by rate element?

Q No. I'm talking let's say a local exchange service. If you provide local exchange service to a customer, and the price you charge the end user for the local exchange service does not pass an imputation test after taking into account the price that you charge a competitor for terminating local traffic, is the result to create a price squeeze?

A Well potentially yes. It would depend also on the net payments among ourselves.

Q Okay. I don't understand that qualification.

A Let me give you an example here. You be MFS, and I be GTE, or we can change positions if you like. You charge your customers on that side of the room whatever you want per

month for local service, $15 a month say.

I'm on -- I will take all these people on this side of the room, and these are my customers, and I will charge them the same amount, or I will charge them more, since obviously we provide such better service.

Now, we're now going to exchange calls between each other; right? So whatever price you want to put on them, $1 a minute. You know, we are now going to pass this back and forth (indicating). If the traffic is in balance, our customers keep giving us the $15. Your customers keep giving you the $15.

And we're passing, you know, this dollar back and forth between us, paying for each other's traffic. If it's in balance, there is no price squeeze being put on anybody. If the traffic gets too far out of balance, I don't know if you want to call it a price squeeze or not; it may in fact -- if I'm terminating the 200 -- or two times the traffic you end to me, if the prices aren't somewhat in line with the relevant costs, I may have to go back and raise my prices to end users to cover those fees.

Is that a price squeeze? No. That's a consequence of, you're better at doing this than I am. Likewise, if your payments to me, you know, result in, I'm getting a lot of these, you may have to raise your prices to end users.

I don't consider that a price squeeze. I consider that's a consequence of how you want competitive markets to

work.

Q And in that example did you stick with the going-in assumption that the rate you're charging the end user does not cover -- does not meet an imputation test?

A It very well may not meet an imputation test. If I have to say each one of those dollar-a-minute kind of numbers are changing, it may not pass. I would hope that it would. In fact, if it didn't, that is in fact a signal that you may have to rebalance your rates.

Q Let me ask you this. Define "price squeeze" for me.

A Well the definition of price squeeze typically is one that I would charge you -- I charge you a set of prices such that you cannot compete in the -- for essential services, such as you cannot compete with me for end users. I price you out of the market by charging you prices that are too high.

Q But a price squeeze does not necessarily -- the failure to pass an imputation test does not necessarily imply a price squeeze?

A On a given service, that's correct.

Q All right. Again on page 13, and I'm still at the same page, lines -- I moved down a line or two, lines 10 through 16, you indicate that your nonlinear multipart pricing structure would satisfy the equilibrium requirements of the efficient component pricing rule. And you go on to say that

the last characteristics are important given MFS's petition for the creation of an unbundled product line offer.

If the only thing you were looking at was local interconnection, and you were not looking at requests for unbundled services, would it be important to satisfy this efficient component pricing rule?

A I think it's -- as an economist I think it's important to establish efficient prices in the first place. The unbundling requirements, both the federal legislation and the request here I think makes it even more important and will certainly make life a lot easier for all of us going down the road, recognizing that we have to play together in a network of networks.

Q Okay. Is it your testimony that satisfying the efficient component pricing rule is a necessary -- is a necessary test that must be passed in order to have efficient prices?

A By definition, if it doesn't meet the efficient component pricing rule, then it's not efficient. But, again, it's the same -- if you believe imputation is the correct thing to do, and GTE has never disputed that, at least I never have on behalf of GTE -- and MCI clearly believes it is, then saying I believe in imputation is the same as saying I believe in the efficient component pricing rule.

Q Let's turn to page 14 of your testimony, lines 16

through 18, the under -- the sentence with the underline in it, the similarity to a local measured service plan suggests that the price for the exchange of local transfer should also be in the range of the current price of the local measured call. Why does one follow from the other?

A Well I think -- we need to put this in a little perspective here. As we've looked around the country, GTE has always been in the position -- at least I've always represented it on GTE's behalf-- that the current application -- the application of current switched access, including carrier common line and residual interconnection prices, was -- or residual interconnection charges were way too high to facilitate the introduction of local exchange competition.

Nobody could sit there with a straight face and say, you owe me seven cents a minute by including carrier common line.

MR. MELSON: Off the record.

(discussion off the record).

A I could not sit there with a straight face and say that. So I started asking the question, well, I can't rebalance this entire structure all at once. You know, how should I look to set what the level of this interconnection price would be.

Well as we just agreed, it does need in fact to be somewhere in the level of how I'm pricing my service to end

users to in fact avoid the price squeeze we were just talking about. Our local measured service prices tend to do that in most states.

Florida is different in two respects. Their switched access charges on a permanent basis, including CCL and RIC is far lower than it is in a lot of other states. As a matter of fact it brings it below per minute -- below a penny a minute for just end office switching. And it satisfies the local measured service prices which also tend to be in the range of a penny a minute.

If you adopt this kind of nonlinear structure just as a way of thinking about what these price levels need to look like, a price that's less than a penny a minute would seem to meet those components. That's how I got to, well, gees, it probably ought to look like a local measured service charge or at least in that range, which means it's a penny a minute or less kind of number.

BY MR. MELSON:

Q Okay. Just so the record is clear, I don't believe I agreed that the price for local interconnection should be anything above TS-LRIC.

A I'm sorry. I didn't mean to imply that you did agree to that.

Q You indicated, as we just agreed. I thought maybe you had agreed with yourself.

Theoretically do you see a basis to apply a different pricing principle to an end user service versus a service that's being provided as an essential input into a competitor's services?

A I guess I really don't. I mean, in one sense -- but I'm selling a service to somebody else. And the somebody else tends to be a competitor in this case.

And, you know, one may want to look at it more closely from a regulatory or antitrust perspective, but still it's just selling a service. Principles of economics would seem to be fairly clear that prices should be determined by cost and demand characteristics. And that's what we've attempted to do.

Q What is your understanding of the compensation, if any, for -- take a step back. Assume that the Commission approved mutual traffic exchange. What is your understanding of the compensation, if any, to GTE for a call from an MFS customer to an MCI customer that transited GTE's network, but where GTE was not -- didn't have either customer?

A I would assume first of all that, you know, as in our stipulation, there would be a payment to GTE for that service. I assume that's still the case, on the scenario that you just laid out.

Q Do you have an estimate of the incremental cost of measurement and billing for switched access?

A I have the -- I have the costs included in my testimony of what that incremental cost would be based on the work I have done on local measured service years ago, the incremental cost of metering. Since the metering systems look very -- the metering systems, not necessarily the billing systems -- look very similar between measuring a feature group B or A kind of call and a D kind of call, yes, my estimate would be the .0003 to .0005 per message.

I understand, however, that GTE is also doing or has done a cost study of switched access per se. I don't have that number with me.

Q I guess I'm -- do you know whether the cost of measuring and -- well let's take it in two parts. Do you know whether the cost of measurement for a switched access call is the same, higher or lower than the cost you've given here for measuring a local call?

A Going to four decimal places, I won't say it's exact. I would say I have no reason to believe that it's substantially different.

Q At what point in the network is a local call measured?

A Typically it's measured at the point of origination into the network; that is, at the first point of switching. And GTE's network is written out to a disc at the point in time it's originated, and another record is written out at the time

the call is terminated, which is why it's cost per message, not duration. We don't hold up the whole call.

Q In the case of terminating local minutes, where would that measurement function take place?

A It could take place at a number of places. It could take place at the originating carrier's in the same spot where it first enters their network, and we exchange records that way. It could also take place, I understand it, as the first appearance on our network or on our switch -- again, it would look like an originating call coming into our switch, even though we call it terminating, since it's calling from another carrier.

So it could take place at the relative same points in the networks, the first point where it enters our network.

Q Where is terminating switched access measured in your network?

A Today? It would be measured at the feature group interconnection I believe, which would typically be the tandem.

MR. MELSON: Hang on a second.

(discussion off the record).

BY MR. MELSON:

Q Page 27, line 15 you indicate that the reciprocal local compensation prices should apply to local calls including EAS; is that correct?

A Yes.

Q Would that also apply to ECS calls?

A That's -- to the extent that those are local by our definitions, yes, they would.

Q Are -- do you -- are all of the ECS calls in GTE's territory in Florida local by your definition?

A Oh, gees, you should probably ask Ms. Menard that.

Q I would except she didn't have this in her testimony.

A I would have to go with the tariffs. I think the answer is yes.

Q And how would you distinguish what you regard as a local ECS call from what you consider as a nonlocal ECS call?

A Purely by tariff definitions.

Q All right. Would this same local compensation price apply to an interexchange carrier's termination of a call along an ECS route?

A Well since the service we would be providing you would be termination of that call, if that call were local, by our definitions, then the local price would apply.

Q All right.

A If it were toll, the applicable toll price applies.

Q On page 30 at line 21 you're describing a third option for interconnection. Is that what I've heard referred to before as a midspan meet?

A Yes.

Q And it's GTE's position that midspan meets are an appropriate form of interconnection?

A If the two parties doing so can agree, I see no reason why you wouldn't.

Q At page 32, line 22 you indicate in essence -- line 22 and continuing on to the top of the next page -- that GTE offers measured options as well as flat rate options for local service; is that correct?

A They offer metered options anyway, metered options.

Q Metered options. What percentage of your total local minutes are billed to metered option customers?

A I would have to go back and check. I don't know the number off the top of my head.

Q Do you have an estimate of the order of magnitude?

A I don't have the estimate with me. It's an easy number to get however.

Q Would you expect it to be fairly small?

A I wouldn't -- I would expect it to be a minority of the traffic certainly.

Q And is it your understanding that an alternative local exchange carrier would be free to offer local service only on a metered or measured basis?

A I would assume that they should be able to offer the services any way they wish, whether it be metered, measured, flat, combinations.

Q I might have one more question if I can decipher it at this point. I'm going to try one more time. Give me just a moment here.

(discussion off the record).

MR. MELSON: That's all. Thank you, Mr. Beauvais.

THE WITNESS: Thank you, sir.

MR. EDMONDS: Jim?

CROSS EXAMINATION

BY MR. FALVEY:

Q Yes, I just have a few questions. This is Jim Falvey with Swidler & Berlin on behalf of Metropolitan Fiber Systems of Florida. Good afternoon, Mr. Beauvais.

A How are you, sir?

Q Very good. The -- in your testimony and your answers earlier you mentioned that the -- essentially most of the interconnection rate paid by ALECs to GTE could be to account for shared and common costs. I believe you said --

A Yes. I believe that's correct.

Q If you're guaranteed these shared and common costs from these payments, doesn't that eliminate any incentive for GTE to become more efficient in providing its shared and common costs?

A Well, one, I don't accept your premise. We are not guaranteed those payments. Part of the method of competition in this business at both the local and toll level is for

carriers such as MFS or MCI or AT&T to go and try to get those customers to sign up with those new service offerings. To the extent that they are successful, they will serve them directly, either through special access, fiber rings provided by caps, wireless technologies.

They will try to compete those contributions to shared and common costs away from GTE, which is how you would expect markets to work. So I can't accept your premise.

Q Okay. Are you suggesting that a typical business or residential customer is going to buy special access as a substitute for switched -- switched access, or rather switched local service?

A I don't think I suggested that at all.

Q Well my point when I say -- let me rephrase the question. If a customer switches away from your service to MFS service, as you suggested as sort of the answer to my question, or rather the means of undermining my supposition, if a customer switches away and buys my service, don't you still recover your shared and common costs, despite the fact that you lost the customer? And don't you recover those shared and common costs in the interconnection rate?

A Not necessarily. If you get the customer, then switched access charges that firmly I got that don't come through my switch, but come through yours, go to you or your company -- or the company you represent; they do not go to me.

That's true whether it's a residential customer or not. Unbundled loops certainly facilitate that.

Q In a near term, and let's say in the next two years, isn't it fair to assume that the vast majority of customers in the GTE service area are going to be GTE customers?

A I certainly hope so.

Q And if that's the case, isn't it fair to say that the vast majority of calls are going to terminate on GTE customer lines?

A Well to the extent that you set up a tautology, I agree with tautologies. To the extent that the vast majority of customers are our customers, then the calls to those customers will terminate on our facilities.

Q And despite the fact that you've lost a certain number of customers, the fact that the vast majority of calls are terminating on your network will guarantee, as I initially suggested, that you continue to recover your current shared and common costs; isn't that right?

A No. The -- there is not a uniform distribution of traffic out there. We are well aware that there is a concentration of traffic that follows a T distribution or an F distribution or a gamma or a beta, however you want to characterize it, that's skewed such that a small percentage of the customers originate and terminate a large fraction of the

calls.

It's very easy to lose a small number of customers and a large number of minutes. So once again, you know, you have to take that distribution into account.

Q Do you have any evidence of that occurring in states in which competition has been ongoing --

A Well since --

Q -- like New York?

A Since competition, we have a sample of one in New York. Certainly we have the evidence of that in the interstate market, where customers were targeted based on their volume of originating and terminating traffic.

We see in one sense the same in the local markets where, be it MFS or MCI Metro is targeting large business customers in urban areas as a way to initially go in. Certainly that's what you would expect in markets. It's not a criticism or anything else. That's how you expect markets to work. So, yeah, there is evidence of that.

Q Is the answer no, you don't have any evidence in the local market?

A I thought I said we have evidence from the way that they're targeting their entry, which is how we would expect markets to work, that that's what is going on.

Q What is the evidence as to the way they are targeting your entry? What are you referring to?

A Well MFS market entry would seem to be targeted at large-volume businesses initially in urban areas. The same is true with MCI Metro, Electric Lightwave, MFS in New York. You went to Manhattan. You didn't go to, you know, outskirts of Poughkeepsie. You didn't go after all the residence customers; you went after the large-volume business customers initially.

Q Do you know what the average number of lines for an MFS business customer is?

A More than one.

Q If I told you it was ten, would that surprise you?

A No. But remember, for a large number of GTE customers, ten is a whole lot of lines.

Q As a percentage of the market though, isn't it fair to say that experience in other states shows that ALECs are going to have a very small percentage of the total GTE service area?

A I don't think -- certainly initially they will, because they won't enter the entire market at once.

Q Are you aware that MFS is advocating bill and keep on an interim basis for the first 18 months?

A Yes.

Q So isn't the initial period really what's relevant here?

A I think we would agree. That's what we're talking about is the first 18 months getting started. That's why GTE

entered the stipulation with ICI that it did, which I think was for two years instead of 18 months.

Q Is it fair to say that GTE has presented no evidence in this docket that traffic will be out of balance?

A GTE has no evidence to present with respect to Florida, since nothing has happened yet.

Q Are you aware that MFS has presented evidence that traffic will in fact -- traffic balances will in fact favor companies like GTE based on its real life experience in New York?

A I'm aware that MFS presented a sample of New York to the Commission that in fact that were terminating -- than NYNEX is terminating more traffic to MFS than MFS is to NYNEX.

Q If you agree that traffic is imbalanced, then bill and keep is a fair system of compensation?

A If traffic is in balance, and the prices are the same, then indeed bill and keep and my ORP plan would result in the exact same exchange of money, none.

Q Yet GTE presented no evidence on traffic balance in this docket.

A I'm not real sure how I present evidence on what the traffic balance is between MFS and GTE in Florida when we don't do this yet. I have never claimed that the traffic will be radically out of balance. GTE has never said that. We've said in fact that bill and keep is a special case of an ORP.

The reason or one of the reasons we signed up for ICI with 105 percent stipulation was the protection to both sides in case it was. We don't object to the netting of payments. You know, if you owe me $1, and I owe you $1, we don't pay.

If you owe me $1.50, and I owe you $1, you give me 50 cents, and we will put a 5-percent limitation on there to protect both sides.

Q When you say it protects both sides, does that include the consumer?

A Sure.

Q Isn't this really just an agreement between two carriers that in fact agrees upon a rate that could lead to higher prices for consumers?

A Certainly for one -- for one carrier's customers it has the potential of leading to higher prices. On the other hand, to the other carrier's customers it may have led to lower prices. So I don't think you can make the sweeping statement overall that it leads to higher prices for everybody.

Q You mentioned that traffic balance -- we don't have evidence of traffic balance in Florida. Do you have reason to believe that traffic balances in Florida will be different than traffic balances in, for example, New York or Washington states?

A I have no evidence to indicate that they are or

aren't.

Q Are you aware that a study of EAS traffic conducted by the staff of the Washington Utilities and Transportation Commission shows that over time EAS traffic is in balance by plus or minus 3 percent?

A EAS traffic in one -- yes, I'm aware of the studies. EAS traffic though has always been more or less in balance between noncompeting LECs, because by definition, you know, calls that originate and terminate within the same area will by definition be in balance.

Again, I don't question that maybe over time between GTE and MFS or any other -- it's all pairs of carriers that's very unlikely I think to be in balance.

Q But isn't it -- isn't the arrangement that we're trying to resolve in this docket between MFS and GTE?

A Yes, but I think, you know, GTE and -- would be rather short-sighted to sit there and go, that MCI is not sitting at this table, that AT&T won't show up, that cable TV association is not out there. But you're right, this docket is confined to MFS and GTE.

Q If you're saying that over time that, as between any two carriers, traffic is likely to be in balance, why would that be any different as between five or ten carriers?

A Well I said may be in balance. My plan allows for differences. Bill and keep doesn't.

Q Again, while the traffic may be in balance between MFS and GTE, that does not imply that the balance -- the traffic will be in balance between MCI and MFS?

A It may be. That's an empirical question.

Q You mentioned earlier that a rate of seven minutes would be too high.

A Seven cents.

Q I'm sorry, seven cents a minute would be too high; is that correct?

A Yes, I said that, as an example.

Q Now is there any guarantee that when you calculate your shared and common costs and include them in your interconnection rate, that the rate that you come up with won't also be so high as to create a price squeeze?

A We've said the rate is, you know, maximum -- we just stated it's about a penny a minute.

Q Do you believe that the rate suggested by Sprint of 1.8 cents per minute is likely to result in a price squeeze?

A I really haven't read Sprint's proposal.

Q If I told you that it was 1.8 cents per minute, do you believe that that would lead to a price squeeze?

A How do I diplomatically put this? I don't know that it would lead to a price squeeze, but to me it sounds high on the surface. But I can't tell you whether it's a price squeeze or not, not knowing the prices and cost and demand

characteristics.

Q So you can't tell me at what point a rate would result in a price squeeze, where the point is where it would become too high?

A Certainly not in isolation from the other factors.

Q Is that a concern of GTE?

A Well sure. That's why we address what these overall structures need to look like.

Q But I thought all you were trying to do is to make sure that you recover your contribution.

A No. I'm trying to do far more than that. I am interested in efficient pricing, not only for interconnection arrangements among ourselves, but to consumers as well.

Q So have you run numbers to determine whether or not your rates will result in a price squeeze?

A As I have suggested and tried to illustrate earlier, I do not think the numbers that we are talking here result in price squeezes.

Q You do not think they have. Have you done any analyses to that effect?

A No, I have not calculated anything along those lines.

Q So then as far as you know it could lead to a price squeeze?

A And I don't believe it does.

Q Based on what evidence?

A Based on the example I just cited. It is your -- your witness's testimony that he believes the traffic will be in balance. If the traffic is in balance, and you are charging your end users whatever you're charging them, and I'm charging my end users whatever I'm charging them, and we're simply exchanging, you know, pennies, dollars, you know, $10,000 a minute, we're just passing it back and forth. I have put no price squeeze on you whatsoever financially.

Q Isn't the testimony of MFS that in fact the traffic -- that despite the fact that the evidence shows that the traffic will be out of balance, that we would nonetheless prefer bill and keep for its administrative simplicity?

A I am sure MFS does prefer bill and keep. You say so. However it was my understanding of your testimony you were testifying that traffic was in balance, or was likely to be in balance. If the traffic is -- if the traffic is likely to be out of balance, you know, then by how much?

I mean I was relying on your witness's testimony on that one.

Q Our witness's testimony suggests that the traffic balance would favor GTE roughly 60-40, and yet nonetheless we support bill and keep. Based on that, how do you say that our witness testified that the traffic would be in balance?

A Perhaps I misquoted him then. I apologize. Where

did he say that by the way?

Q Where did he say --

A That the traffic -- the earlier example was that in fact the New York traffic is more or less in balance?

Q Let me start over.

A Okay.

Q In exhibits attached to MFS testimony it was demonstrated that in New York over an eight-month period, 60 percent of the traffic terminated on MFS's network and 40 percent on the NYNEX network. Isn't that evidence that traffic in fact will be out of balance to the advantage of, in this case, NYNEX?

A Well no. If the traffic is being -- if NYNEX is terminating more traffic to MFS than MFS is terminating to NYNEX, the net payments go to MFS, not NYNEX.

Q Now what I said was 60 percent of the traffic is terminating on our network. So we're bearing the burden of terminating 60 percent of the traffic.

A And we would be -- and NYNEX would be paying you to terminate that volume greater than what you're paying to terminate to them. And that payment then goes to you.

Q Isn't it true that under a bill and keep system NYNEX wouldn't pay us anything?

A NYNEX would become financially better off by that difference.

Q Okay. If a LEC had a cost structure of shared and common cost that resulted in an interconnection rate of 7 cents a minute, wouldn't you agree that that would lead to a price squeeze?

A Yes.

Q Now you talked about measurement and billing studies. And you said that they were conducted years ago. How many years ago?

A Oh, gees, I started doing these probably in the early to mid '80s. I could go back and look at the dates, but that's what sticks in my mind.

Q Do you say it's the cost of metering?

A Yes.

Q Does that include the cost of billing?

A That's the cost of metering.

Q So it's not the cost of measurement and billing, it's maybe just the cost of measurement?

A Well it's the cost of measurement, because after all, once you measure, it's just a matter of multiplying by whatever the appropriate price is.

Q But it's not the cost of billing?

A No, it wasn't the cost of billing.

Q And if -- if usage base rates were adopted, wouldn't ALECs have to create billing arrangements as between themselves; for instance, MFS and MCI?

A Would MFS and MCI have to create billing arrangements?

Q Yes.

A Presumably if they care to charge each other they would have to do so. Of course they have to do so to pay for -- to meter for switched access as well.

MR. FALVEY: I have no further questions, Mr. Beauvais. Thank you for your time.

THE WITNESS: Thank you, sir.

MS. WILSON: This is Laura Wilson. I have a few.

CROSS EXAMINATION

BY MS. WILSON:

Q Good afternoon, Mr. Beauvais.

A Ms. Wilson, how are you doing?

Q Fine.

A Nice to hear from you again.

Q Sorry I couldn't make it. I just -- make it down there to see you in person; I just got off an airplane.

A Welcome to the club.

Q Basically most all my questions have been asked and answered; I just have a few. I would like to refer you to page 29 of your testimony concerning a requirement for separate trunks for local and toll and for audit procedures.

A Yes.

Q Do you know -- first off, is it GTE's position that

there should be separate trunks for local and toll and audit procedures?

A No.

Q It's not?

A No.

Q Okay. Would you explain that.

A Yes. I think -- as I've testified not only in Florida, but in numerous jurisdictions over the past two years, we can very easily use common trunks and also apply percentage local usage factor, just like we do percent interstate usage today, and access.

Q Okay.

A GTE does not really object to that. I think it's probably administratively simpler to use the separate trunks. But if it's -- if the parties could agree to a PLU, we have no objection to do so. We're not trying to enforce inefficient trunking on anybody.

Q Okay. Are separate trunks part of the Intermedia agreement?

A I don't think so.

Q Is there a PLU as part of the Intermedia agreement?

A Yes, there is.

Q Okay. So just so I'm clear, it's not GTE's position that there is some specific requirement in the law that requires an audit?

A No, ma'am.

Q Okay.

A Not that I'm aware of.

Q Thank you. Do you consider local interconnection service to be an essential service?

A I think as I responded to MCI earlier, it is clear that terminating -- in a network of networks, it is clear that providing terminating services to all other parties is essential to all carriers.

Q Okay. I may have missed that. I had to step out for a minute. I won't belabor that point. On page 14 you talk about local interconnection arrangements and interconnection arrangements with STS providers. Do you consider STS providers to be co-carriers?

A Without arguing the definition of co-carriers, I think STS providers can look very much like local exchange companies, in which case it makes them co-carriers. If you're asking me a legal opinion what constitutes a co-carrier, I can't give you one. But they certainly look like a competing local carrier.

Q Well now why don't we just use the definition that you had in the Illinois docket.

A Okay.

Q Based upon that definition would an STS provider be --

A I don't remember the definition that I used in Illinois. If you will read it to me -- if I said it, then I will probably accept it.

Q You took the position, I believe, that MFS or that competitive LECs were not -- should not be determined to be co-carriers.

A No, ma'am. That's not a fair interpretation.

Q Okay.

A I don't quibble at all that MFS or MCI Metro are somehow co-carriers. They clearly are competing LECs. They are also looking like LECs that serve the same type of territory that we do. If that makes them co-carriers, that's cool.

You know, I don't think at the time though anybody had ever defined what co-carrier was. What the FCC had originally said defining co-carrier was in the wireless dockets, where they essentially said, well a wireless carrier is not a LEC, even though it can act like one. It is not an interexchange carrier, even though it can act like one. It's a co-carrier.

And everybody kind of went, what the hell is a co-carrier? I think we're kind of back to the same thing. I'm not ascribing any legal status to co-carrier or anything else. I'm not trying to treat them differently or deprive them of anything in that. That was a long answer to that one.

Q Okay. Well I think combined with your response to MCI it gets me where I want to go.

A Okay.

Q One last question, referring you to page ten of your testimony. Is it correct to say that it's your position that prices should no longer be set based upon the user, the use or the regulatory jurisdiction?

A I would certainly like that to be the case, believing that's essentially where we're going to end up with prohibitions on resale and unbundling and wholesaling. I think it's important that those distinctions eventually disappear, especially as was discussed earlier, you know, terminating access looks like terminating access.

I think it's desirable, but that's certainly not where we're at today. And I think we're going to see those customer-based distinctions for some time in the future.

Q If the Federal Communications Commission were to order bill and keep for commercial radio motor service providers, would that change your position?

A As to what the appropriate thing to do is?

Q Would it change your position that prices should no longer be set based upon user, use or regulatory jurisdiction?

A No. I think that is the correct long-run policy to pursue. If you follow that out, what that would essentially mean is an end to switched access. We're just now going to

call it even.

And all those billions of dollars that are collected as a legitimate part of recovering the company's cost per FCC allocations flops right back to the states to otherwise be recovered and however from regular end to user customers.

MS. WILSON: Okay. I don't have any further questions.

MR. EDMONDS: Does anybody else on the line have questions? Redirect?

CROSS EXAMINATION

BY MR. GILLMAN:

Q Mr. Beauvais, when you were being cross-examined by Mr. Falvey, there was a question of what MFS's position was on whether the traffic would be in balance between GTE and LECs. Have you had a chance to, since that question was asked, to review page 30 of the direct testimony of Mr. Devine?

A Yes. I've got Mr. Devine's testimony here. On page 30, line three, the question is asked, does MFS have good reason to believe that traffic will be in balance between GTE and ALECs. His response is, starts off with the simple statement that says, yes. I guess that's where I got my belief that he thought traffic would be in balance from.

MR. GILLMAN: No further questions.

MR. EDMONDS: Unless there is anything else? Okay. That concludes the deposition.

(The deposition was concluded at 4:20 p.m.)

CERTIFICATE OF DEPONENT

This is to certify that I, EDWARD BEAUVAIS, have read the foregoing transcription of my testimony, pages 1 through 59, given on Wednesday, February 28, 1996 in Docket No. 959985-TP, and find the same to be true and correct, with the exceptions, and/or corrections, if any, as shown on the errata sheet attached hereto.

_____
EDWARD BEAUVAIS

Sworn to and subscribed before me this
_____ day of_____ , 19____

_____

NOTARY PUBLIC
State of_____
My Commission Expires:

F L O R I D A)
COUNTY OF LEON)

CERTIFICATE OF OATH

I, the undersigned authority, certify that EDWARD BEAUVAIS personally appeared before me and was duly sworn.

WITNESS my hand and official seal this 7th day of March, 1996.

SARAH B. GILROY
Notary Public - State of Florida

061

STATE OF FLORIDA) CERTIFICATE OF REPORTER

COUNTY OF LEON)

I, SARAH B. GILROY, Registered Professional Reporter,

DO HEREBY CERTIFY that I was authorized to and did stenographically report the foregoing deposition of EDWARD BEAUVAIS.

I FURTHER CERTIFY that this transcript, consisting of 59 pages, constitutes a true record of the testimony given by the witness.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties, nor attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 7th day of March, 1996.

Sarah B. Gilroy

SARAH B. GILROY, CP, RPR

20) a. Please provide, on a per-minute basis, the current long-run incremental cost of originating a call for local interconnection purposes.

Response:

GTE believes that local interconnection can only be viewed from a terminating perspective, at least as it relates to cost.

b. Please provide, on a per-minute basis, the current long-run incremental cost of terminating a call for local interconnection purposes.

Response:

GTE has developed long run incremental cost estimates which capture both the volume sensitive and volume insensitive costs of terminating access. GTEFL has recommended the relevant terminating rate elements be utilized for local interconnection purposes, therefore the company believes the terminating access costs best represent the costs of terminating a call for local interconnection purposes. The results of this analysis are presented in GTEFL's response to the Staff's 2nd Request for Production of Documents No. 5.

21) Explain, in detail, how the cost study in response to Staff's Interrogatory Nos. 20a and 20b above was conducted.

Response:

GTE usage costs development begins with technology specific investments weighted by the percent technology mix in the state. After the weighted investments are developed, state and account specific factors are applied to the equipment investment to account for GTE's labor costs.

USOA account specific Annual Cost Factors (ACFs) are applied to the total investment to determine the operating expenses and generate annual costs. Annual costs are divided by 12 to generate monthly costs.

Monthly costs are presented as Basic Network Functions (BNFs) in response to item 5 of the POD request. Standard assumptions were applied to the BNFs to develop the appropriate cost elements.

VERIFICATION

STATE OF FLORIDA)
) ss.
COUNTY OF HILLSBOROUGH)

BEFORE ME, the undersigned authority, personally appeared Beverly Y. Menard, who deposed and stated that the answers to the second set of interrogatories (Nos. 1-21) served on GTE Florida Incorporated by Staff of the Florida Public Service Commission on February 5, 1996 in Docket No. 950985-TP, were prepared at her request and she is informed that the responses contained therein are true and correct to the best of her information and belief.

DATED at Tampa, Florida, this 23rd day of February, 1996.

Beverly Y. Menard
Beverly Y. Menard

Sworn to and subscribed before me this 23rd day of February, 1996.

Teresa Ann Scobie
Notary Public
State of Florida

OFFICIAL NOTARY SEAL
TERESA ANN SCOBIE
NOTARY PUBLIC STATE OF FLORIDA
COMMISSION NO. CC398677
MY COMMISSION EXP. OCT. 21,1998

Name Typed or Printed/Commission No.

My Commission Expires:

22 ~~18~~) Refer to page 6, lines 6-14, of Mr. Beauvais's testimony.

a. Please explain the following comment in greater detail. " .... if one is truly interested in evaluating an efficient rate structure, then the pricing of services provided out of this common plat should not be examined in piece-parts, as MFS suggests. Rather, the rate structure should be examined on an integrated basis."

b. What is meant by "an integrated basis"?

c. Please explain in detail why the economies of scope and scale imply that is not possible to price local interconnection services equal to incremental costs.

Response:

In considering the economic efficiency of a rate structure, an examination must consider both the demand and cost sides of the marketplace. Economics teaches that the efficient price to charge is that which equates at the margin the additional benefits to be gained from consumption of a service with the additional resources to be sacrificed in producing that service. In a perfectly competitive market with a cost function displaying decreasing returns to scale over the relevant range of output, this implies that price should be set equal to marginal cost. Of course in a perfectly competitive market, at such a price, marginal cost is also equal to average total cost in equilibrium so that the firm earns a zero economic profit. That is, by setting price equal to marginal cost, given the assumed demand and cost conditions, the competitive firm generates total revenues at least equal to total costs. However, in telecommunications markets, it is far from clear that the required conditions for simply setting price equal to incremental cost are present. In fact, given the large degree of common costs which characterize a modern telecommunications system, it is very likely the case that the "average" cost of a given service is greater than the incremental cost. In such a situation, pricing at incremental costs will not allow the firm to generate total revenues at least equal to total costs.

In considering the cost characteristics, I believe there are eight (8) major factors the Commission should consider in developing such an approach. These are (1) the nature of the total cost function for a telecommunications company; (2) the distinction between short run cost functions and long run cost functions; (3) the treatment of service specific common and or fixed costs; (4) the relevant incremental costs; (5) the separation of pricing and costing; (6) considerations of market structure and degree of competition; (7) utilization of the most efficient technology; and (8) reconciliation to company-specific revenue requirement.

I will address each of these items in turn in response to the Staff's question. The long run total cost function of the firm shows the relationship of the total costs of the firm to the mix and level of outputs, given the most efficient technologies and forward-looking costs. Thus a cost function is a causal relationship based on the underlying production function. Even in a long run specification, there may exist common or upfront costs which do not vary with the outputs of individual services, but do vary with the offering of a service or group of services. Therefore, the derivation and estimation of incremental costs for individual services must be approached carefully. In the case of multiproduct firms which produce their output in variable proportions, as in the case of telecommunications, it is possible to derive separate long run incremental costs estimates for each specific product, holding all other outputs fixed. Thus there will be an incremental cost curve for any one product, corresponding to each possible output of the other product or products. This incremental cost function will specify the costs which vary with output as well as any service-specific fixed costs which vary with the offering of the service. However, in a multiproduct firm, there is no counterpart to the single product firm's average cost. Where common costs are present in the long run total cost function, any allocation of common costs to one product among the set of products supplied is irrational in the sense that it does not reflect cost causation. If price is set on the basis of such an allocation, too little of the product may be produced. The firm should produce the product if its price is at least equal to its incremental cost.

The long-run in the theory of the firm is a period of sufficient duration such that all inputs and outputs of the firm can be altered. That is, there are no fixed product/service capital investments or expenses. In the long run planning mode, the firm is at liberty to select the mix of inputs and outputs such that for any level of output or mix of outputs selected, that level and mix can be produced at the minimum cost. Thus the firm can select that technology which is the most efficient for the output level and mix selected. By definition, in the long run, virtually all costs are avoidable. This does not imply, however, that the incremental cost for each level of output is constant. There may be significant service-specific costs which do not change with the level of output(s), but which would be present in a long-run cost function if the service(s) is offered.

To the extent that in the long run there are common costs associated with the application of the most efficient technology, they will be included in the total cost function. Further, to the extent that the underlying production function is characterized by discontinuities, the resulting cost functions, both total and incremental will also display discontinuities. Even in the long-run, there will be costs to provision a specific service which occur in a discontinuous manner. By this I mean that there will be costs which do not vary with the level of output of that service, but do vary with the offering of the product. These are the long-run service-specific costs. It is also possible and indeed likely that there will be upfront costs, also referred to as common service-specific costs, that are *causally* related to the provision of a number of products. While such costs can be attributed on a causal basis to the provision of the *set* of products, even in the long run, no allocation of the common costs to the individual products can be made on a causal basis.

As explained earlier, incremental costs for the identified services should be calculated on the basis of cost causation as the change in total cost for a change in the output of a given product, holding all other outputs constant. To the extent that there are fixed and/or common costs, these costs should be identified as well as the services to which they are causally related. No attempt should be made to allocate these costs to the individual services. Rather, the

issues associated with the recovery of these common costs attributable to the identified services should be addressed by rate design in accordance with the efficient pricing principles.

As an example, let's assume that a piece of software is required to provide three central office-based services: call-forwarding, call-waiting, and speed dialing. Let's further assume this software costs $10,000 to acquire, and that this amount is an *annual* license fee from the software manufacturer. This software provides the capability to generate the three services, or any subset of them. Assume also that the incremental cost, given the software has already been acquired, of providing speed-dialing is $0.50 per month per customer; call-waiting costs $1.00 per month per customer; and that call-forwarding costs $0.75 per month per customer. It must be pointed out that these numbers are purely examples and may have no necessary relation to reality. There is no unique method of assigning the $10,000 cost which is common to these three services to the individual services and no allocation should be attempted in the costing process. It is sufficient in the costing methodology to simply identify that the $10,000 is associated with the set of these three products.

As I have previously emphasized to the Commission in other dockets in which I have testified, the pricing and costing of services properly should be independent exercises as they are separable activities. The difference between pricing and costing is that the latter is derived from the production process of the firm while the former utilizes the costing results along with the demand side of the market. For any given individual service, its price must equal or exceed the incremental cost of its provision with respect to changes in output. Additionally, revenues for the service must be greater than or equal to the total incremental costs associated with that product. To the extent that there are upfront or non-volume sensitive costs of providing that product, these costs will be included in the total cost calculation. Where a group of services is produced using facilities that are common to the group but the common costs are not causally related to any one of the services, an additional condition must be satisfied. When the prices are multiplied by the respective quantities

demanded and the revenues summed across the services utilizing the common plant, the resulting revenues should be greater than or equal to the sum of the common costs of producing the outputs plus the long run incremental costs (at the relevant range of output) multiplied by their respective quantities supplied.

Returning to the three service example of speed dialing, call-waiting and call-forwarding, we already know that the software requires and annual payment of $10,000 to the manufacturer and that the incremental costs of operation are $0.50 per month per customer, $1.00 per month per customer, and $0.75 per month per customer, respectively. There are 500 monthly customers for speed dialing, 3000 for call-waiting and 1000 for call-forwarding. The incremental costs associated with the operation of these three services is $4,000 per month or $48,000 per year. The absolute price floor at the current levels of output are the incremental costs of the individual services with respect to output, i.e., $0.50, $1.00, and $0.75. In addition, however, when multiplied by their respective prices and summed, the revenues generated by these services must be at least equal to the $48,000 plus the $10,000 annual license fee, or $58,000.

Let us say that the curreht monthly prices are $0.65 for speed dialing; $1.40 for call-waiting and $1.55 for call-forwarding. At these prices, the revenues from these three services will be $72,900 annually, greater than the minimum required $58,000. Clearly, no allegation of cross-subsidization or predatory pricing can be made here. Prices are necessarily in excess of their respective incremental costs of operation with respect to output and the revenues from the three services covers the total costs of the services as a whole. This example clearly shows why pricing at incremental cost is not feasible when a firm operates subject to corresponding cost conditions, as modern telecommunications firms so operate. The efficient pricing of services under such production conditions must be done on an integrated basis, that is, considered with all other services, if the firm is at least to break even and the distortion from the first best prices is to be as small as possible.

Instead, assume that a fully distributed cost methodology had been followed to assign the $10,000 and the cost distribution mechanism had been based upon the relative number of customers for each service. This would require that speed dialing be assigned 11% of the costs, call-waiting 67% of the costs, and call-forwarding 22% of the costs or $1,100, $6,700, and $2,200, respectively. At the current prices, speed dialing produces only $3,900 in annual revenues, but this more than covers its incremental operating costs of only $3000. Yet the fully distributed cost standard would require the service to generate revenues of at least the operating costs of $3000 plus the arbitrary allocation of $1,100, or $4,100. Yet, the product, speed dialing in this case is already making a $900 annual contribution to covering the $10,000 in common costs associated with the provision of the set of products.

To make matters more interesting, let's make the assumption that the demand for speed-dialing is unitary elastic, so that a change in price around the existing price produces no more or no less revenue. That is, the current price being charged is already the revenue maximizing price. What actions should be taken? Clearly, if the revenues derived from speed dialing must recover the fully allocated cost of $4,100 or be judged to be a beneficiary of cross-subsidization or that the company is engaged in predatory pricing, then the only action for the company to take is to withdraw the offering. Yet in doing so, the company forfeits $900 of contribution. By any reasonable standard of common sense or economics, that is a dumb thing to do. Both the company and the consumers of speed dialing are made worse off by such action. After all, the $10,000 expenditure has not been affected by the withdrawal of the service, but the service is no longer available to those customers desiring to purchase it from the LEC and the company revenues have been reduced to $69,000 from their previous level of $72,900. The use of fully distributed cost has resulted in harm to all parties, except those other entities which might be offering rival products to speed dialing. By maintaining the distinction as I have suggested in the foregoing, such harmful actions are avoided.

In developing the relevant cost studies, I believe that the costing must be done without regard to the characterization of the industry structure in which a given product is provided as some variety of competition or monopolistic. Clearly one of the concerns expressed by several parties is to ensure that "competitive" telecommunications services are not subsidized by "monopoly" telecommunications services. The incremental costing approach outlined above accomplishes this by identifying costs on a causal basis prior to the classification of the service as "monopoly" or "competitive". After the costing effort has been completed, the status of any service or services can be determined as competitive, monopolistic, or whatever classification the Commission cares to make.

To reverse the process is almost to state that different types of costing are appropriate depending upon the underlying market structure. I do not believe this to be the case. The efficient cost function of supplying a product(s) or service(s) is the same regardless of whether or not the product is provided in a competitive market or an imperfectly competitive one. The presence of common costs among both products with significant market substitutes and those with fewer substitutes available simply makes the problems more complicated.

While the above examples have used the case of three vertical services provided out of a common plant, the situation appears to be very characteristic of services offered by telecommunications companies, including network access and switching services. Thus, an efficient pricing structure, in principle, requires an integrated examination of the service offerings.

Despite the presence of scope and scale economies, it is possible to price local interconnection services equal to incremental costs. However, it is not necessarily the efficient pricing solution under the cost conditions described above. In that case, the determination of an efficient pricing solution requires an examination of relative price elasticities.

23 191 Refer to page 26, lines 16-20, of Mr. Beauvais's testimony.

a. For the proposed originating responsibility (ORP) plan, are you proposing that GTEFL's current switched access prices, excluding the CCLC and RIC, be used as the applicable per minute of use rate for local interconnection?

Response:

Yes. Given the current price level of GTEFL's switched access charges when the CCLC, the RIC and the information surcharge are excluded, the price levels are such that they can accommodate efficient exchange of "local" traffic between / among interconnected local exchange carriers. Thus, in Florida, for GTEFL I would simply adopt the current applicable switched access charges, excluding the CCLC, the RIC and information surcharge as the price for local exchanged traffic.

b. If the answer to part a is yes, please provide a diagram, identify each rate element that would apply, and indicate where it is located in the network.

Response:

The diagram in Attachment A, page 1, illustrates the applicable rate elements to be billed by GTEFL for providing MFS with the use of GTEFL's network to terminate traffic to customers taking service from GTEFL.

c. If the answer to part a is no, please identify each rate element that would apply and where it is located in the network.

Response:

Not applicable.

d. Please identify the appropriate rate level associated with each rate element identified in part a that GTEFL would propose to charge an ALEC for local interconnection under the per minute of use charge arrangement.

Response:

The rate elements are shown in Exhibit BYM-1 of the direct testimony of Beverly Y. Menard in Docket No. 950985-TP.

e. Please provide the long run incremental cost for each of the rate elements identified in part a.

Response:

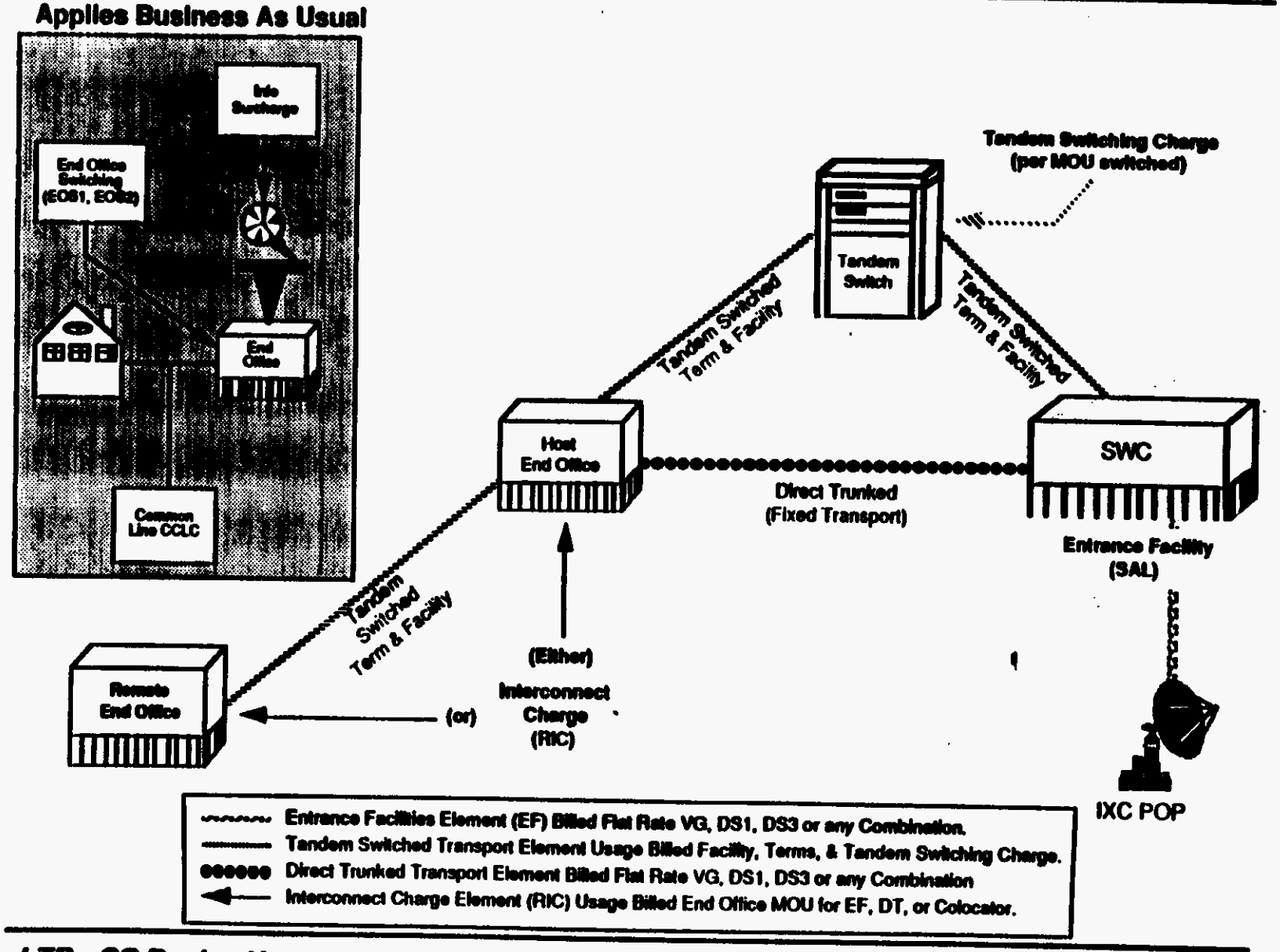
The costs for these rate elements were provided in response to Staff's Second Request for Production of Documents, No. 5, in Docket No. 950985-TP. The documents were Bates stamped 1000001 through 1000028 and designated as highly sensitive confidential.

Please explain in detail why your company believes that traffic will not balanced between GTEFL and a competing ALEC.

Response:

I am not aware that I have stated that I believe the traffic will not be in balance. In fact, I have no reason to believe *a priori* that the traffic will or will not be in balance. By definition, within a local exchange area, local traffic which originates will equal local traffic which terminates. So among all local exchange companies in aggregate, traffic must be in balance. However, it is not necessarily true that traffic will be in balance among all pairs of LEC/ALECs or pairs of ALECs. The proposal put forward by GTEFL for mutual compensation takes this into account, recognizing that bill and keep is a special case of an ORP.

Local Transport Restructure — Application



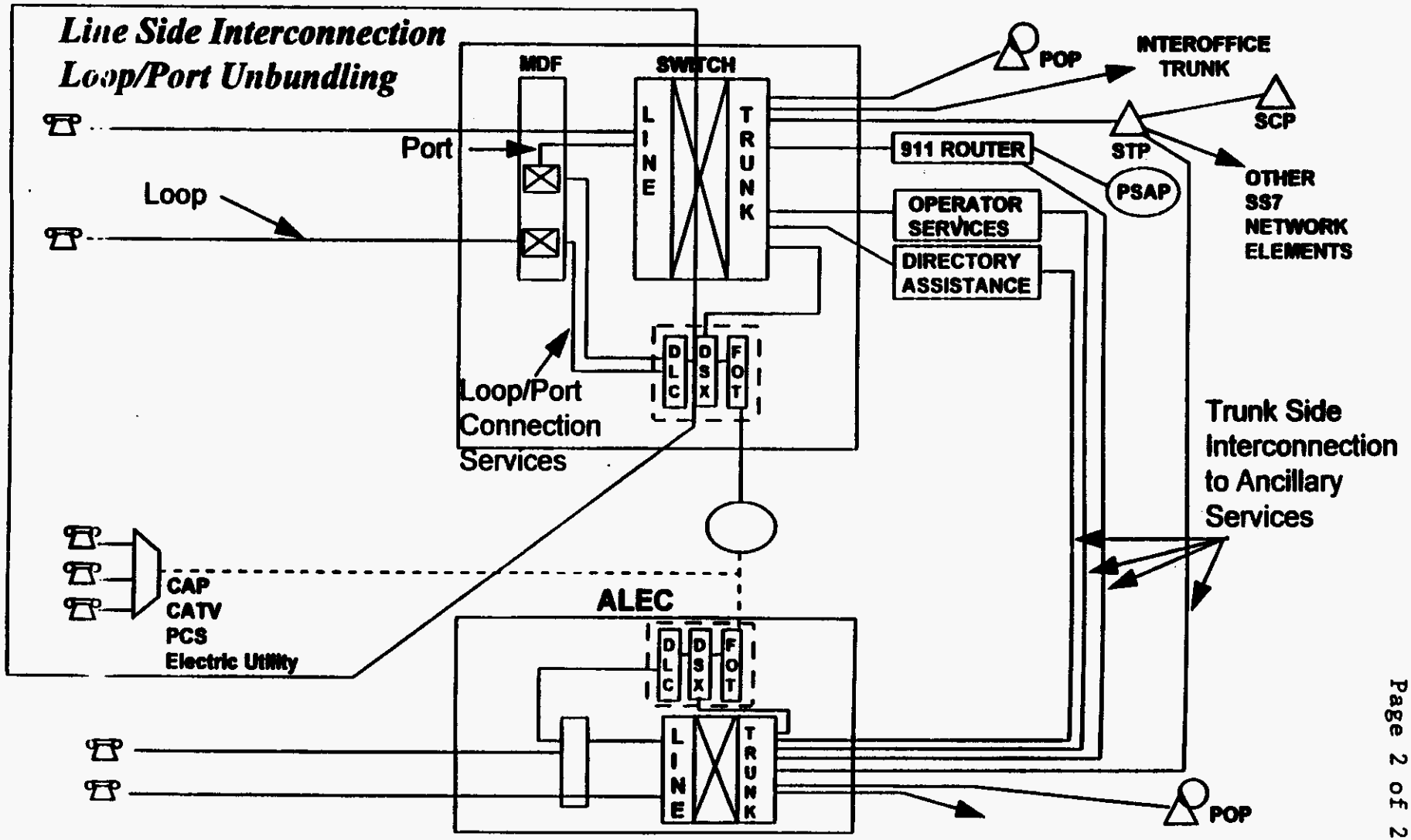
Attachment A
Page 1 of 2

The Interconnected Network

GTE Telephone Operations

GTE Confidential

Line Side vs Trunk Side Interconnection



VERIFICATION

STATE OF FLORIDA)
) ss.
COUNTY OF HILLSBOROUGH)

BEFORE ME, the undersigned authority, personally appeared Beverly Y. Menard, who deposed and stated that the answers to the First set of interrogatories (Nos. 1-20) served on GTE Florida Incorporated by the Staff of the Florida Public Service Commission on February 14, 1996 in Docket No. 950984-TP, were prepared at her request and she is informed that the responses contained therein are true and correct to the best of her information and belief.

DATED at Tampa, Florida, this 4th day of March, 1996.

Beverly Y. Menard
Beverly Y. Menard

Sworn to and subscribed before me this 4th day of March, 1996.

Teresa A. Scobie
Notary Public
State of Florida

OFFICIAL NOTARY SEAL
TERESA ANN SCOBIE
NOTARY PUBLIC STATE OF FLORIDA
COMMISSION NO. CC388677
MY COMMISSION EXP. OCT. 21,1998

Name Typed or Printed/Commission No.

GTE FLORIDA SWITCHED ACCESS RATE ELEMENTS AND RATE LEVELS AS OF JANUARY 1, 1996

Rate Elements	Rate Levels as of January 1, 1996
Transport[1]	
DS1 Local Channel - Entrance Facility[2]	$.0012037
Switched Common Transport per minute of use per mile	$.0000135
Facilities Termination per MOU	$.0002688
Access Trandem Switching	$.0007500
Local Switching	$.0089000
	$.0111360

[1]Assumptions:
- Tandem Connection with Common Transport
- No Collocation
- DS1 local channel @ 9000 minutes per month and 24 voice grade equivalents
- Zone 1 charges

[2]Rate shown for first system. Rate for additional system is $.0006019. Total rate would be $.0105342.

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO 27
COMPANY/ WITNESS: Menard
DATE: 3/12/96

DOCUMENT NUMBER-DATE
01353 FEB-6 96
FPSC-RECORDS/REPORTING

GTE FLORIDA - INTRASTATE
SWITCHED ACCESS

Rate Elements	Rates as of January 1, 1996
Carrier Common Line	
Originating	$.0251000
Terminating	$.0382000
Transport[1]	
DS1 Local Channel - Entrance Facility[2]	$.0012037
Residual Interconnection	$.0134362
Switched Common Transport per minute of use per mile	$.0000135
Facilities Termination per MOU	$.0002688
Access Trandem Switching	$.0007500
Local Switching 2	$.0089000

[1]Assumptions:
- Tandem Connection with Common Transport
- No Collocation
- DS1 local channel @ 9000 minutes per month and 24 voice grade equivalents
- Zone 1

[2]Rate shown for first system. Rate for additional system is $.0006019.

EXHIBIT NO. _____

DOCKET NO: 950985-TP

WITNESS: DR. EDWARD C. BEAUVAIS

PARTY: GTEFL

DESCRIPTION: CONFIDENTIAL

GTEFL'S RESPONSES TO STAFF'S 2ND REQUEST FOR PRODUCTION OF DOCUMENTS NOS. 5-6.

(REDACTED COPY NOT PROVIDED BECAUSE TOO VOLUMINOUS)

PROFFERING PARTY: STAFF

I.D. # ECB-3

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO. 28
COMPANY/
WITNESS:
DATE: 5/12/96

EXHIBIT NO. _____

DOCKET NO: 950985-TP

WITNESS: DR. EDWARD C. BEAUVAIS

PARTY: GTEFL

DESCRIPTION:

GTEFL'S RESPONSES TO MFS-FL'S 1ST SET OF INTERROGATORIES NOS. 3, 4, 50, 63, 64.

PROFFERING PARTY: STAFF

I.D. # ECB-4

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO 29
COMPANY:
WITNESS: Beauvais + Menard
DATE: 3/12/96

b. If so, which common carriers are provided such interconnection and under what rates, terms, and conditions?

Response:

Not Applicable.

3) Will billing be required for local calls as between local exchange carriers ("LECs") and alternative local exchange carriers ("ALECs") under a system of bill and keep?

Response:

Under bill and keep, billing would not be required for local calls. However, billing would be required for toll calls.

4) If the capability exists to measure terminating local exchange traffic, and bill and keep were implemented today, would GTE and other carriers have the ability to distinguish between local and other types of calls?

Response:

No, since ANI is not passed with the call, the capability to determine the jurisdiction of terminating traffic is not available.

5) When did GTE file its last cost study with the Florida Public Service Commission? Please provide this cost study.

Response:

GTEFL objects to this question because it is vague, overly broad, unduly burdensome, and not relevant to any issue in this docket or calculated to lead to the discovery of admissible evidence. It does not specify the nature of the cost study requested. Notwithstanding this objection, GTEFL responds that its

50) Please list the specifications for all physical means GTE has in place at present for measuring and billing interconnection charges that will be incurred in handling traffic between itself and the ALECs. If the company does not have such physical means in place at present, in the alternative, please provide a detailed list of what equipment will be required and provide estimates of the cost of purchase or lease, as well as installation, of such equipment.

Response:

GTE currently creates access records for trunk groups provisioned between itself and ALECs. These records are applicable for terminating usage from an ALEC and will be recorded at the first point of switching in GTE's network.

51) Please provide a list of network and other services (e.g., directory assistance) that currently utilize branding on behalf of GTE. Please indicate which of these operations have the capacity to provide branding to ALECs and which will require removal of branding. If there are technology developments proceeding to allow for greater capacity to provide branding, please indicate which operations will be affected and the relevant timetable for implementation.

Response:

GTEFL does provide branding for directory services.

52) a. What verification procedures does GTE propose to offer to ALECs with regard to updates to the E911 subscriber database?

Response:

GTE Florida proposes to offer a verification procedure that includes the matching of ALEC provided customer records with the address information contained in the county developed and approved Master Street Address Guide. Any mismatches will be returned to the ALEC for disposition. This is the same process as used for other LEC records.

Response:

GTEFL does not have the identity of third party providers of printed white page directories that are willing to provide such directories in Florida.

62) Please identify all enhancements that GTE would have to make its directory assistance and operator service systems to enable third party access and provide any studies regarding the cost of any such enhancements.

Response:

GTEFL currently does not have this information.

63) Please define the word "contribution."

Response:

The term "contribution" is used to mean the difference between the price of a unit of service and the long run incremental cost (LRIC) of that unit.

64) Please define the term "marginal costs":

a. Please list the components of "marginal costs";

b. Please describe any differences between the term "marginal costs" and "long run incremental costs"; and

c. Please describe the extent, if any, to which "marginal costs" include contribution.

Response:

GTEFL does not use marginal costs.

EXHIBIT NO. _____

DOCKET NO: 950985-TP

WITNESS: DR. EDWARD C. BEAUVAIS

PARTY: GTEFL

DESCRIPTION:

GTEFL'S RESPONSES TO MCIMETRO'S 1ST SET OF INTERROGATORIES NOS. 1-17.

PROFFERING PARTY: STAFF

I.D. # ECB-5

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO. 30
COMPANY/
WITNESS:
DATE: 3/12/96

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Resolution of petition(s) to establish nondiscriminatory rates, terms and conditions for interconnection involving local exchange companies and alternative local exchange companies pursuant to Section 364.162, Florida Statutes	)	Docket No. 950985-TP Filed: February 28, 1996

NOTICE OF SERVICE OF GTE FLORIDA INCORPORATED'S RESPONSES TO MCI METRO ACCESS TRANSMISSION SERVICES, INC.'S FIRST SET OF INTERROGATORIES

NOTICE IS HEREBY GIVEN that a true and correct copy of GTE Florida Incorporated's Responses to MCI Metro Access Transmission Services, Inc.'s (MCImetro) First Set of Interrogatories, which were legally propounded by MCImetro on February 8, 1996, was sent via overnight mail on February 27, 1996, to Richard D. Melson, Esq., Hopping Green Sams & Smith, P.A., 123 South Calhoun Street, Tallahassee, Florida 32301.

The original and one copy of this Notice were hand-delivered on February 28, 1996 to the Director, Division of Records & Reporting, at the Commission. Further service on other parties of record is as set forth on the Certificate of Service, appended hereto.

Respectfully submitted on February 28, 1996.

By: _____

Anthony P. Gillman
Kimberly Caswell
Post Office Box 110, FLTC0007
Tampa, Florida 33601
Telephone: 813-228-3087

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Resolution of Petition(s) to establish nondiscriminatory rates, terms, and conditions for interconnection involving local exchange companies and alternative local exchange companies pursuant to Section 364.162, Florida Statutes	)	Docket No. 950985-TP

GTE FLORIDA'S RESPONSES TO
MCI METRO'S FIRST SET OF INTERROGATORIES

Provide the name, address, and relationship to GTE of each person providing answers to the following interrogatories and identify which question each person answered.

Response:

Questions 1-15:

Bert Steele
Manager - Pricing & Tariffs Support
GTE Telephone Operations
600 Hidden Ridge Dr.
Irving, TX 75038

Questions 16-17:

Charles Bailey
Section Manager - Access Pricing
GTE Telephone Operations
600 Hidden Ridge Dr.
Irving, TX 75038

1) What is your most current estimate of the Total Service Long Run Incremental Cost (TSLRIC) of providing local interconnection for termination of local traffic in Florida? If a TSLRIC estimate is not available, please provide your current estimate based upon available incremental cost studies. If no estimate of the incremental cost of providing local interconnection for termination of local traffic is available, please provide your current estimate of the incremental cost of terminating switched access traffic in Florida.

Response:

GTE has developed long run incremental cost estimates which capture both the volume sensitive and volume insensitive costs of terminating end office switching. GTEFL has recommended the relevant terminating rate elements be utilized for local interconnection purposes, therefore the company believes the terminating access costs best represent the costs of terminating a call for local interconnection purposes. In addition, GTEFL has estimated volume sensitive costs that supported its Local Transport Restructure filing. These volume sensitive costs are for tandem switching and transport. The results of this analysis are presented in GTEFL's response to the MCI's 1st Request for Production of Documents No. 1.

2) What is your most current estimate of the Total Service Long Run Incremental Cost (TSLRIC) of providing a local loop in Florida as part of the provision of GTEFL's local exchange service? If the cost for residential loops is different than the cost for business loops, please provide both figures. If such information is available by loop length, loop density, or a combination of loop length and loop density, please provide such information on a disaggregated basis. If a TSLRIC estimate is not available, please provide your current estimate based upon available incremental cost studies.

Response:

VS-LRIC:	Residential	Avg Length	Business	Avg Length
High (>1000 Lines/SqMi)	$11.75	10,804 ft	$ 9.12	7,195 ft
Med (51 - 1000 Lns/SqMi)	$14.62	14,567 ft	$13.60	14,608 ft
Low (<=50 Lines/SqMi)	$20.30	14,567 ft	$19.26	14,608 ft
Weighted	$13.54		$11.84	

Average VIS:	Residential	Avg Length	Business	Avg Length
High (>1000 Lines/SqMi)	$ 2.23	10,804 ft	$ 1.42	7,195 ft

Med (51 - 1000 Lns/SqMi)	$ 2.91	14,567 ft	$ 2.54	14,608 ft
Low (<=50 Lines/SqMi)	$ 4.26	14,567 ft	$ 3.88	14,608 ft
Weighted	$ 2.65		$ 2.10	

Total	Residential	Avg Length	Business	Avg Length
High (>1000 Lines/SqMi)	$13.98	10,804 ft	$10.54	7,195 ft
Med (51 - 1000 Lns/SqMi)	$17.53	14,567 ft	$16.14	14,608 ft
Low (<=50 Lines/SqMi)	$24.55	14,567 ft	$23.14	14,608 ft
Weighted	$16.19		$13.94	

Note: The total above includes average volume insensitive costs.

3) If different from the response to Interrogatory No. 2, what is your most current estimate of the Total Service Long Run Incremental Cost (TSLRIC) of providing an unbundled local loop in Florida? If the cost for unbundled residential loops is different than the cost for unbundled business loops, please provide both figures. If such information is available by loop length, loop density, or a combination of loop length and loop density. please provide such information on a disaggregated basis. If a TSLRIC estimate is not available, please provide your current estimate based upon available incremental cost studies.

Response:

	Unbundled (Bus/Res%)	Avg Length
High (>1000 Lines/SqMi)	$15.62	10,312 ft
Med (51 - 1000 Lns/SqMi)	$22.18	14,573 ft
Low (<=50 Lines/SqMi)	$29.20	14,573 ft
Weighted	$19.58	

	Residential	Avg Length	Business	Avg Length
High (>1000 Lines/SqMi)	$17.38	10,804 ft	$12.65	7,195 ft
Med (51 - 1000 Lns/SqMi)	$22.43	14,567 ft	$21.32	14,608 ft
Low (<=50 Lines/SqMi)	$29.45	14,567 ft	$28.32	14,608 ft
Weighted	$20.46		$17.83	

Note: The total above includes both volume sensitive and volume insensitive costs.

4) What is your most current estimate of the Total Service Long Run Incremental Cost (TSLRIC) of providing basic residential service in Florida? If a TSLRIC estimate is not available, please provide your current estimate based upon available incremental cost studies.

Response:

	Residential_VS-LRIC	Average VIS
High (>1000 Lines/SqMi)	$17.37	$2.63
Med (51 - 1000 Lns/SqMi)	$20.23	$3.31
Low (<=50 Lines/SqMi)	$25.91	$4.65
Weighted	$19.15	$3.05

5) What is your most current estimate of the Total Service Long Run Incremental Cost (TSLRIC) of providing basic business service in Florida? If a TSLRIC estimate is not available, please provide your current estimate based upon available incremental cost studies.

Response:

	Business_VS-LRIC	Average VIS
High (>1000 Lines/SqMi)	$14.78	$1.89
Med (51 - 1000 Lns/SqMi)	$19.26	$3.01
Low (<=50 Lines/SqMi)	$24.92	$4.35
Weighted	$17.50	$2.56

6) Please explain in detail how the information provided in response to Interrogatory No. 1 was developed and identify any cost studies relied on in the preparation of that response.

Response:

GTE usage costs development begins with technology specific investments weighted by the percent technology mix in the state. After the weighted investments are developed, state and account specific factors are applied to the equipment investment to account for GTE's labor costs.

USOA account specific Annual Cost Factors (ACFs) are applied to the total investment to determine the operating expenses and generate annual costs.

Annual costs are divided by 12 to generate monthly costs.

Monthly costs are presented as Basic Network Functions (BNFs) in response to item 1 of the POD request. Standard assumptions were applied to the BNFs to develop the appropriate cost elements.

The cost study submitted in GTEFL's Local Transport Restructure filing were relied upon for tandem switching and transport elements in responding to Interrogatory No. 1.

7) Please explain in detail how the information provided in response to Interrogatory No. 2 was developed and identify any cost studies relied on in the preparation of that response.

Response:

GTE performed Long Run Incremental (LRIC) Cost studies utilizing the capacity cost calculation to develop the estimates provided herein. The Volume Sensitive as well as the Volume Insensitive costs were identified. (See Attachment 1).

8) Please explain in detail how the information provided in response to Interrogatory No. 3 was developed and identify any cost studies relied on in the preparation of that response.

Response:

See response to Interrogatory No. 7.

9) Please explain in detail how the information provided in response to Interrogatory No. 4 was developed and identify any cost studies relied on in the preparation of that response.

Response:

See response to Interrogatory No. 7.

10) Please explain in detail how the information provided in response to Interrogatory No. 5 was developed and identify any cost studies relied on in the preparation of that response.

Response:

See response to Interrogatory No. 7.

11) Please provide the average monthly revenue that you received per unit of service during the most recent 12-month period for which data is available for (a) basic residential service and (b) basic business service.

Response:

Business - $35.46
Residence - $10.85

12) What is the average minutes per month of local calling per residential access line in your Florida service territory?

Response:

115 minutes was utilized to develop the residential access line costs in Florida.

13) What is the average minutes per month of local calling per business access line in your Florida service territory?

Response:

194 minutes was utilized to develop the business access line costs in Florida.

14) What is the average call duration for local calls from residential access lines in your Florida service territory?

Response:

3.9 minutes was used in these cost studies

15) **What is the average call duration for local calls from business access lines in your Florida service territory?**

Response

2.1 minutes was used in these cost studies

16) **Please provide your intrastate switched access rates, by rate element, per minute of use: (a) in effect today,l and (b) projected to be in effect on October 1, 1996.**

Response:

Please refer to Attachment 2.

17) **Please provide your proposed local interconnection charges, by rate element, per minute of use. If you purpose to modify these rates on October 1, 1996, please provide your estimate of the rate which you would propose to take effect on that date.**

Response:

GTEFL's proposal for local interconnection is to charge its intrastate switched access rates. Please refer to Attachment 2 for rate elements. The applicable transport and terminating end office charges would apply. GTEFL does not propose to charge the Residual Interconnection Charge (RIC), the Carrier Common Line (CCL), or the Information Surcharge as part of local interconnection.

Explanation of GTE LRIC and TSLRIC Position

Issue: Long Run Incremental Cost (LRIC)

Long Run Incremental Costs (LRIC) represent the standard to be used in estimating the costs for services. More often than not, LRIC provides the relevant cost input to the pricing process. LRIC are appropriate for evaluating price changes to existing services and for addressing cross-subsidization.

LRIC estimates should capture both volume sensitive and volume insensitive costs for the service or group of services under evaluation. The volume sensitive costs represent the costs which vary with changes in the level of output for a service. The volume insensitive costs represent the costs which are fixed with respect to changes in output yet are incremental with the offering of the service. The volume sensitive costs are relevant for addressing price changes to existing services. The volume sensitive and volume insensitive costs, used together to identify the costs for the entire output for the service, are relevant for addressing cross-subsidization.

Shared and common costs are those costs that are not assignable, from a cost causative perspective, to the individual services offered by the company. These costs do not vary with changes in the company's service outputs. They are fixed or volume insensitive. Shared and common costs should not be allocated (i.e., expressed as a unit cost) to the individual services which they support.

Shared costs are relevant when cross-subsidization is an issue for one or more of the company's groups of services. These costs should be treated as volume insensitive costs within the context of cross-subsidization. From a practical perspective, the company may include the shared costs with the volume sensitive costs when the shared costs are insignificant and cross-subsidization at the service group level is at issue.

Issue: Long Run Service Incremental Cost (LRSIC)

Long Run Service Incremental Cost (LRSIC) and Total Service Long Run Incremental Costs (TSLRIC) are terms which often surface in the telecommunications regulatory arena. LRSIC and TSLRIC, when used properly, are used to address the issue of cross-subsidization at the service or service group levels.

LRSIC (or TSLRIC) captures all of the costs for the entire output of the service. From a conceptual perspective, LRSIC represents the cost difference between the cost of the company with and without the service.

GTE's LRIC methodology captures both the volume sensitive and volume insensitive costs. This approach to cost analysis is important as it addresses costs that are and are not sensitive to changes in output. Any costing methodology which forces GTE to express the service-specific fixed (or volume insensitive) costs on a unit bases or to allocate the group-specific fixed costs to the individual services is not consistent with cost causation. Such an approach could establish artificially high price floors for the company services. LRSIC, if not applied properly to GTE, would benefit a less efficient entrant to the market by establishing price umbrellas for our services.

16. Please provide your intrastate switched access rates, by rate element, per minute of use:
    a. in effect today, and
    b. projected to be in effect on October 1, 1996

Response:

	Per Access Minutes of Use
a. Tandem Switched Transport - Facility	
Per Access Minute/Mile	
Zone 1	0.0000135
Zone 2	0.0000141
Zone 3	0.0000149
Tandem Switched Transport - Termination	
Per Access Minute, Per Term	
Zone 1	0.0001344
Zone 2	0.0001344
Zone 3	0.0001344
Tandem Switching	
Per Access Minute	
Zone 1	0.0007500
Zone 2	0.0007500
Zone 3	0.0007500
Interconnection	
Per Access Minute	0.0134362

	Monthly Rate
Direct-Trunked Transport Facility - Voiceband	
Per Airline Mile	
Zone 1	5.08
Zone 2	5.08
Zone 3	5.08
Direct-Trunked Transport Facility - DS1	
Per Airline Mile	
Zone 1	5.00
Zone 2	5.63
Zone 3	6.25
Termination, per month	
Zone 1	30.00
Zone 2	30.00
Zone 3	30.00

	Monthly Rate
Direct-Trunked Transport Facility - DS3	
Per Airline Mile	
Zone 1	70.00
Zone 2	89.81
Zone 3	109.63
Termination, per month	
Zone 1	500.00
Zone 2	500.00
Zone 3	500.00
Entrance Facility - Voiceband	
Per Entrance Facility	
2-Wire Voiceband	
Zone 1	33.08
Zone 2	33.08
Zone 3	33.08
4-Wire Voiceband	
Zone 1	52.93
Zone 2	52.93
Zone 3	52.93
Entrance Facility - DS1	
First System	
Zone 1	260.00
Zone 2	300.00
Zone 3	331.72
Each Additional System	
Zone 1	130.00
Zone 2	130.00
Zone 3	130.00
Entrance Facility - DS3 - Protected Electrical	
Per DS3	
Zone 1	1,400.00
Zone 2	1,450.00
Zone 3	1,500.00
Multiplexing	
DS1 to Voice	
Zone 1	250.00
Zone 2	250.00
Zone 3	250.00
DS3 to DS1	
Zone 1	581.63
Zone 2	581.63
Zone 3	581.63

	Monthly Rate
End Office Services	
End Office Switching - Bundled	0.0089000
Information Surcharge	
Per Access Minute	0.0072
Carrier Common Line	
Originating	0.0251
Terminating	0.0382

b. The strategy and rate elements that will be affected by the October, 1996 reduction have not been determined at this time.

VERIFICATION

STATE OF FLORIDA)
) ss.
COUNTY OF HILLSBOROUGH)

BEFORE ME, the undersigned authority, personally appeared Beverly Y. Menard, who deposed and stated that the answers to the First set of interrogatories (Nos. 1-17) served on GTE Florida Incorporated by MCI Metro Access Transmission Services, Inc. (MCIMetro) on February 8, 1996 in Docket No. 950985-TP, were prepared at her request and she is informed that the responses contained therein are true and correct to the best of her information and belief.

DATED at Tampa, Florida, this 23rd day of February, 1996.

Beverly Y. Menard
Beverly Y. Menard

Sworn to and subscribed before me this 23rd day of February, 1996.

Teresa Ann Scobie
Notary Public
State of Florida

OFFICIAL NOTARY SEAL
TERESA ANN SCOBIE
NOTARY PUBLIC STATE OF FLORIDA
COMMISSION NO. CC396477
MY COMMISSION EXP. OCT. 21,1998

Name Typed or Printed/Commission No.

EXHIBIT NO. _____

DOCKET NO: 950985-TP

WITNESS: BEVERLY Y. MENARD

PARTY: GTEFL

DESCRIPTION:

2/29/96 DEPOSITION TRANSCRIPT

GTEFL'S RESPONSES TO STAFF'S 2ND SET OF INTERROGATORIES NOS. 2-19

PROFFERING PARTY: STAFF

I.D. # BYM-2

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO. 31
COMPANY/
WITNESS:
DATE: 3/12/96

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Resolution of petition(s) to establish nondiscriminatory rates, terms and conditions for interconnection involving local exchange companies and alternative local exchange companies pursuant to Section 364.162, Florida Statutes	)	Docket No. 950985-TP Filed: February 26, 1996

NOTICE OF SERVICE OF GTE FLORIDA INCORPORATED'S RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES

NOTICE IS HEREBY GIVEN that a true and correct copy of GTE Florida Incorporated's Responses to Staff's Second Set of Interrogatories, which were legally propounded by Staff on February 5, 1996, was sent via overnight mail on February 23, 1996, to Donna L. Canzano, Staff Counsel, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850.

The original and one copy of this Notice were also sent via overnight mail on February 23, 1996 to the Director, Division of Records & Reporting, at the Commission. Further service on other parties of record is as set forth on the Certificate of Service, appended hereto.

Respectfully submitted on February 26, 1996.

By: _____

Anthony P. Gillman
Kimberly Caswell
Post Office Box 110, FLTC0007
Tampa, Florida 33601
Telephone: 813-228-3087

Attorneys for GTE Florida Incorporated

091

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Resolution of Petition(s) to establish nondiscriminatory rates, terms, and conditions for interconnection involving local exchange companies and alternative local exchange companies pursuant to Section 364.162, Florida Statutes	)	Docket No. 950985-TP

GTE FLORIDA'S RESPONSES TO THE STAFF'S SECOND SET OF INTERROGATORIES

Provide the name, address, and relationship to GTE of each person providing answers to the following interrogatories and identify which question each person answered.

Response:

Question Nos. 1-19:

Beverly Y. Menard
Regional Director-Regulatory & Industry Affairs
GTE Florida
P. O. Box 110
Tampa, FL 33601-0110

Question Nos. 20-21:

Terry Dye
Project Manager - Pricing Integration
GTE Telephone Operations
600 Hidden Ridge
Irving, TX 75015-2092

2) Please provide a detailed outline of your proposed interconnection agreements with MFS-FL.

Response:

See direct testimony of Beverly Menard.

a. Please provide the specific items that the parties agreed upon, if any.

Response:

The items agreed upon are reflected in the Partial Florida Co-Carrier Agreement between MFS and GTEFL attached to GTEFL's prehearing statement in this docket.

b. What specific items remain at issue?

Response:

Compensation for local and intraLATA toll traffic.

c. Of the items that remain at issue, which would GTEFL characterize as contentious?

Response:

All of them are contentious.

3) Do you think MFS-FL is being unreasonable in its negotiations? If so, why? Please be specific and identify any documentation supporting your claims.

Response:

No.

4) a. Does GTEFL have any interconnection arrangements with any AAVs, ALECs, or equivalent entities in other jurisdictions?

Response:

No.

b. Does GTEFL have any interconnection arrangements with any AAVs, ALECs, or equivalent entities in Florida?

Response:

Yes.

5) If Staff's Interrogatory No. 4a or 4b is answered in the affirmative, identify all interconnection arrangements reflected in tariffs filed with the appropriate public utility regulatory agency.

Response:

None.

6) If Staff's Interrogatory No. 4a or 4b above is answered in the affirmative, identify all interconnection arrangements which are based on a written contractual agreement, other than those identified in GTEFL's response to Staff's Interrogatory No. 5.

Response:

GTEFL has a written contractual agreement with Intermedia.

7) What are the appropriate technical and financial billing arrangements which should govern interconnection between MFS-FL and GTEFL for the delivery of calls originated and/or terminated from interexchange carriers not directly connected to MFS-FL's network?

Response:

With regard to technical arrangements, MFS will be allowed to subtend the access tandem. GTEFL has no problems in allowing transiting traffic. If GTEFL's access tandem is used for traffic transiting the tandem, GTEFL will charge tandem switching in accordance with its access tariffs. In addition, GTEFL supports the use of an additional rate element ($.002) to compensate for traffic transiting GTEFL's access tandem which does not go to a GTEFL end office. Collocation is not a "service" and GTEFL's tariffs do not support cross-connects between two entities collocated in a GTEFL wire center.

8) What are the appropriate technical and financial requirements for the exchange of intraLATA 800 traffic which originates from a MFS-FL customer and terminated to an 800 number served by GTEFL?

Response:

This issue has been stipulated. Please see the Partial Florida Co-Carrier Agreement between MFS and GTEFL.

9) What are the appropriate technical arrangements for the interconnection of MFS-FL's network to GTEFL 911 provisioning network such that MFS-FL's customers are ensured the same level of 911 service as they would receive as a customer of GTEFL?

Response:

This issue has been stipulated. Please see the Partial Florida Co-Carrier Agreement between MFS and GTEFL.

10) What procedures should be in place for the timely exchange and updating of MFS-FL customer information for inclusion in appropriate E911 databases?

Response:

This issue has been stipulated. Please see the Partial Florida Co-Carrier Agreement between MFS and GTEFL.

11) What are the appropriate technical requirements for operator traffic flowing between MFS-FL's operator services provider and GTEFL operator services provider including busy line verification and emergency interrupt services?

Response:

This issue has been stipulated. Please see the Partial Florida Co-Carrier Agreement between MFS and GTEFL.

12) Under what terms and conditions should GTEFL be required to list MFS-FL's customers in its directory assistance database?

Response:

This issue has been stipulated. Please see the Partial Florida Co-Carrier Agreement between MFS and GTEFL.

13) Under what terms and conditions should GTEFL be required to list MFS-FL's customers in its universal white and yellow page directories and to publish and distribute these directories to MFS-FL's customers?

Response:

This issue has been stipulated. Please see the Partial Florida Co-Carrier Agreement between MFS and GTEFL.

14) What arrangements are necessary to ensure that MFS-FL can bill and clear credit card, collect, third party calls and audiotext calls?

Response:

This issue has been stipulated. Please see the Partial Florida Co-Carrier Agreement between MFS and GTEFL.

15) What arrangements are necessary to ensure the provision of CLASS/LASS services between interconnected networks?

Response:

This issue has been stipulated. Please see the Partial Florida Co-Carrier Agreement between MFS and GTEFL.

16) What are the appropriate arrangements for physical interconnection between MFS-FL and GTEFL, including trunking and signalling arrangements?

Response:

This issue has been stipulated. Please see the Partial Florida Co-Carrier Agreement between MFS and GTEFL.

17) To the extent not addressed in the number portability docket, Docket No. 950737-TP, what are the appropriate financial and operational arrangements for interexchange calls terminated to a number that has been "ported" to the respective ALEC?

Response:

This issue has been stipulated. Please see the Partial Florida Co-Carrier Agreement between MFS and GTEFL.

18) What arrangements, if any, are necessary to address other operational issues?

Response:

GTEFL believes that any other operational issues that may arise are best resolved through ongoing negotiations with MFS.

19) What arrangements, if any, are appropriate for the assignment of NXX codes to the respective ALECs?

Response:

This issue has been stipulated. Please see the Partial Florida Co-Carrier Agreement between MFS and GTEFL.

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In RE: Resolution of petition(s) to establish nondiscriminatory rates, terms, and conditions for resale involving local exchange companies and alternative local exchange companies pursuant to Section 364.161, Florida Statutes.	DOCKET NO. 950984-TP
In Re: Resolution of petition(s) to establish nondiscriminatory rates, terms, and conditions for interconnection involving local exchange companies and alternative local exchange companies pursuant to Section 364.162, Florida Statutes.	DOCKET NO. 950985-TP

DEPOSITION OF:	BEVERLY Y. MENARD
TAKEN AT THE INSTANCE OF:	The Staff of the Florida Public Service Commission
PLACE:	2540 Shumard Oak Boulevard Room 362 Tallahassee, Florida
TIME:	Commenced at 1:30 p.m. Concluded at 2:20 p.m.
DATE:	Wed., February 28, 1996
REPORTED BY:	SARAH B. GILROY, CP, RPR Notary Public, State of Florida at Large.

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009

APPEARANCES:

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S T I P U L A T I O N S

IT IS STIPULATED that this deposition was taken pursuant to notice in accordance with the applicable Florida Rules of Civil Procedure; that objections, except as to the form of the question, are reserved until hearing in this cause; and that reading and signing was not waived.

IT IS ALSO STIPULATED that any off-the-record conversations are with the consent of the deponent.

ERRATA SHEET

DOCKET No. 950985-TP
NAME: BEVERLY Y. MENARD
DATE: February 28, 1996

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013

MR. EDMONDS: This is the deposition of Beverly Menard in the 950985-TP docket, interconnection docket. We will start by swearing in the witness

Thereupon,

BEVERLY Y. MENARD

was called as a witness, having been first duly sworn, was examined and testified as follows:

MR. EDMONDS: And let's do a run-through of everyone on the line for our benefit and your benefit so we all know who is there.

MR. WILLIS: This Lee Willis for Sprint.

MR. WAHLEN: Jeff Wahlen for Sprint.

MS. WILSON: Laura Wilson for the Florida Cable Telecommunications Association.

MR. FALVEY: Jim Falvey on behalf of Metropolitan Fiber Systems of Florida.

MR. HORTON: Doc Horton here on behalf of McCall.

MS. NORTON: I'm Robin Norton with Staff.

MR. EDMONDS: I'm Scott Edmonds on behalf of Commission Staff.

MR. MELSON: Rick Melson here on behalf of MCI Metro.

MR. GILLMAN: Tony Gillman on behalf of GTE Florida.

MR. EDMONDS: Is that everybody? Okay. I will

take that as a yes. Now do we all agree to the usual stipulations?

MR. GILLMAN: Yes.

DIRECT EXAMINATION

BY MR. EDMONDS:

Q Okay. I guess with that we can get started. Ms. Menard, I just have for -- Staff has a few questions to ask. We will start with the 85 docket, interconnection docket. Would you state your name and business address for the record please.

A Beverly Y Menard. My business address is One Tampa City Center, Tampa, Florida, 33601.

Q And did you prefile direct testimony in this docket?

A Yes, I did.

Q And do you have any corrections or changes to make?

A The only change I would make is going to be on Exhibit BYM-1, page two of two, I left off the information surcharge from the chart.

Q Okay. And other than that there are no other --

A Other than that I have no other known corrections.

Q Okay. And with that I will start with the questions. First, has MFS -- when I refer to MFS, I'm talking Metropolitan Fiber Systems of Florida, and I will say GTE for GTE of Florida. Have MFS and GTE agreed to stipulations on any

of the issues in this docket?

A Yes, we have.

Q Okay. Of the issues in this docket, which ones have MFS and GTE agreed upon completely?

A Basically we've stipulated issues four through 12 and 14.

Q Okay. Of those issues you're in complete agreement on the stipulation?

A Yes.

Q Okay. Are there any of the other issues which you have agreed upon partially?

A I would say no.

Q Okay. So of the remaining issues you are --

A Well I mean 14 I don't know that there is much -- anything for the Commission to make a decision on. Two, our position is, we don't have a problem with tariffing it, and their position is that we should tariff it. So really the issues we don't have agreement on are issues one and three, as far as the financial arrangements. On issue three we agree on the technical; we don't agree on the financial.

Q Okay. Let me refer you to page four of your direct testimony, and specifically looking at lines 16 through 25.

A Yes.

Q Is it your testimony that two co-located ALECs should not be allowed to connect to one another without

transiting the LEC network?

A That is correct. In accordance with our current tariffs, that is correct.

Q Okay. And is it also your testimony that that should be the same, that two co-located -- excuse me, two co-located ALECs -- that's a tongue twister -- shouldn't be allowed to connect to one another without transiting the LEC's switch?

A As our tariffs are currently configured, that is correct.

Q Okay. Now let me refer you to Timothy Devine's rebuttal testimony, to page 26. Do you have a copy of that?

A I don't have that with me. Traveling on the plane, I couldn't carry all that staff.

Q Here. You can use this one.

A Twenty-five did you say?

Q Twenty-six.

A Okay.

Q In there he states that MFS should not have to pay cross connect charges where interconnection between an ALEC and LEC occurs via a co-location facility?

A That is correct.

Q Do you agree with that?

A No.

Q Okay. Could you explain?

A Yeah. Basically when we're charging for a cross connect element, we're charging for an element that is in conformance with our co-location tariffs and to recover a cost that is incurred. We have no problem with, if we charge them the cross connect element, them likewise charging us a cross connect element when we come the other direction.

Q Okay. If you could flip back a couple pages to page 24.

A (witness complies).

Q This is still Tim Devine's rebuttal testimony. And in there he refers to the standards that should be adopted for interconnection between MFS and other co-located facilities. And I believe he states that GTE takes the position that it would not permit such interconnection between two co-located entities, and that GTE states that this is not the purpose of co-location. Is that a fair summary?

A That's correct. But I don't see that on page 24 of this --

Q Lines -- let me get it for you.

A Okay. I mean I agree with that representation.

Q It starts down here and goes to the next page.

A Okay. Yes, that is GTE's position.

Q Okay. What does GTE believe is the purpose of co-location?

A My understanding of co-location was to enable

another entity to be able to hook up with one of our circuits on our network.

Q Now if interconnection between two co-located entities were mandated by the Commission, do you agree with Mr. Devine that for each cross connection, GTE should charge both MFS and the other entity one half of the standard tariff special access cross connect rate?

A No. My position would be, if it was mandated, my preference would be you charge it to whichever entity orders it, and of course the two ALECs could work together to split the order so that in a sense you get to the same place. But administratively it's much simpler if I can charge everybody the standard cross connect element.

So to me they can get to the same end result, but I would not want to be ordered to do the half rate.

Q So GTE would just want to charge the full rate, and then they could work it out among themselves?

A They could work it out either by dividing the order or --.

Q Okay.

A And I presume if they're talking about cross -- doing that, that we would be cross connecting between the two DXS panels between the two ALECs and not going through our equipment. But I don't know.

Q Okay. Let me refer you back to your direct

testimony. On page -- page four, 16 through 25 and continuing onto page five, you state that GTE supports the use of an additional rate element of .002 cents to compensate for traffic transiting GTE's access tandem which does not go to a GTE end office?

A That's correct.

Q Could you explain the need for this rate element.

A For one thing that element is in my stipulation with ICI. But the main -- part of the rationale would be, I mean when we did the initial local transport restructure, the tandem switching rate was set deliberately low. Under normal circumstances though it's always going to -- especially my case, it's always going to my end office under the current arrangements, before local competition. So I was always getting a RIC for every single call at both ends.

So this doesn't replace the RIC, but at least it gives some compensation for the fact that the tandem rate was set deliberately low.

Q Okay.

A When I'm therefore not getting any other switched elements.

MR. EDMONDS: All right. That's all the questions that Staff has on the 985 docket. Rick, do you have any questions to ask?

MR. MELSON: Yeah, I've got some. If MFS wants to

go first, that's fine, or I can go.

MR. FALVEY: Why don't you go ahead. That's fine with me.

CROSS EXAMINATION

BY MR. MELSON:

Q Bev, I'm Rick Melson, representing MCI Metro. I think we've met before.

A Yes, a few times.

Q One of us is always under oath. On page four of your testimony, the first answer on the page, I'm looking at lines five through nine where you talk about, GTE does not lease dark fiber facilities.

A That is correct.

Q Has MFS requested dark fiber from GTE?

A They requested the capability as part of one of their possible interconnection methods we use that they could use our fiber.

Q Where does dark fiber exist in your network, and in what situation would it potentially be used?

A Currently I don't have dark fiber in my network. All my fiber is lit; i.e., it has electronics on the end. But it would be requesting us to have fiber-worthy; I would not be providing the electronics on it. Currently I don't have any of that.

Q And there is nothing in your settlement with MFS

that addresses this issue; is there?

A What there is is language that was done, because of our position -- just a minute -- the language was, "or to lease dark fiber facilities if available." And currently they are not available.

Q And "if available" would mean you would have to add facilities that you do not have today?

A Correct, and decide to start leasing dark fiber, which we don't do today.

Q Okay. Let me go back to follow up on a question Mr. Edmonds asked you down at the bottom of that page at lines -- well 20 -- I guess beginning of line 20. You indicate that if the tandem is used for traffic transiting between one ALEC and another, that you would propose to charge the two-tenths of a cent in addition to the tandem switching?

A That is correct.

Q You also said the tandem switching charge is set deliberately low?

A That is correct.

Q Is the tandem switching charge set below the incremental cost of providing tandem switching?

A I haven't seen such a study to know.

Q You don't know whether it's higher or lower?

A No, I do not.

Q Does GTE have a study that would show the cost of

tandem switching?

A I am not certain.

Q Is it something that, if such a study existed, would you ordinarily know about it in the course of performing your duties?

A Not necessarily.

Q Let's turn to page five of your testimony at line 22 where you indicate that GTE fully supports reciprocal arrangements for termination of local traffic. What do you mean by "reciprocal"?

A As Dr. Beauvais talks about in his testimony, where it's an originating responsibility plan: I'm responsible for paying to terminate my traffic; they're responsible for paying to terminate their traffic.

Q Is it expected that the rate charged by GTE for terminating a minute of traffic would be the same as the rate charged by an ALEC for terminating a minute --

A It would depend on the facilities that are used.

Q And how -- what -- is there a principle that you believe ought to apply to the establishment by the ALEC of its local interconnection charge?

A Main principle would be that they charge all of us the same price for the same rate element.

Q And assuming they used a uniform structure, the price for those rate elements could be -- assume they use the

same structure as GTEFL uses today, there could be a situation where the price for the individual rate elements was either higher or lower than GTEFL's charge; is my understanding correct?

A That is correct. Now in our ICI agreement, we have agreed we will both use the same rate elements.

Q Have you agreed to use the same rates?

A Yes.

Q If an ALEC proposed rate levels that GTE felt were inappropriately high, do you have a procedure in mind under which you would seek review of those rates?

A I would file -- I assume I would file with the Commission that we couldn't reach agreement and let the Commission help decide the rates.

Q Essentially reciprocal at the time the petition has been filed against you. I like reciprocity (laughter).

You refer in your testimony to the fact that you have what you call a bill and keep arrangement with United on some limited EAS routes; is that correct?

A That is correct.

Q Do you have any situations today where you exchange local traffic with another carrier that are not done on a bill and keep basis?

A With another local exchange carrier, no.

Q And is the arrangement with United pursuant to a

contract?

A That is correct. And as I've discussed with all the ALECs, you know, when we started this process, my initial reaction when we knew all this was coming is, I could have gone to United and worked out a deal and agreed to pay full access or something, and then said, that's what I should use for the ALECs so it wouldn't be discriminatory. My position was, the proper way to do it was work out the rates with the ALECs and then convert my EAS arrangements to the same rate structure.

Q Do you have a unilateral right under that contract to convert your EAS arrangement to whatever structure results from this proceeding?

A I don't know if I have a unilateral right, but I think I have the right to get out of the contracts and get -- United and us are both in agreement that we're going to convert to EAS routes.

Q On page nine of your testimony, at line ten you're talking about financial arrangements or calls that are terminated to what I would call a ported number; is that correct?

A That is correct.

Q And as I understand it, GTE's proposal is to pay the ALEC the same per-minute charge for terminating that traffic as is paid for any other local traffic that terminates to the ALEC; is that right?

A That is correct.

Q And in the situation -- what is your proposal for the situation with which that call terminating to the ALEC is in fact a toll call on which GTE Florida is charging an interexchange carrier switched access charges?

A I have no way to identify those calls. So by definition it would look just like another local call going to that ALEC. But that's why then I've got this sentence in here talking about us trying to come up with some way that I adjust the factors to try to make some compensation for that type arrangement.

Q And have you -- do you have a proposal in mind as to how this surrogate that you refer to in your testimony might work?

A I haven't finished developing anything, because we've got a few other issues to work on. But basically it might be where, for instance I might be saying that normally my local traffic is going to be 70 percent, maybe I would end up saying, I will only pay on 68 percent and pay toll access on the extra 2 percent to compensate for the number of forwarded calls.

Q And would the notion be that the additional compensation that you would pay would represent the difference between the local termination charge and the switched access charge rates on those calls?

A Yeah.

Q And in that situation to which party would you assign the funds associated with residual interconnection charge for RIC?

A Well see the problem you've got on forwarded calls, it's actually going to my end office first. So I'm actually terminating in my own office and doing it. So it gets gray on those calls. For other calls, we have no problem with the end office getting the RIC, even though it may not have a regular requirement associated with it. But we use standard meet point billing arrangements.

Q All right. So you don't have a problem on nonported calls. Does that mean you do have a problem on ported calls?

A Philosophically I have a problem on ported calls, because it is going to my end office, where normally I would be entitled to the RIC charges.

Q But it's going to your end office because of the method that GTE is using to provide number portability; is that correct?

A That's correct, because that's the only method I've currently got available to use.

Q In a database number portability environment that call would not go to your end office?

A That's correct, or if they get the customer to

change their number, it will never go to my end office.

Q Your Exhibit BYM-1, I just need you to explain footnote two to me. I don't know what first and second systems are.

A That's for our DS-1 entrants' facilities, we have a first and additional systems charge. The first system you put in at one rate, and each additional DS-1 system you put in it's a lower rate.

Q I need help on, what is a DS-1 system? I'm one level more basic.

A That's all right. What we're talking about is the facility between -- assuming the carrier is not co-located, it would be the facility between the carrier's pop and my tandem potentially. And a DS-1 means its T-1 with 24 channels.

Q All right. And finally I believe you indicated in response to a question by Mr. Edmonds that the information surcharge had been omitted from the second page of this exhibit?

A That's correct.

Q How much is that?

A .0072.

Q And am I correct -- I don't have a calculator with me, and I don't know whether you do or not.

A No.

Q Does 11 and a quarter cents sound like the total

switched access charge rate that would be payable for a long distance call that both originated and terminated in GTE's territory?

A I don't have a calculator here. I thought the figure -- the problem is, with LTR it makes it very complicated. I thought the current numbers on our staff exhibits we've been working on for where they do that is around 12 and a half cents.

Q It's one originated CCL, one terminating CCL, and then two of everything listed under transport and local switching; is that the way I would calculate the number?

A Correct, yeah, and to info surcharges.

Q And back on Exhibit 1 just for a minute, the total price that you're proposing for local termination is 1.11360 cents per minute?

A Well the problem is that most carriers would be co-located, so they are not going to pay that entrance facility charge, so it's about a penny.

Q Okay. And is that charge above your incremental cost of providing the service?

A Yes.

Q And can you give us any feel for how much above incremental cost it is?

A There is a margin above long-range and incremental charge, a decent margin.

MR. GILLMAN: Decent but reasonable.

MR. MELSON: Don't put words in her mouth now (laughter).

BY MR. MELSON:

Q Would you agree it's a reasonable margin?

A Yes.

Q Is your cost for that less than half a cent per minute?

A For the incremental cost, yes.

Q Is it less than two-tenths of a cent per minute?

A Probably.

MR. MELSON: No further questions. Thank you.

MR. EDMONDS: MFS, still out there?

MR. FALVEY: Just a few questions. This is Jim Falvey. I will wait. Did someone just get on?

(discussion off the record).

MR. WILLIS: Jim, is it okay if I break in here for a clarification? I didn't hear the answer to the question. Bev, could you tell me what your last answer was?

MR. MELSON: It was yes, probably.

THE WITNESS: It was yes, probably, words to that effect. It was the question I didn't understand.

MR. MELSON: The question was whether the cost of terminating a minute of local traffic was less than

two-tenths of a cent per minute.

MR. WILLIS: And the answer was?

THE WITNESS: Yes, probably.

MR. MELSON: Accompanied by a smile. I'm sorry, Jim, go ahead.

MR. FALVEY: No problem.

CROSS EXAMINATION

BY MR. FALVEY:

Q Ms. Menard, are there differences in, just generally between BellSouth and GTE operations that would require the Commission to mandate different interconnection arrangements for GTE than it will mandate for BellSouth?

A Well one thing that's probably different between the two of us is, I'm the only LEC, to the best of my knowledge, that has a LATA all by themselves with no other independents in it. I'm probably the LEC that's got the less amount of EAS with other LECs.

To my knowledge -- I mean in my case I know of no Commission order which has mandated bill and keep for my EAS traffic, where I know there are Commission orders that have mandated bill and keep for some of the ECS traffic between the LECs.

So I would say there are some differences that could warrant a distinction.

Q And what distinction does that lead to exactly, in

terms of --

A Well I mean I would have no problem with them adopting my position in this docket and maybe something slightly different with Bell in their docket.

Q So I guess what I'm getting at is, what are the differences between BellSouth and GTE that would -- that would require something slightly different?

A The fact that it's going to be much easier for me to convert all -- everything on the same basis than it will be for Bell.

Q When you say "convert everything on the same basis" --

A All the existing EAS routes.

Q Convert them over to a cost-based route?

A That is correct.

Q So is that the only difference between BellSouth and GTE that would require --

A That's the only thing I can think of.

Q Okay. Are you providing cost studies, that you're aware of, in connection with this proceeding?

A Yes.

Q Are you providing cost studies for switched access --

A Yes.

Q -- to the parties?

A Well to the parties that requested it, yes.

MR. FALVEY: Right. If I could make an on-the-record request for those switched access cost studies, I -- I would like to do that right now.

MR. GILLMAN: Well, Jim, this is Tony Gillman for GTE. Have you requested them in interrogatories?

MR. FALVEY: Yes.

MR. GILLMAN: I'm not sure what you're -- are you asking the same thing that you asked in interrogatory?

MR. FALVEY: I think we have an agreement that you will provide them. I don't know if we need to go off the record to clarify this. But we did not have an accompanying document request. And there was an objection to that effect. And I just want to make it -- just put it on the record for safety's sake.

MR. GILLMAN: Let's go off the record.

(discussion off the record)

BY MR. FALVEY:

Q Are the switched access cost studies that you provided determined with reference to a rate of return or other rate-based proceeding?

A No.

Q No. In what context were those switched access cost studies developed?

A As far as trying to determine the long-run

incremental cost of switched access.

Q And is there any reference to achieving a revenue requirement in those cost studies?

A No.

Q So they're long-run incremental cost studies?

A Yes.

Q Are those based on the Commission rules?

A Yes.

Q In the Intermedia agreement, aren't the -- isn't the compensation arrangement that you agreed to essentially a bill and keep arrangement for all but 5 percent of the traffic?

A Well what -- I would say no, it isn't. We're going to compensate each other, it's just there is a limit -- a cap on the compensation for this initial period of the first two years.

Q So with that cap, isn't it true that 100 -- that almost all of the traffic will just cancel each other out?

A Well potentially the 5 percent won't cancel each other out. And depending on the volume, that can be a lot of money.

Q But it is limited to 5 percent?

A That is correct.

Q And is there any guarantee that that 5 percent will cover your costs?

A No.

Q Okay. Are you familiar with an obligation in the recently-signed telecommunication act that ALECs must interconnect with each other?

A No, I was not familiar with that.

Q Okay. Do you believe when in converting your EAS bill and keep arrangements to cost-based rates, that there is a possibility that the result will be higher prices for consumers in the long run?

A No.

Q Did you recover your costs when you used bill and keep in EAS arrangements?

A Yeah, in my rate cases.

Q But in the rates themselves?

A No. When we did it, usually other customers helped pay for it, per Commission policy.

Q Do you anticipate revising your co-location tariffs in response to the federal act?

A Yes. We will have to provide for the possibility of physical co-location in offices where we have space.

Q So when you revise your co-location tariff, won't it be possible at that time to provide for a direct cross connect between co-located ALECs?

A I doubt that will be done unless I'm ordered to do it.

Q But the reason that you gave in your testimony,

wasn't it that your tariffs don't provide for such a cross connect?

A Correct, and it's not the purpose of co-location.

Q What is your opinion -- what is in your view the purpose of co-location?

A The purpose of co-location was so that another provider could connect to my facilities.

Q And are you familiar -- you said you're not familiar with the obligation of ALECs to interconnect with each other under the federal act?

A No, I am not.

MR. FALVEY: I have no further questions.

MS. WILSON: This is Laura Wilson. I have a few if everyone else is finished.

THE WITNESS: I think you're on Laura.

MS. WILSON: I feel like I'm shooting blind here. I guess I am.

CROSS EXAMINATION

BY MS. WILSON:

Q This is Laura Wilson representing the Florida Cable Telecommunications Association. Ms. Menard, I just have a few questions for you. First I was wondering, during the 1995 legislative session were you responsible for reviewing all bill drafts on behalf of GTE Florida?

A Yes.

Q Were you also responsible for reviewing amendments on behalf of GTE for the purpose of determining whether GTE would support the amendments?

A Yes.

Q Okay. Do you recall whether any of the initial versions of the revised Chapter 364 contained any language requiring an annual audit to determine whether toll calls are being passed through local interconnection arrangements?

A Those times are getting foggy. I don't remember directly.

Q Okay. That's all right. You spoke a little bit a minute ago about the interconnection arrangement that GTE has entered into with Intermedia.

A Yes.

Q Can you explain for me how the universal service terms work in that arrangement?

A Let's see.

Q Well let me just ask you a direct question.

A Okay.

Q Does GTE guarantee the provision of universal service for two years without ALEC contributions in that agreement?

A No.

Q Okay. Does -- in that agreement does GTE agree to reciprocal conductivity?

A Yes. Where the points that ICI, we have agreed where we're going to connect.

Q Okay. Does GTE agree that it will provide a reciprocal of each trunk group established by Intermedia?

A No, because that may or may not be required. To the extent it's required, we will. But, you know, like -- I'm trying to think of one of the instances. Like they're going to provide trunks to my 911 tandem; I'm not going to provide trunks back.

Q Okay. Are there any other examples?

A That's the only one I can think of right offhand.

Q Okay. You mentioned too at the beginning of the deposition having stipulated to issues four through 12. And is it correct, my understanding, that those issues pertain to a number of platform services?

A It's platform services, plus it's based on where we're going to interconnect.

Q Okay. And are you going to -- would you propose, GTE propose to offer these pursuant to tariffs?

A Most of those, no.

Q Okay. Well let's just take, for example, the tandem intermediary service. Would that be offered pursuant to tariffs?

A I think our position was, we have no problem tariffing it.

Q Okay. If you tariffed it, do you know whether you would consider it a nonbasic service?

A It's local interconnection.

Q Okay. Would you -- would GTE consider all of the services offered under issues four through 12 to be local interconnection arrangement issues or services?

A No, because some of them were services I'm already providing that are in other sections of the tariff.

Q Which ones would you consider to be nonbasic services?

A I don't have those lists with me, Laura, to know.

Q But some of them you would consider nonbasic services?

A Yes, I think so. But I don't have that list with me, and I have not gone through and made that identification.

Q Okay. But typically those would be services that are already tariffed today?

A That is correct.

Q Okay. You also mentioned that United is in agreement to convert the EAS routes to local interconnection arrangements. Historically has the exchange of traffic with United, has the traffic exchange been in balance?

A By definition, usually, you know, since it originates in mine and terminates in theirs, I mean, usually it -- in the studies we had prior to the EAS conversions, they

were pretty close, to the extent we even had studies. Some of the EASs were put in when we still had operator-handled calls. So it was put in doing the operators, and I don't even know that we had studies.

Q How long ago about was that?

A Somewhere around '59, et cetera.

Q Okay. I have just a few more questions. If an ALEC decides to interconnection with GTE at the end office, what will happen if a call from a GTE customer to an ALEC customer encounters an all-trunks-busy on the link between the GTE end office and the ALEC?

A It would depend on what type arrangements the ALEC has ordered from us. And we had that same situation occur with IXEs, and normally we have overflow arrangements set up.

Q Would GTE be agreeable to alternate routings calls through the tandem?

A Yes.

Q Okay. But as I understand your response, just make sure I understand, GTE wouldn't automatically alternate route it through the tandem?

A That is part of what we would work out as we discuss all the technical engineering requirements when we're setting up the networks. And to my understanding most people normally would establish those alternative route goes. It definitely would be something that the ALEC would be asked,

whether they want it or not.

Q Okay. And I understand as well, just to make sure I'm correct, that GTE will be offering one-way and two-way trunks?

A That is correct. Our preference is two-way trunks are more efficient, but we have no problem doing one-way trunks.

Q But, again, if the ALEC orders a one-way trunk, GTE won't necessarily reciprocate?

A If I don't need those trunks there, that is correct.

Q Okay.

A But I have an obligation to ensure all my traffic can terminate to the ALEC.

MS. WILSON: Okay. That's all the questions I have.

MR. EDMONDS: Does anybody else on the line have questions?

MR. CROSBY: This is Don Crosby with Continental. We have no questions. Thank you.

MR. GILLMAN: No redirect.

MR. EDMONDS: No redirect? Okay. Unless anybody has anything else, I guess that concludes the deposition in the 985 dockets.

(The deposition was concluded at 2:20 p.m.)

CERTIFICATE OF DEPONENT

This is to certify that I, BEVERLY Y. MENARD, have read the foregoing transcription of my testimony, pages 1 through 28, given on Wednesday, February 28, 1996 in Docket No. 950985-TP, and find the same to be true and correct, with the exceptions, and/or corrections, if any, as shown on the errata sheet attached hereto.

_____
BEVERLY Y. MENARD

Sworn to and subscribed before me this
_____ day of_____ , 19____

_____

NOTARY PUBLIC
State of_____
My Commission Expires:

04~

F L O R I D A)
COUNTY OF LEON)

CERTIFICATE OF OATH

I, the undersigned authority, certify that BEVERLY Y. MENARD personally appeared before me and was duly sworn.

WITNESS my hand and official seal this Wednesday, February 28, 1996.

SARAH B. GILROY
Notary Public - State of Florida

043

STATE OF FLORIDA) CERTIFICATE OF REPORTER

COUNTY OF LEON)

I, SARAH B. GILROY, Registered Professional Reporter,

DO HEREBY CERTIFY that I was authorized to and did stenographically report the foregoing deposition of BEVERLY Y. MENARD.

I FURTHER CERTIFY that this transcript, consisting of 27 pages, constitutes a true record of the testimony given by the witness.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties, nor attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 7th day of March, 1996.

Sarah B. Gilroy

SARAH B. GILROY, CP, RPR

EXHIBIT NO. _____

DOCKET NO: 950985-TP

WITNESS: BEVERLY Y. MENARD

PARTY: GTEFL

DESCRIPTION:

GTEFL's RESPONSES TO STAFF's 2ND REQUEST FOR PRODUCTION OF DOCUMENTS Nos. 2-3.

PROFFERING PARTY: STAFF

I.D. # BYM-3

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO 32
COMPANY/
WITNESS:
DATE: 3/12/96

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Resolution of petition(s) to establish nondiscriminatory rates, terms and conditions for interconnection involving local exchange companies and alternative local exchange companies pursuant to Section 364.162, Florida Statutes	Docket No. 950985-TP Filed: February 26, 1996

NOTICE OF SERVICE OF GTE FLORIDA INCORPORATED'S RESPONSES TO STAFF'S SECOND REQUEST FOR PRODUCTION OF DOCUMENTS

NOTICE IS HEREBY GIVEN that a true and correct copy of GTE Florida Incorporated's Responses to Staff's First Request for Production of Documents, which were legally propounded by Staff on February 5, 1996, was sent via overnight mail on February 23, 1996, to Donna L. Canzano, Staff Counsel, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850.

The original and one copy of this Notice were also sent via overnight mail on February 23, 1996 to the Director, Division of Records & Reporting, at the Commission. Further service on other parties of record is as set forth on the Certificate of Service, appended hereto.

Respectfully submitted on February 26, 1996.

By: _____

Anthony P. Gillman
Kimberly Caswell
Post Office Box 110, FLTC0007
Tampa, Florida 33601
Telephone: 813-228-3087

Attorneys for GTE Florida Incorporated

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Resolution of Petition(s) to establish nondiscriminatory rates, terms, and conditions for interconnection involving local exchange companies and alternative local exchange companies pursuant to Section 364.162, Florida Statutes	)	Docket No. 950985-TP

GTE FLORIDA'S RESPONSES TO THE STAFF'S SECOND REQUEST FOR PRODUCTION OF DOCUMENTS

2) Please provide a copy of every interconnection arrangement identified in GTEFL's response to Staff's Interrogatory No. 5.

Response:

Not applicable.

3) Please provide a copy of every interconnection arrangement identified in GTEFL's response to Staff's Interrogatory No. 6.

Response:

Please see Bates stamped documents 0000001 through 0000042.

4) Please include all relevant backup documentation used in deriving the response to Staff's Interrogatory No. 20a, including any switched cost information models, line cost information models, workpapers, cost studies, etc.

Response:

GTEFL has no documents responsive to this request.

5) Please include all relevant backup documentation used in deriving the response to Staff's Interrogatory No. 20b, including any switched cost information models, line cost information models, workpapers, cost studies, etc.

Response

Bates stamped documents 1000001 through 1000011 have been designated as highly sensitive confidential and are available for review upon request.

6) **Please include all relevant backup documentation used in deriving the response to Staff's Interrogatory No. 21, including any switched cost information models, line cost information models, workpapers, cost studies, etc.**

Response:

See response to No. 5.

7) **Please provide all documents, contracts or agreements describing the current prices, terms and conditions for the exchange of local traffic between GTEFL and all other facilities-based incumbent local exchange telecommunications companies with whom GTEFL exchanges local traffic in Florida, including any contracts or agreements which provide for the mutual exchange of basic local telecommunications services.**

Response:

Bates stamped documents 1000012 through 1000018 have been designated as highly sensitive confidential and are available for review upon request.

INTERCONNECTION AGREEMENT

This Interconnection Agreement (Agreement) is entered into by and between the undersigned parties to establish, on an interim basis, nondiscriminatory rates, terms and conditions for local interconnection pursuant to Section 364.162, Florida Statutes; address the establishment of an interim universal service/carrier of last resort recovery mechanism pursuant to Section 364.025, Florida Statutes; address a temporary telephone number portability solution, e.g., Remote Call Forwarding, pursuant to Section 364.16(4), Florida Statutes; and address unbundling and resale of local exchange telecommunications company network features, functions and capabilities pursuant to Section 364.161, Florida Statutes, to the extent identified herein.

The undersigned parties are entering into this Agreement for the purpose of commencing local exchange competition on an expedited basis and avoiding the uncertainty and expense of litigation. It is the intention of the undersigned parties that this Agreement remain in effect for two years beginning January 1, 1996. The undersigned parties understand that this is an interim Agreement for the reasons noted and the parties intend to renegotiate this Agreement at its conclusion. Prices, terms and conditions other than those set forth in this Agreement may be more appropriate upon the expiration of this Agreement in order to send the correct price signals to the market. The parties intend for this Agreement to establish only interim prices, terms, conditions and mechanisms necessary to allow the introduction of local exchange competition, as required by the above-referenced sections of Florida Chapter Law 95-403. However, for the period until January 1, 1998, disputed issues raised by the aforementioned statutes shall be resolved as follows:

A. Local Interconnection

Section 364.16, Florida Statutes, requires, among other things, that each incumbent local exchange telecommunications company (LEC) provide access to and interconnection with its telecommunications facilities to any other provider of local exchange telecommunications services requesting such access and interconnection at non-discriminatory prices, rates, terms, and conditions established by the procedures set forth in Section 364.162, Florida Statutes. Section 364.162 provides that an alternative local exchange telecommunications company (ALEC) shall have until August 31, 1995, or sixty (60) days, to negotiate with the LEC mutually acceptable prices, terms and conditions of interconnection and for the resale of LEC services and facilities. The statute also provides that if the parties are not able to negotiate a price by August 31, 1995, or within sixty (60) days, either party may petition the Commission to establish non-discriminatory rates, terms and conditions of interconnection and for the resale of LEC services and facilities. The parties were unable to negotiate mutually acceptable prices, terms and conditions of interconnection by August 31, 1995, or within sixty (60) days. After further negotiations, however, the undersigned parties now agree to the following interim prices, terms and conditions for interconnection and the exchange of traffic with GTE Florida Incorporated (GTEFL) through December 31, 1997:

1. "Local interconnection" is defined only for purposes of this Agreement as including the delivery of local traffic to be terminated on each company's local network, the LEC unbundled network features, functions and capabilities contained in Attachment D, and temporary telephone number

portability to be implemented pursuant to Section 364.16(4), Florida Statutes. While the parties have endeavored in good faith to resolve the issues relating to local interconnection, the parties recognize that they are unable to foresee and account for every issue that may arise as this Agreement is implemented. Thus, to the extent that the prices, terms and conditions for local interconnection are not specifically established herein, the additional prices, terms and conditions shall be established pursuant to negotiation or set by the Commission, upon request, as required by Section 364.161(6), Florida Statutes. If the Commission does not render its vote within 120 days, then the parties agree that the Commission's decision will be retroactive to the 120th day after a petition is filed.

2. The delivery of local traffic between each undersigned ALEC and GTEFL shall be reciprocal and compensation will be mutual. The parties will pay each other GTEFL's terminating switched access rate, exclusive of the Residual Interconnection Charge and Common Carrier Line elements of the switched access rate, on a per minute of use basis for terminating local traffic on each other's network within GTEFL's existing franchise area. The parties shall not route local traffic through the tandem switch unnecessarily to generate revenues. Examples of these rate elements and prices are identified on Attachment A, which is incorporated herein by reference. If it is mutually agreed at some future date, the parties may exchange local

traffic on an in-kind basis, foregoing compensation in the form of cash or cash equivalent.

3. On an interim basis, a local exchange provider shall not be required to compensate another local exchange provider for more than up to one-hundred-five percent (105%) of the total minutes of use of the local exchange provider with the lower minutes of use in the same month. This cap shall apply to the total local minutes of use calculated on a company-wide basis in the State of Florida. For example, if in a given month GTEFL has 10,000 minutes of local traffic terminated on an ALEC's local exchange network and the ALEC has 15,000 minutes of local traffic terminated on GTEFL's local exchange network, the ALEC would be required to compensate GTEFL for local interconnection on the basis of 10,500 terminating minutes (10,000 mins. X 105% = 10,500 mins.) and GTEFL would compensate the ALEC for 10,000 terminating minutes. Seven additional examples are contained on Attachment B, which is incorporated herein by reference. In order to determine the amount of local traffic terminated on each local provider's network, each local provider will report to the other provider the amount of local traffic terminated. Connectivity shall be established at each and every point where the facilities of GTEFL and the ALEC perform the physical function of delivering local traffic to be terminated in the other company's network. Such interconnecting facilities shall conform, at the minimum, to the telecommunications industry

standard of DS1 (Bellcore Standard No. TR-NWT-00499). Neither party shall construct facilities in order to necessitate the other party building unnecessary facilities. STP (signal transfer point) SS7 (Signalling System 7) connectivity is also required. The parties recognize that various aspects of the interconnection process (including physical interconnection arrangements (i.e., collocation, midspan meet) technical requirements, trouble reporting and resolution, billing processes, resolution of operating issues, provisioning, ordering, deadlines, performance standards, recording of traffic, including start and stop time, reporting and payment, dispute resolutions, rounding measurements, financial penalties for late payments, and the provision of inter-carrier clearinghouse functions are not resolved in this document, and the parties agree to cooperatively work toward resolution of these issues no later than March 31, 1996, and that either party may petition the Commission for resolution should unresolved issues remain on March 31, 1996. If the Commission does not render its vote within 120 days of the petition, then the parties agree that the Commission's decision will be retroactive to the 120th day after a petition is filed. The parties agree that resolution of these issues will ultimately result in additional written documents with which the parties will comply.

4. The parties stipulate and agree that the exchange of traffic on GTEFL's Extended Area Service, Extended Calling Service and other local calling routes shall be considered local traffic. The parties will therefore

compensate each other for such traffic pursuant to paragraphs 2 and 3 above.

5. The parties further agree that no traffic for which terminating access services charges would otherwise apply shall be carried through a local interconnection arrangement without paying the appropriate charge for such terminating access services as set forth in Section 364.16(3)(a), Florida Statutes. GTEFL agrees to provide ALECs with a sufficient quantity of numbering resources to enable ALECs to comply with this requirement.

6. Either GTEFL or an ALEC will provide intermediary tandem switching and transport to connect the end user of a local exchange provider to the end user of another ALEC, a LEC other than GTEFL, another telecommunications company (e.g., pay telephone provider, operator services provider), or a wireless telecommunications service provider for the purpose of making a local call. The local exchange provider performing this intermediary function will bill a $.002 per minute charge over and above its appropriate local interconnection rate elements as shown on Attachment A.

7. When GTEFL or an ALEC provides intermediary functions for network access, i.e., between an IXC and an ALEC, the ALEC and GTEFL will each provide their own network access service elements on a meet-point basis.

Each carrier will bill its own network access service rate elements to the IXC.

8. The delivery of intrastate toll traffic between each undersigned ALEC and GTEFL shall also be reciprocal and compensation will be mutual. Each undersigned ALEC and GTEFL shall pay each other identical rates for terminating the same type of traffic on each other's network. The parties will pay each other GTEFL's intrastate switched network access service rate elements on a per minute of use basis for originating and terminating intrastate toll traffic as appropriate within GTEFL's franchised area. For example, when an ALEC customer places a toll call to a GTEFL customer and the ALEC serves as the toll carrier, GTEFL will charge the ALEC terminating network access charges, the price of which will vary depending upon whether the call goes through a GTEFL tandem or is directly routed to the GTEFL end office. If the ALEC is serving as the GTEFL customer's presubscribed IXC, or the GTEFL customer uses the ALEC on a 10XXX basis, then GTEFL will charge the ALEC the appropriate originating network access charges. Likewise, if GTEFL is serving as the ALEC customer's presubscribed IXC, or the ALEC customer uses GTEFL on a 10XXX basis, the ALEC will bill GTEFL the appropriate originating network access charges. Examples of these network access rate elements and prices are identified on Attachment C, which is incorporated herein by reference.

The prices, terms and conditions of local interconnection agreed to herein are deemed transitional in nature. The parties deem them acceptable only in the interest of compromise to enable the introduction of local exchange competition to Florida's consumers beginning January 1, 1996.

The undersigned parties stipulate and agree that because the local interconnection and traffic arrangements agreed to herein are considered transitional, the agreements shall be renegotiated with the new provisions becoming effective after two years. Accordingly, by no later than June 1, 1997, the undersigned parties shall commence negotiations with regard to the terms, conditions and prices of interconnection arrangements to be effective beginning January 1, 1998. If the parties are unable to satisfactorily negotiate new interconnection terms, conditions and prices within 90 days of commencing negotiations, any party may petition the Commission to establish appropriate interconnection arrangements. The parties will encourage the Commission to issue its order by no later than December 31, 1997. In the event the Commission does not issue its order prior to January 1, 1998, or if the parties continue to negotiate the interconnection arrangements beyond January 1, 1998, the parties stipulate and agree that the terms, conditions and prices ultimately ordered by the Commission, or negotiated by the parties, will be effective retroactive to January 1, 1998. Until the revised interconnection arrangements become effective, the parties shall continue to exchange traffic on a reciprocal basis pursuant to the terms of this Agreement.

B. Unbundling and Resale of Local Exchange Telecommunications Company Network Features, Functions and Capabilities

Section 364.161, Florida Statutes, requires each LEC, upon request, to unbundle each of its network features, functions and capabilities, including access to signaling data bases, systems and routing process, and offer them to any other telecommunications provider requesting such features, functions or capabilities for resale to the extent technically and economically feasible and at prices that are not below cost. The statute also requires that the parties first negotiate the terms, conditions and prices of any feasible unbundling request. If the parties cannot reach a satisfactory resolution within 60 days, either party may petition the Commission to arbitrate the dispute and the Commission shall make a determination within 120 days.

The undersigned parties have now satisfactorily resolved the terms, conditions and prices of those network features, functions and capabilities that are technically and economically feasible of unbundling as set forth in Attachment D, which is incorporated herein by reference. It is understood by the parties that the list of network features, functions and capabilities is not exhaustive and the parties commit to cooperate in the negotiation of additional network features, functions and capabilities as the parties' future needs require.

GTEFL contends that the unbundled price of a local loop should be computed under economically efficient pricing models and should not be equated with existing special access tariff rates. However, in the interest of compromise and for the sole purpose of establishing unbundled loop prices for the State of Florida and given the time requirements of Chapter 364 of the Florida Statutes, GTEFL has agreed to utilize a rate that is the same as its existing special access rate. By agreeing to utilize such rates in

this settlement, GTEFL does not waive its right to change such rates as permitted by law, propose and advocate use of different pricing models in other proceedings involving the same or other parties or upon conclusion of the two years of this Agreement. The parties agree that the issue of imputation of LEC unbundled service prices into its retail rates is not addressed by this Agreement, and that the ALECs reserve their right to further address imputation for these services, including unbundled local loops.

C. Universal Service/Carrier of Last Resort

The parties agree that Section 364.025, Florida Statutes, contains a legislative finding that each telecommunications company should contribute its fair share to the support of the local exchange telecommunications company's universal service/carrier of last resort ("US/COLR") obligations. For a transitional period, the Commission is required to establish an interim US/COLR mechanism for maintaining universal service and funding carrier of last resort obligations, pending the implementation of a permanent mechanism. This interim mechanism is to be implemented by January 1, 1996, and applied in a manner that ensures that each alternative local exchange company contributes its fair share to the support of the local exchange telecommunications company's US/COLR obligations. The interim mechanism shall reflect a fair share of the LEC's recovery of investment made in fulfilling its COLR obligations and the maintenance of universal service objectives. The statute further provides that the Commission shall ensure that the interim mechanism, which is to remain in effect, if necessary, until the implementation of a permanent mechanism, but not later than January 1, 2000, ensures the maintenance of universal service through a carrier of last resort, but does not impede

the development of residential consumer choice or create an unreasonable barrier to competition.

The parties stipulate and agree to the following interim mechanism to assure the provision of universal service through a carrier of last resort. The undersigned parties stipulate and agree that GTEFL will guarantee the provision of universal service as the carrier of last resort throughout its territory until January 1, 1998.

Notwithstanding the foregoing, if GTEFL subsequently believes that competition is in any way undermining its ability to provide universal service during the duration of this agreement, it may petition the Commission to commence a proceeding to quantify the amount of support, if any, needed to maintain universal service and seek a contribution from ALECs. The amount of support needed, if any, and related issues are matters of proof on a case-by-case basis. Moreover, the parties in no way waive their right to petition the Commission pursuant to Section 364.025(3), Florida Statutes.

The parties urge the Commission to open a separate docket to investigate and recommend to the Legislature what the Commission determines to be a fair and reasonable resolution of the issues surrounding a permanent universal service mechanism pursuant to Section 364.025(4), Florida Statutes. The undersigned parties also agree to use their best efforts to persuade the Commission and the Legislature to resolve the issues surrounding the establishment of a permanent US/COLR recovery mechanism at the earliest possible date; provided, however, that such efforts shall not be construed or used as an admission by the undersigned parties concerning the existence of or need for a subsidy, the necessity for a permanent US/COLR recovery

mechanism, or the appropriate methodology for determining a provider's fair share of contribution, if any, under a permanent mechanism.

D. Temporary Telephone Number Portability

At the Commission's regular agenda conference held on September 12, 1995, the Commission approved the Agreement of the parties to Docket No. 950737-TP, which addressed every issue relating to the implementation of a temporary telephone number portability solution, except the price to be charged for the temporary telephone number portability solution, the advantages and disadvantages of Remote Call Forwarding, and the treatment of terminating access charges on a ported call. The undersigned parties agree that the Commission-approved Stipulation and Agreement shall be incorporated herein by reference and be attached to this Agreement as Attachment E.

With regard to the price to be paid for remote call forwarding between carriers, which is the temporary telephone number portability solution to be implemented by January 1, 1996, the undersigned parties agree to pay a recurring charge as follows: $1.25 per line per month per residential customer for one path and $1.25 per line per month per business customer for one path. For additional paths, the undersigned parties agree to pay $.50 per month per additional path per residential customer and $.50 per month per additional path per business customer, with no additional nonrecurring charge if the additional path is ordered at the same time as the first path. The undersigned parties further agree to pay a nonrecurring charge of $5.00 per order for multiple lines placed for single end user customers in a single exchange.

The temporary number portability charges listed above shall also apply whenever a GTEFL customer switches to an ALEC and changes his/her location within the same GTEFL central office. The same charges will apply when an ALEC customer switches to GTEFL and changes his/her location within the same ALEC central office.

For that terminating toll traffic ported to the ALEC which requires use of the GTEFL tandem switching, the access arrangement should be for GTEFL and the ALEC to bill the traffic in accordance with meet-point billing arrangements. However, GTEFL is currently not technically capable of providing this access arrangement because it is unable to identify or provide the necessary access records to permit the ALECs to bill the IXCs directly for terminating access to ported numbers. The parties agree to work cooperatively to develop a mutually agreed upon surrogate method to approximate the access minutes, and a settlement process which permits the ALEC to recover those access revenues due to it as a co-provider of access services to IXCs. During the interim, until a surrogate can be mutually developed by the parties, GTEFL will bill the IXC full terminating switched access charges and remit the local interconnection revenues to the ALEC. If a GTEFL intraLATA call is delivered to the ALEC, GTEFL will pay the ALEC terminating access rates. The arrangement described in this paragraph shall work on a reciprocal basis.

E. Resolution of Disputes

The undersigned parties agree that if any dispute arises as to the interpretation of any provision of this Agreement or as to the proper implementation of any of the matters agreed to in this Agreement, the parties will petition the Commission for a

resolution of the dispute. However, each undersigned party reserves any rights it may have to seek judicial review of any ruling made by the Commission concerning this Agreement.

F. Duration

This Agreement is effective as of January 1, 1996, and remains in effect until each of the matters and issues addressed herein has been implemented or resolved as contemplated by the undersigned parties or as modified by mutual consent of the parties. This Agreement shall still remain in effect for the undersigned parties in the event that the Commission orders GTEFL to impose different rates for other ALECs or carriers.

G. Representations

Each person signing this Agreement represents that he or she has the requisite authority to bind the party on whose behalf the person is signing. By signing this Agreement, each undersigned party represents that it agrees to each of the stipulations and agreements set forth herein. In the event there are parties to the aforementioned dockets that do not sign this Agreement, the comprehensive resolution of the issues set forth in this Agreement shall, nonetheless, be binding upon the undersigned parties. The parties further request the opening of a separate docket in the Commission's effort to satisfy the Legislature's mandate to research the issue of a permanent US/COLR mechanism and recommend what the Commission determines to be a reasonable and fair mechanism for providing to the greatest number of customers basic local exchange telecommunications service at an affordable price.

H. Limitation of Use

The undersigned parties understand and agree that this Agreement was entered into to resolve issues and matters which are unique to the State of Florida. The undersigned parties further agree that this Agreement was the result of compromise and negotiation and was entered in order to avoid the expense and uncertainty of trying and appealing these issues before the Commission and the Courts. The undersigned parties therefore agree that none of the agreements and stipulations contained herein shall be proffered by an undersigned party or any of its affiliates in this or any other jurisdiction as evidence of any concession or as a waiver of any position taken by another undersigned party or affiliate in that jurisdiction or for any other purpose.

I. Waivers

Any failure by any undersigned party to insist upon the strict performance by any other entity of any of the provisions of this Agreement shall not be deemed a waiver of any of the provisions of this Agreement, and each undersigned party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Agreement.

J. Indemnity

The undersigned ALECs agree to forever indemnify and hold harmless GTEFL, its affiliates and any third-party provider or operator of facilities involved in the provision of services under this Agreement (collectively, the "Indemnified Parties") from and against any and all damages, losses, claims, actions, liabilities, demands, charges, suits, penalties, assessments or payments which any ALEC end user may assert against an

Indemnified Party arising out of or relating to the services provided in this Agreement. The ALEC shall further indemnify and hold harmless each Indemnified Party from and against any and all damages, losses, claims, actions, liabilities, demands, charges, suits, penalties, assessments or payments which any Indemnified Party may incur or which any Indemnified Party may be subjected to, arising out of, or otherwise based upon, actual or alleged defamation, libel, slander, interference with or misappropriation of any contract, proprietary or creative right or any other injury to any person or property arising out of the content transmitted by the ALEC or an end user, or any other act or omission of the ALEC or an end user. Any such indemnification shall include all costs and expenses (including, but not limited to, court costs and attorneys' fees).

K. Limitation of Liability

GTEFL's liability, whether in contract, tort or otherwise, under this Agreement shall be strictly limited in accordance with the limitation of liability provisions of its existing access tariff (attached hereto as Attachment F), regardless of whether the rates, terms and conditions of this Agreement are tariffed by GTEFL. Under no circumstance shall GTEFL be responsible or liable for indirect, incidental, or consequential damages to anyone resulting from this Agreement or from any failure on the part of GTEFL to perform under this agreement. Further, except as specifically provided in this Agreement and related tariffs, GTEFL makes no representations or warranties concerning the specific quality of any services provided under this Agreement. GTEFL disclaims, without limitation, any warranty or guarantee of merchantability or fitness for a particular

purpose, arising from course of performance, course of dealing, or from usages of trade.

L. Governing Law

This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Florida, without regard to its conflict of laws principles.

M. Purposes

The undersigned parties acknowledge that this Agreement is being entered into for the purposes of allowing the introduction of local exchange competition; complying with the requirements of Florida Chapter Law 95-403 with respect to negotiating the matters at issue under that Act; and in order to avoid the expense and uncertainty inherent in resolving the matters at issue in Docket No. 950696-TP. Neither this Agreement nor any action taken to reach, effectuate or further this Agreement may be construed as, or may be used as an admission by or against any party. Entering into or carrying out this Agreement or any negotiations or proceedings related thereto, shall not in any event be construed as, or deemed to be evidence of, an admission or concession by any of the undersigned parties, or to be a waiver of any applicable claim or defense, otherwise available, nor does it indicate that any party other than GTEFL believes that a universal service "subsidy" exists or is necessary.

N. Arm's Length Negotiations

This Agreement was executed after arm's length negotiations between the undersigned parties and reflects the conclusion of the undersigned that this Agreement is in the best interests of all the undersigned parties.

O. Joint Drafting

The undersigned parties participated in the drafting of this Agreement and, therefore, the terms of this Agreement are not intended to be constructed against any undersigned party by virtue of draftsmanship.

P. Single Instrument

This Agreement may be executed in several counterparts, each of which, when executed, shall constitute an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, this Agreement has been executed as of the 26th day of January, 1996, by the undersigned representatives for the parties hereto.

Florida Cable Telecommunications Association, Inc.

By: _____
Authorized Representative

GTE Florida Incorporated

By: _____
Authorized Representative

Intermedia Communications Inc.

By: _____
Authorized Representative

Time Warner AXS/Digital Media Partners

By: _____
Authorized Representative

MCI Metro

By: _____
Authorized Representative

ATTACHMENT A

GTE FLORIDA SWITCHED ACCESS RATE ELEMENTS AND RATE LEVELS AS OF JANUARY 1, 1996

Rate Elements	Rate Levels[3] as of January 1, 1996
Transport[1]	
DS1 Local Channel - Entrance Facility[2]	$.0012037
Switched Common Transport per minute of use per mile	$.0000135
Facilities Termination per MOU	$.0002688
Access Tandem Switching	$.0007500
Local Switching	$.0089000
	$.0111360

[1] Assumptions:
- Tandem Connection with Common Transport
- No Collocation
- DS1 local channel @ 9000 minutes per month and 24 voice grade equivalents
- Zone 1 charges (Zones 2 and 3 rates are as contained in GTEFL's intrastate access service tariff)

[2] Rate shown for first system. Rate for additional system is $.0006019. Total rate would be $.0105342.

[3] Rate levels shown in this example will vary based upon purchaser's requirements for specific network arrangements.

ATTACHMENT B

EXAMPLE OF "5% CAP"

Case 1:

GTEFL terminates 10,000 min. to ALEC X	ALEC X bills GTEFL for 10,000 min.
ALEC X terminates 15,000 min. to GTEFL	GTEFL bills ALEC X for 10,500 min (10,000 + 5%)

Case 2:

GTEFL terminates 15,000 min. to ALEC X	ALEC X bills GTEFL for 10,500 min (10,000 + 5%)
ALEC X terminates 10,000 min. to GTEFL	GTEFL bills ALEC X for 10,000 min.

Case 3:

GTEFL terminates zero min. to ALEC X	ALEC X bills GTEFL zero
ALEC X terminates 10,000 min. to GTEFL	GTEFL bills ALEC X zero

Case 4:

GTEFL terminates 10,000 min. to ALEC X	ALEC X bills GTEFL zero
ALEC X terminates zero min. to GTEFL	GTEFL bills ALEC X zero

Case 5:

GTEFL terminates 10,000 min. to ALEC X	ALEC X bills GTEFL for 10,000 min.
ALEC X terminates 10,200 min. to GTEFL	GTEFL bills ALEC X for 10,200 min. (difference is less than cap)

Case 6:

GTEFL terminates 10,200 min. to ALEC X	ALEC X bills GTEFL for 10,200 min. (difference is less than cap)
ALEC X terminates 10,000 min. to GTEFL	GTEFL bills ALEC X for 10,000 min.

Case 7:

GTEFL and ALEC X both terminate 10,000 min. to each other	ALEC X and GTEFL both bill each other 10,000 min.

ATTACHMENT C

GTE FLORIDA - INTRASTATE SWITCHED ACCESS

Rate Elements	Rates[3] as of January 1, 1996
Carrier Common Line	
Originating	$.0251000
Terminating	$.0382000
Transport[1]	
DS1 Local Channel - Entrance Facility[2]	$.0012037
Residual Interconnection	$.0134362
Switched Common Transport per minute of use per mile	$.0000135
Facilities Termination per MOU	$.0002688
Access Tandem Switching	$.0007500
Local Switching 2	$.0089000

[1] Assumptions:
- Tandem Connection with Common Transport
- No Collocation
- DS1 local channel @ 9000 minutes per month and 24 voice grade equivalents
- Zone 1 (Zones 2 and 3 rates are as contained in GTEFL's intrastate access service tariff)

[2] Rate shown for first system. Rate for additional system is $.0006019.

[3] Rate levels shown in this example will vary based upon purchaser's requirements for specific network arrangements.

ATTACHMENT D

UNBUNDLED NETWORK FEATURES, FUNCTIONS AND CAPABILITIES

The parties to the Agreement have negotiated the following additional terms, conditions and prices relating to unbundled network features, functions and capabilities:

(1) Access to 911/E911 Emergency Network.

For E911 service, the ALEC will connect the necessary trunks to the appropriate E911 tandem, including the designated secondary tandem. If a municipality has converted to E911 service, the ALEC will forward 911 calls to the appropriate E911 primary tandem, along with ANI, based upon the current E911 end office-to-tandem homing arrangement as provided by GTEFL. If the primary tandem trunks are not available, the ALEC will alternate route the call to the designated secondary E911 tandem. If the secondary tandem trunks are not available, the ALEC will alternate route the call to the appropriate Traffic Operator Position System (TOPS) tandem.

In order to ensure the proper working of the system, along with accurate customer data, the ALEC will provide daily updates to the E911 data base. GTEFL will work cooperatively with the ALEC to define record layouts, media requirements, and procedures for this process.

In some instances GTEFL is responsible for maintenance of the E911 data base and is compensated for performing these functions by either the municipality or the ALEC - for maintaining the ALEC's information. In no event, however, shall GTEFL be entitled to compensation from both parties for the same function.

(2) Directory Listings and Directory Distribution.

GTEFL will include the ALECs' customers' primary listings in the white page (residence and business listings) and yellow page (business listings) directories, as well as the directory assistance data base, as long as the ALECs provide information to GTEFL in a manner compatible with GTEFL's operational systems. GTEFL will not charge the ALECs to (a) print their customers' primary listings in the white pages and yellow page directories; (b) distribute directory books to their customers; (c) recycle their customers' directory books; and (d) maintain the Directory Assistance data base. GTEFL will work cooperatively with the ALECs on issues concerning lead time, timeliness, format, and content of listing information.

(3) IntraLATA 800 Traffic.

GTEFL will compensate ALECs for the origination of 800 traffic terminated to GTEFL pursuant to the ALECs' originating switched access charges, including the data base query. The ALECs will provide to GTEFL the appropriate records necessary for GTEFL to bill their customers. The records will be provided in a standard ASR/EMR format for a fee of $0.015 per record. At such time as an ALEC elects to provide 800 services, the ALEC will reciprocate this arrangement. Should GTEFL be permitted to provide interLATA 800 services prior to the expiration of this Agreement, GTEFL will be responsible for compensating the ALEC for the origination of such traffic as well on the same terms and conditions as described above.

(4) Number Resource Administration.

GTEFL agrees to work with any ALEC which makes a request and assist the ALEC in obtaining RAO codes from a regional bell operating company and any other billing and accounting codes necessary for the provision of local telephone numbers within GTEFL's jurisdiction.

(5) Busy Line Verification/Emergency Interrupt Services.

GTEFL and the ALECs shall mutually provide each other busy line verification and emergency interrupt services pursuant to tariff.

(6) Network Design and Management.

GTEFL and the ALECs will work cooperatively to install and maintain reliable interconnected telecommunications networks. A cooperative effort will include, but not be limited to, the exchange of appropriate information concerning network changes that impact services to the local service provider, maintenance contact numbers and escalation procedures. The interconnection of all networks will be based upon accepted industry/national guidelines for transmission standards and traffic blocking criteria. GTEFL and the ALECs will work cooperatively to apply sound network management principles by invoking appropriate network management controls, i.e., call gapping, to alleviate or prevent network congestion. It is GTEFL's intention not to charge rearrangement, reconfiguration, disconnect, or other nonrecurring fees associated with the initial reconfiguration of each carrier's interconnection arrangements. However, each ALEC's interconnection reconfigurations will have to be considered individually as to the application of a charge.

(7) CLASS Interoperability.

GTEFL and the ALECs will provide LEC-to-LEC Common Channel Signalling (CCS) to one another, where available, in conjunction with all traffic in order to enable full interoperability of CLASS features and functions. All CCS signalling parameters will be provided including automatic number identification (ANI), originating line information (OLI), calling party category, charge number, etc. All privacy indicators will be honored, and GTEFL and the ALECs will cooperate on the exchange of Transactional Capabilities Application Part (TCAP) messages to facilitate full interoperability of CCS-based features between their respective networks.

(8) Network Expansion.

For network expansion, GTEFL and the ALECs will review engineering requirements on a quarterly basis and establish forecasts for trunk utilization. New trunk groups will be implemented as dictated by engineering requirements for both GTEFL and the ALEC. GTEFL and the ALEC are required to provide each other the proper call information (i.e., originated call party number and destination call party number, CIC, OZZ, etc.) to enable each company to bill accordingly.

(9) Signaling.

In addition to CLASS interoperability, as discussed above, GTEFL will offer use of its signaling network on an unbundled basis at tariffed rates. Signaling functionality will be available with both A-link and B-link connectivity.

(10) Local Loop.

The price of a GTEFL unbundled local loop shall be the same as the price set forth in GTEFL's Special Access Tariff.

ATTACHMENT E

STIPULATION AND AGREEMENT

Chapter 364.16(4), Florida Statutes, requires the Florida Public Service Commission to have a temporary service provider number portability mechanism in place on January 1, 1996. The statute further requires industry participants to form a number portability standards group by September 1, 1995 for the purpose of developing the appropriate costs, parameters, and standards for number portability. Negotiating the temporary number portability solution is one task that the group is to perform. This standards group was formed on July 26, 1995, and consists of the members listed on Attachment A to this agreement. If parties are unable to come to agreement on the temporary solution, the Florida Public Service Commission has reserved dates for an evidentiary proceeding under Chapter 120.57, Florida Statutes.

As a result of workshops held by the members of the standards group, an agreement has been reached as to the methods of providing temporary number portability. This Stipulation is entered into by and between the undersigned parties to Docket No. 950737-TP, Investigation into a Temporary Local Telephone Number Portability Solution to Implement Competition in Local Exchange Markets.

The parties agree that Chapter 364.16(4), Florida Statutes, requires a service provider temporary number portability solution. Service provider number portability allows an end user at a given location to change service from a local exchange

company (LEC) to an alternative local exchange company (ALEC) or vice versa, or between two ALECs, without changing local telephone numbers.

The parties further agree that a temporary service provider number portability mechanism that can be implemented in most LEC central offices at the present time is Remote Call Forwarding. With Remote Call Forwarding, a call to the old telephone number is first sent to the switch of the former local service provider, and then forwarded (ported) to the switch of the new local service provider. This is a temporary mechanism that can be implemented using existing switch and network technology. While remote call forwarding is not an appropriate solution to the issue of permanent number portability, the parties agree that it can be used as a temporary number portability mechanism.

The parties therefore agree that the LECs shall offer Remote Call Forwarding to certificated ALECs as a temporary number portability mechanism, effective January 1, 1996. Likewise, the parties agree that ALECs shall offer Remote Call Forwarding to LECs as a temporary number portability mechanism, effective on the date they begin to provide local exchange telephone service. All parties agree that the provision of reliable end user access to emergency services such as 911/E911 is necessary to protect the public health, safety and welfare. This stipulation is entered into with the understanding that Remote Call Forwarding does not provide technical impediments to the availability and reliable transfer of relevant information to 911/E911 systems.

All parties shall work together and with the 911 coordinators to successfully integrate the relevant ALEC information into the existing 911/E911 systems. The recurring price for Remote Call Forwarding will be on a per-line per-month basis and will be uniform throughout an individual LEC's existing service territory. The price charged by an individual LEC for Remote Call Forwarding shall not be below the costs of that LEC to provide Remote Call Forwarding for purposes of providing temporary number portability. The price charged for Remote Call Forwarding offered by an ALEC will mirror the price charged by the LEC.

The parties recognize that there are other related compensation issues that are not addressed in this agreement, including compensation for termination of ported calls and the entitlement to terminating network access charges on ported calls. These items will be negotiated by the parties, or resolved by the Commission, as local interconnection issues under Chapter 364.162.

The parties further agree that Flexible Direct Inward Dialing is an alternative temporary number portability mechanism. With Flexible Direct Inward Dialing, the number is routed to the switch of the former local service provider, which translates it to look like a direct inward dialed call terminating in the switch of the new local exchange provider. The parties recognize that Flexible Direct Inward Dialing involves certain technical and administrative issues that have not yet been fully addressed.

The parties agree that the LECs will continue to negotiate with the ALECs who desire to utilize Flexible Direct Inward Dialing as a method of providing temporary number portability to resolve any technical and administrative issues and to establish the prices, terms and conditions upon which Flexible Direct Inward Dialing will be offered. In the event the parties are unable to satisfactorily negotiate the price, terms and conditions, either party may petition the Commission which shall, within 120 days after receipt of the petition and after opportunity for a hearing, determine whether Flexible Direct Inward Dialing is technically and economically feasible and, if so, set nondiscriminatory rates, terms and conditions for Flexible Direct Inward Dialing. The prices and rates shall not be below cost.

Nothing in this Stipulation shall preclude the use of other feasible options for temporary number portability that may be developed in the future.

The parties further agree that the work of the number portability standards group will continue, under Chapter 364.16(4), Florida Statutes, to investigate and develop a permanent number portability solution.

(SIGNATURES BEGIN ON FOLLOWING PAGE)

IN WITNESS WHEREOF, the parties have executed this Stipulation and Agreement as of the 30th day of August, 1995.

BELLSOUTH TELECOMMUNICATIONS, INC.
D/B/A SOUTHERN BELL TELEPHONE AND
TELEGRAPH COMPANY

By: Nancy H. Sims

GENERAL TELEPHONE COMPANY OF FLORIDA, INC.

By: _____

SPRINT/UNITED TELEPHONE COMPANY OF FLORIDA

By: _____

SPRINT/CENTRAL TELEPHONE COMPANY OF FLORIDA

By: _____

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC.

By: _____

MCI METRO ACCESS TRANSMISSION SERVICES, INC.

By: Rico O. Mas

IN WITNESS WHEREOF, the parties have executed this Stipulation and Agreement as of the 30th day of August, 1995.

BELLSOUTH TELECOMMUNICATIONS, INC. D/B/A SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY

By:_____

GENERAL TELEPHONE COMPANY OF FLORIDA, INC.

By:_____

SPRINT/UNITED TELEPHONE COMPANY OF FLORIDA

By:_____

SPRINT/CENTRAL TELEPHONE COMPANY OF FLORIDA

By:_____

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC.

By:_____

MCI METRO ACCESS TRANSMISSION SERVICES, INC.

By:_____

0000034

IN WITNESS WHEREOF, the parties have executed this Stipulation and Agreement as of the 30th day of August, 1995.

BELLSOUTH TELECOMMUNICATIONS, INC. D/B/A SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY

By: _____

GENERAL TELEPHONE COMPANY OF FLORIDA, INC.

By: _____

SPRINT/UNITED TELEPHONE COMPANY OF FLORIDA

By: F.B. Poag

SPRINT/CENTRAL TELEPHONE COMPANY OF FLORIDA

By: F.B. Poag

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC.

By: _____

MCI METRO ACCESS TRANSMISSION SERVICES, INC.

By: _____

IN WITNESS WHEREOF, the parties have executed this Stipulation and Agreement as of the 30th day of August, 1995.

BELLSOUTH TELECOMMUNICATIONS, INC. D/B/A SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY

By:_____

GENERAL TELEPHONE COMPANY OF FLORIDA, INC.

By:_____

SPRINT/UNITED TELEPHONE COMPANY OF FLORIDA

By:_____

SPRINT/CENTRAL TELEPHONE COMPANY OF FLORIDA

By:_____

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC.

By:_____

MCI METRO ACCESS TRANSMISSION SERVICES, INC.

By:_____

TIME WARNER AxS

By: _____

DIGITAL MEDIA PARTNERS

By: _____

FLORIDA CABLE TELECOMMUNICATIONS ASSOCIATION, INC.

By: _____

AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC.

By: _____

FLORIDA PUBLIC TELECOMMUNICATIONS ASSOCIATION

By: _____

INTERMEDIA COMMUNICATIONS OF FLORIDA, INC.

By: _____

SPRINT COMMUNICATIONS COMPANY, LIMITED PARTNERSHIP

By: _____

TIME WARNER AxS

By: _____

DIGITAL MEDIA PARTNERS

By: _____

FLORIDA CABLE TELECOMMUNICATIONS ASSOCIATION, INC.

By: _____

AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC.

By: _____

FLORIDA PUBLIC TELECOMMUNICATIONS ASSOCIATION

By: _____

INTERMEDIA COMMUNICATIONS OF FLORIDA, INC.

By: Patricia A. Kuhl

SPRINT COMMUNICATIONS COMPANY, LIMITED PARTNERSHIP

By: _____

TIME WARNER AxS

By:_____

DIGITAL MEDIA PARTNERS

By:_____

FLORIDA CABLE TELECOMMUNICATIONS ASSOCIATION, INC.

By:_____

AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC.

By:_____

FLORIDA PUBLIC TELECOMMUNICATIONS ASSOCIATION

By:_____

INTERMEDIA COMMUNICATIONS OF FLORIDA, INC.

By:_____

SPRINT COMMUNICATIONS COMPANY, LIMITED PARTNERSHIP

By: Tony H. Key

MCCAW COMMUNICATIONS OF FLORIDA, INC.

By: _____

2. GENERAL REGULATIONS (T)

2.1 Undertaking of the Telephone Company

2.1.1 Scope

(A) (Reserved for Future Use)

(B) The Telephone Company does not undertake to transmit calls or offer a telecommunications service under this tariff.

(C) The Telephone Company shall be responsible only for the installation, operation, and maintenance of the services which it provides.

(D) The Telephone Company will, for maintenance purposes, test its FIA only to the extent necessary to detect and/or clear troubles. Testing beyond normal parameters will be done as described in Section 6 following.

(E) FIA are provided twenty-four hours daily, seven days per week.

(F) The Company has the authority to disconnect the end user's service for nonpayment of the IC charges billed to the End User by the Company.

2.1.2 Limitations

(A) The customer may not assign or transfer the use of FIA provided under this tariff except that, where there is no interruption of use or relocation of the FIA, such assignment or transfer may be made to:

(1) another customer, whether an individual, partnership, association or corporation, provided the assignee or transferee assumes all outstanding indebtedness for such FIA, and the unexpired portion of the minimum period and the termination liability applicable to such FIA, if any; or

(2) a court appointed receiver, trustee or other person acting pursuant to law in bankruptcy, receivership, reorganization, insolvency, liquidation or other similar proceedings, provided the assignee or transferee assumes the unexpired portion of the minimum period and the termination liability applicable to such FIA, if any.

In all cases of assignment or transfer, the written acknowledgment of the Telephone Company is required prior to such assignment or transfer which acknowledgment shall be made within 15 days from the receipt of notification. All regulations and conditions contained in this tariff shall apply to such assignee or transferee.

The assignment or transfer of FIA does not relieve or discharge the assignor or transferor from remaining jointly or severally liable with the assignee or transferee for any obligations existing at the time of the assignment or transfer.

(B) The emergency provisioning and restoration of FIA shall be in accordance with Part 64, Subpart D, Paragraph 64.401, of the FCC's Rules and Regulations, which specifies the priority system for such activities. Section 13.4 describes the service arrangement.

(C) (Reserved for Future Use)

(D) The Telephone Company does not warrant that its facilities and services meet standards other than those set forth in this tariff.

2.1.3 Liability (N)

(A) The Telephone Company's liability, if any, for willful misconduct is not limited by this tariff. With respect to any other claim or suit by a customer for damages associated with the installation, provision, termination, maintenance, repair or restoration of FIA, and subject to the provisions of (B) through (J) following, the Telephone Company's liability, if any, shall not exceed an amount equal to the proportionate charge for the FIA for the period during which the provision of FIA was affected. This liability for damages shall be in addition to any amounts that may otherwise be due the customer under this tariff as a credit allowance for a provision of FIA interruption. (T)(N)

Certain material on this page formerly appeared on Page 2.

2.1 Undertaking of the Telephone Company (Continued)

2.1.3 Liability (Continued)

(B) The Telephone Company shall not be liable for any act or omission of any other carrier or customer providing a portion of a service, nor shall the Telephone Company, for its own act or omission, hold liable any other carrier or customer providing a portion of a service.

(C) (Reserved for Future Use)

(D) The Telephone Company shall be indemnified, defended and held harmless by the IC or end user against any claim, loss or damage arising from the use of FIA offered under this tariff. The foregoing indemnity shall issue on the IC or the end user separately, each being responsible for its own acts and omissions, involving:

(1) Claims for libel, slander, invasion of privacy, or infringement of copyright arising from any communications;

(2) Claims for patent infringement arising from combining or using the FIA furnished by the Telephone Company in connection with facilities or equipment furnished by the IC or end user; or

(3) All other claims arising out of any act or omission of the IC or end user in the course of using FIA provided pursuant to this tariff.

(E) The Telephone Company does not guarantee or make any warranty with respect to its FIA when used in an explosive atmosphere. The Telephone Company shall be indemnified, defended and held harmless by the IC or end user from any and all claims by any person relating to the FIA so provided. The foregoing indemnity shall issue on the IC or the end user separately, each being responsible for its own acts and omissions.

(F) Except in the case of willful misconduct, under no circumstances whatever shall the Telephone Company be liable for indirect, incidental, special or consequential damages; and this disclaimer shall be effective notwithstanding any other provisions hereof.

(G) No license under patents is granted by the Telephone Company to the customer or shall be implied or arise by estoppel in the customer's favor with respect to any circuit, apparatus, system or method used by the customer in connection with FIA provided under this tariff. With respect to claims of patent infringement made by third persons, the Telephone Company will defend, indemnify, protect and save harmless the customer from and against all claims arising out of the use by the customer of FIA provided under this tariff.

(H) The Telephone Company's failure to provide or maintain FIA under this tariff shall be excused by labor difficulties, governmental orders, civil commotions, acts of God and other circumstances beyond the Telephone Company's reasonable control, subject to the interruption allowance provisions of following. (T)

(I) The Telephone Company shall reimburse the customer for damages to premises or equipment of the customer resulting from the provision of FIA by the Telephone Company on such premises, or by the installation or removal thereof, caused by the negligence or willful act of the Telephone Company. (N) (N)

(J) Should any federal, state or local jurisdiction determine that sales, use, gross receipts or any other taxes (including interest, penalties and surcharges thereon) are due by the Company as a result of the Company's purchase of accounts receivable, the Company will advise the customer and the customer shall be liable for any such tax, interest, penalties and surcharge, and the customer shall immediately reimburse the Company the amount of such tax, interest, penalties and surcharge paid by the Company. If the customer disagrees with the Company's determination that any taxes are due by the Company or disagrees with an assessment of any tax, penalty, surcharge and interest due by the Company as a result of the Company's purchase of accounts receivable, the customer shall, at its option and expense (including immediate payments of any such assessment), have the right to seek a ruling as to the inapplicability of any such tax or to protest any assessment and participate in any legal challenge to such assessment, but shall be liable for any tax, penalty, surcharge and interest ultimately determined to be due. (T)(N) (T)(N)

Certain material on this page formerly appeared on Page 3.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that copies of GTE Florida Incorporated's Notice of Service of Responses to Staff's Second Request for Production of Documents in Docket No. 950985-TP were sent via U.S. mail on February 26, 1996 to the parties on the attached list.

Anthony P. Gillman

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Greg Krasovsky*
Commerce & Economic Oppor.
Room 426 Senate Office Building
Tallahassee, FL 32399

EXHIBIT NO. _____

DOCKET NO: 950985-TP

WITNESS: BEVERLY Y. MENARD

PARTY: GTEFL

DESCRIPTION: CONFIDENTIAL

GTEFL'S RESPONSES TO STAFF'S 2ND REQUEST FOR PRODUCTION OF DOCUMENTS NOS. 7.

(REDACTED COPY NOT PROVIDED BECAUSE TOO VOLUMINOUS)

PROFFERING PARTY: STAFF

I.D. # BYM-4

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO 33
COMPANY/
WITNESS:
DATE 3/12/96

EXHIBIT NO. _____

DOCKET NO: 950985-TP

WITNESS: BEVERLY Y. MENARD

PARTY: GTEFL

DESCRIPTION:

GTEFL's RESPONSES TO MFS-FL's 1ST SET OF INTERROGATORIES Nos. 1-2, 5-49, 51-62, 65-79.

PROFFERING PARTY: STAFF

I.D. # BYM-5

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO. 34
COMPANY/
WITNESS:
DATE 3/12/96

ANSWERS AND SPECIFIC OBJECTIONS

1) What is GTE's average revenue per minute for intrastate Feature Group D access for each of the following types of calls (note: if specific revenue figures for Feature Group D are not available, then provide revenue per minute for all switched access services):

a. intraLATA access in each LATA?

Response:

Intrastate intraLATA access -- $0.0559

b. interLATA access in each LATA?

Response:

Intrastate interLATA access -- 0.0629

2) Does GTE currently utilize different tandem switching systems in Florida for local traffic than for switched access traffic? If the answer to this question is affirmative, then respond to the following:

Response:

Yes.

a. Does GTE currently provide any other common carriers with interconnection to its local tandem switches?

Response:

No, GTEFL does not currently provide any other common carriers with interconnection to its local tandem switches.

b. If so, which common carriers are provided such interconnection and under what rates, terms, and conditions?

Response:

Not applicable.

3) Will billing be required for local calls as between local exchange carriers ("LECs") and alternative local exchange carriers ("ALECs") under a system of bill and keep?

Response:

Under bill and keep, billing would not be required for local calls. However, billing would be required for toll calls.

4) If the capability exists to measure terminating local exchange traffic, and bill and keep were implemented today, would GTE and other carriers have the ability to distinguish between local and other types of calls?

Response:

No, since ANI is not passed with the call, the capability to determine the jurisdiction of terminating traffic is not available.

5) When did GTE file its last cost study with the Florida Public Service Commission? Please provide this cost study.

Response:

GTEFL objects to this question because it is vague, overly broad, unduly burdensome, and not relevant to any issue in this docket or calculated to lead to the discovery of admissible evidence. It does not specify the nature of the cost study requested. Notwithstanding this objection, GTEFL responds that its

last cost study was filed with the Florida Public Service Commission on October 11, 1995 in docket No. 950737-TP, Investigation into temporary local telephone number portability solution to implement competition in local exchange telephone markets. This cost study has been provided to MFS.

6) Please fully describe GTE's currently approved copy study methodology.

Response:

The uniform cost methodology for local exchange companies, established by the FPSC in Docket No. 900633-TL, Order No. 24910, is used by GTEFL in conducting incremental cost studies for services offered by GTEFL. The cost studies are done in compliance with FPSC Rule 25-4.046, F.A.C.

7) With regard to the costs referred to in question 5 above:

a. Please show the long run incremental cost, or other cost calculations developed, of carrier switched access for the originating end of the call, the terminating end of the call and for a call switched on both ends.

Response:

See GTEFL's response to Interrogatory No. 5.

b. Please provide the long run incremental cost, or if long run incremental costs are not calculated, other costs in Interrogatory 7(a) above desegregated by rate elements to the degree those costs were developed separately, e.g., the cost of switching and transport.

Response:

See GTEFL's response to Interrogatory No. 5.

8) Does GTE have separate business units that are responsible for publishing the White and Yellow Page directories?

Response:

Yes.

a. Please describe the relationship of the White and Yellow Page business unit(s) to the rest of the company.

Response:

Publishing of the directories for GTE's telephone operating companies is handled by the GTE subsidiary, GTE Directories Corporation (GTEDC).

b. Does GTE, as a local exchange carrier, pay the White and/or Yellow Page business unit(s) for placing information in the informational pages of the White and Yellow Page directories?

Response:

The terms of the publishing agreement between GTE Telops and GTEDC enable Telops to place information in the first 32 cover pages of the directory at no charge. Costs for pages in excess of that number would be billed to the Company.

c. If the answer to 8(b) above is yes, would GTE be willing to offer ALECs space in the informational pages of its White and Yellow Page directories at those same rates? Please describe fully GTE's position with regard to this matter.

Response:

GTE will list, at no charge, all ALECs alphabetically in the Information Pages. The ALEC listings will consist of critical customer contact numbers (e.g. business office; repair service; and billing).

9) What is the percentage of two way vs. one way GTE trunks used to transport carrier switched access traffic in Florida?

Response:

GTEFL objects to this question because it seeks information that is not relevant to any issue in this proceeding and not calculated to lead to the discovery of any admissible evidence. Without waiving this objection, GTEFL responds that, as of February 14, 1996, 91.5% of the switched access trunks are two-way and 8.5% of the trunks are one-way.

10) How many one-way trunks does GTE currently have engineered that carry voice and data traffic between GTE offices and other service provider offices (local and interexchange carrier ("IXC")) in Florida?

Response:

GTEFL objects to this question because it seeks information that is not relevant to any issue in this proceeding and not calculated to lead to the discovery of any admissible evidence. Without waiving this objection, GTEFL responds that, as of February 14, 1996, there are 5,694 one-way trunks.

11) How many two-way trunks does GTE currently have engineered that carry voice and data traffic between GTE offices and other service provider offices (local and IXC)?

Response:

GTEFL objects to this question because it seeks information that is not relevant to any issue in this proceeding and not calculated to lead to the discovery of any admissible evidence. Without waiving this objection, GTEFL responds that, as of February 14, 1996, there are 61,314 two-way trunks.

12) Does the separate business unit referred to in question 8 charge GTE for residence and business listings for telephone directories, directory databases and E911 data bases?

Response:

No, GTEDC does not charge GTE for residence and business listings for telephone directories. GTEDC is not involved with GTEFL's E911 databases or directory assistance databases.

a. If so, what are the non-recurring and recurring charges?

Response:

Not applicable.

b. Does the separate business unit referred to in question 8 compensate GTE for GTE customer information, for residence and business listings, or for directory or E911 database updates?

Response:

See response to Interrogatory No. 12.

c. If so, describe the compensation arrangement. Please provide any agreements, contracts, quotes, etc.

Response:

See response to Interrogatory No. 12.

13) Is GTE willing to facilitate the listing of competitive local exchange carriers' end offices into the LERG? If the answer to this question is affirmative, then respond to the following:

Response:

GTEFL has facilitated LERG/BRADS input for the only ALEC to apply for codes so far. If given the proper information, GTEFL would continue to do so.

a. Does this include entering the competitive local exchange carriers' information into the Routing Data Base system (RDBS)?

Response:

Yes.

b. Please describe the specific actions GTE would take to facilitate such listings.

Response:

Upon receipt of all needed information, GTEFL would input data into RDBS as soon as possible.

c. Does any procedure exist by which a competitive local exchange carrier can cause its end office information to be entered in the RDBS and listed in the LERG without "facilitation" by GTE? If so, please describe this procedure.

Response:

The ALEC would have to contact BellCore and obtain authorization.

d. Please quantify the administrative costs that GTE expects to incur to perform this function.

Response:

$5,861.

14) Please state separately, for each GTE access tandem in Florida, and each other tandem (if any) identified in response to question 2, above, the following information:

a. The number of carriers other than GTE (including other local exchange carriers, commercial mobile radio service providers, interexchange carriers, and all other providers of intrastate, interstate, or foreign telecommunications services) that are connected to each tandem, either through purchase of GTE switched access services or through any other interconnection arrangement.

Response:

Access Tandem	No. Of Carriers
TAMPFLXA04T	84

Note: The above count is based on current information but, due to carriers constantly merging the above count may not be 100% accurate.

b. The number of distinct physical points of termination or points of interconnection associated with all of the carriers identified in (a) above.

Response:

Fifty-five (55).

15) Please provide the following information with respect to 911 emergency services:

a. Who is GTE's customer at present for Basic 911 service? For E911 service?

Response:

There are no Basic 911 customers for GTE in Florida. The E911 customers in Florida are the counties of Charlotte (partial), Hillsborough, Manatee, Pasco, Pinellas, Polk and Sarasota.

b. What rates and charges does GTE impose at present for Basic 911 service? For E911 service?

Response:

There are no Basic 911 rates and charges. The rates and charges for E911 service are provided in the GTE Florida General Services Tariff, Section A24 Emergency Reporting Service.

c. How is basic 911 service currently funded in Florida? Please include both the sources and amounts of any funds used to support this service, including both direct and indirect funding.

Response:

Not applicable.

d. How is E911 service currently funded in Florida? Please include both the sources and amounts of any funds used to support this service, including both direct and indirect funding.

Response:

E911 service is funded by the counties, in part, by 911 fees pursuant to Florida Statute section 365.171. Any additional funding sources would be at the counties' discretion and not necessarily known by GTE Florida. The 911 fees remitted by GTE Florida to the seven counties in 1995 totaled $8,855,320.

e. What are GTE's E911 costs?

Response:

GTEFL objects to this question because it seeks information which is not relevant to any issue in this proceeding or calculated to lead to the discovery of any admissible evidence. In addition, it asks for GTEFL's confidential, proprietary business information. Without waiving these objections, GTEFL responds that its E911 costs were provided to the Florida Public Service Commission as part of the tariff filing requirements for the initial Emergency Reporting Services Tariff issued September 12, 1986.

f. What is GTE's best estimate of the monthly cost of E911 per telephone number in the E911 database?

Response:

GTEFL objects to this question because it seeks information which is not relevant to any issue in this proceeding or calculated to lead to the discovery of any admissible evidence. In addition, it asks for confidential, proprietary business information that is embodied in contracts that are not publicly disclosed. Cost studies are underway for E911 database costs.

16) Please list all regulated services or rate elements offered by GTE in Florida for which the price is less than the marginal cost.

Response:

GTEFL performs no marginal cost studies and so cannot answer this question.

17) Please provide copies of all studies prepared by or for GTE, whether or not previously filed with the Commission, relating to the marginal costs, or if marginal cost studies are unavailable, other cost basis, of any dial tone line services in Florida.

Response:

GTEFL performs no marginal cost studies. To the extent that other types of cost studies exist, GTEFL objects to this request because it seeks confidential, proprietary business information and because it is framed as a request for production of documents, rather than as an interrogatory. GTEFL has performed LRIC studies for residential and business services.

18) Has GTE performed or caused to be performed any studies of dial tone line marginal costs, or if marginal cost studies are unavailable, other cost studies, for a geographic area smaller than its entire service area within Florida? If so, please provide copies of all such studies.

Response:

No.

19) Will GTE provide to MFS-FL operators or to an MFS-FL designated operator bureau on-line access to GTE's directory assistance database identical to the type of access GTE's own directory assistance operators utilize in order to provide directory assistance services to GTE's end users?

Response:

This service is currently not available.

20) Will directory assistance service provided to MFS-FL be comparable in every way to the directory assistance service GTE makes available to its own end users?

Response:

The service will be comparable to the service provided to IXCs.

21) Is branding currently available with directory assistance?

Response:

Yes.

a. If not, when does GTE anticipate that branding will be available?

Response:

Not applicable.

b. Does GTE intend to charge ALECs for branding its own end user customers for GTE branding?

Response:

No.

22) a. What does a GTE customer pay for its initial yellow pages listing?

Response:

There is no charge to a GTE business customer for their initial yellow pages listing.

b. Will the initial yellow pages listing be provided to an ALEC customer at the same rate?

Response:

ALEC business customers will receive an initial yellow pages listing at no charge.

23) Provide all cost studies relating to GTE's provision of directory publishing and directory assistance services.

Response:

GTEFL objects to this request because it seeks information which is not relevant, not calculated to lead to the discovery of any admissible evidence, not in the possession or control of GTEFL, and which is confidential and proprietary.

24) State GTE's end user rates for a single dial tone line for residence and business customers, respectively.

Response:

Please refer to Section A3 of the General Services Tariff filed with the Florida Public Service Commission.

25) Does GTE offer volume discounts to subscribers of its local usage services?

Response:

No.

a. If yes, provide the terms and conditions of any discount plans.

Response:

Not applicable.

b. State GTE's average retail local usage charge per terminating minute under any discount plans.

Response:

Not applicable.

26) If the answer to MFS-FL Interrogatory No. 2 (first set) is affirmative, has GTE computed the marginal cost of tandem switching and common transport for, or if marginal cost studies are unavailable other cost basis, calls routed through local tandem switches separately from the marginal or other costs for calls routed through access tandem switches? If so, please provide all cost studies containing this data.

Response:

No.

27) What percentage of GTE's total local calls (originating and terminating between GTE end user subscribers) are direct trunked between end offices?

a. What is the average transport distance (in miles) for these calls?

b. What is the marginal cost, or if marginal cost studies are unavailable other cost basis, of originating and terminating these calls? The marginal cost, or if marginal cost studies are unavailable other cost basis, of switching? The marginal cost, or if marginal cost studies are unavailable other cost basis, of transport?

Response:

GTEFL objects to this request because it seeks information that GTEFL does not routinely compile and which would be unduly burdensome to calculate. GTEFL does not record local calls for all customers. Further, GTEFL does not perform any marginal cost studies, nor does it have any other types of cost studies that would allow it to respond to this question.

28) What percentage of GTE's total local calls (originating and terminating between GTE end user subscribers) originate and terminate from the same end office switch?

a. What percentage originate and terminate from the same Serving Wire Center?

b. What is the average transport distance (in miles) for these calls?

c. What is the marginal cost, or if marginal cost studies are unavailable other cost basis, of originating and terminating these calls? The marginal cost, or if marginal cost studies are unavailable other cost basis, of switching? The marginal cost, or if marginal cost studies are unavailable other cost basis, of transport?

Response:

GTEFL objects to this request because it would require GTEFL to perform an analysis which is unduly burdensome. GTEFL does not routinely keep the type of data necessary to answer the question; local calls are not recorded for all customers. The Company does not perform marginal cost studies. Although a long-run incremental cost study exists, GTEFL objects to revealing information in that study because it is confidential, proprietary business information.

29) What percentage of GTE's total intraLATA calls (originating and terminating between GTE end user subscribers) are direct trunked between end offices?

a. What is the average transport distance (in miles) for these calls?

b. What is the marginal cost, or if marginal cost studies are unavailable other cost basis, of originating and terminating these calls. The marginal cost, or if marginal cost studies are unavailable other cost basis, of switching? The marginal cost, or if marginal cost studies are unavailable other cost basis, of transport?

Response:

GTEFL objects to this question because it would require the Company to perform an unduly burdensome analysis. GTEFL does not routinely compile the information needed for such an analysis. While intraLATA calls are recorded for billing, GTEFL does not gather data which would associate the calls with trunk groups or routes over which they are transmitted. Moreover, GTEFL does not perform marginal cost studies and has no other types of cost studies that would allow it to respond to this question.

30) What percentage of GTE's total intraLATA calls (originating and terminating between GTE end user subscribers) are routed through a single access tandem? Single Sector Tandem?

a. What is the average transport distance (in miles) for these calls?

b. What is the marginal cost, or if marginal cost studies are unavailable other cost basis, of originating and terminating these calls? The marginal cost, of if marginal cost studies are unavailable other cost basis, of switching? The marginal cost, or if marginal cost studies are unavailable other cost basis, of transport?

Response:

Please see GTEFL's objections to question 29, above. GTEFL does not compile the information needed to respond to this question. The request analysis would be unduly burdensome. In addition, GTEFL performs no marginal cost studies and has no other cost studies which would allow it to respond to this question.

31) What percentage of GTE's total intraLATA calls (originating and terminating between GTE end user subscribers) are routed through two or more access tandems/sector tandems?

a. What is the average transport distance (in miles) for these calls?

b. What is the marginal cost, or if marginal cost studies are unavailable other cost basis, of originating and terminating these calls? The marginal GTE cost, or if marginal cost studies are unavailable other cost basis, of switching? The marginal cost, or if marginal cost studies are unavailable other cost basis, of transport?

c. If so, what are the non-recurring charges? Please provide per element detail, including per page cost, and any contracts, agreements, quotes, etc.

Response:

None of these questions apply to GTEFL, because it has only one access tandem.

32) Who provides directory assistance service for GTE?

Response:

GTEFL.

a. What are the non-recurring and recurring charges billed to GTE for such service? Please provide per element detail, including per transaction cost, and any contracts, agreements, quotes, etc.

Response:

Not applicable.

b. Does the provider have on-line electronic access to GTE customer information for the provision of directory service?

Response:

Not applicable.

c. Does GTE provide computer tapes/media to the directory assistance provider?

Response:

Not applicable.

d. What are the charges, if any, for on-line data access or computer tape/media updates of the directory assistance data? Please provide per element detail, including per transaction cost, and any contracts, agreements, quotes, etc.

Response:

Not applicable.

33) Does the Public Service Answering Point (PSAP) operator compensate GTE for E911 updates?

Response:

Yes, the county 911 subscriber compensates GTE Florida for E911 database updates as part of Automatic Location Identification Service as provided in Section A24 of the General Services Tariff and in specific special assembly applications.

a. If so, describe the compensation arrangement. Please provide any agreements, contracts, quotes, etc.

Response:

GTEFL objects to this question because it seeks information which is not relevant to any issue in this proceeding or calculated to lead to the discovery of any admissible evidence. In addition, any compensation arrangements are confidential, proprietary business information. Finally, this request is framed, in part, as a request for production of documents, rather than as an interrogatory. The county is billed monthly in accordance with the tariff or special assembly arrangement.

34) How many end office, sector tandem, and access tandem switches does GTE operate in Florida?

Response:

GTE has 100 end offices (includes host and remote combinations) and 1 access tandem.

35) a. Does GTE have any plans to reduce the number of end office switches or serving wire centers?

Response:

No.

b. If so, why? Please provide any plans or schedules referring or relating to such reduction plans.

Response:

Not applicable.

36) What percentages of GTE's network is copper-based? What percentage is fiber-based?

Response:

93% of GTEFL's network is cooper-based. 7% is fiber-based.

a. For each of the following, please provide the percentage and number of lines that are copper-based vs. fiber based:

i. Inter-switch trunks
ii. End office to end user commercial buildings
iii. End office to end user residence dwelling units. Please provide a breakdown by single family and multi-unit dwellings.
iv. End office to end user businesses.
v. End office to end user residence customers.

Response:

GTEFL has no official information available in the manner requested.

b. Does GTE plan to replace its copper facilities with fiber optic facilities? Please provide any plans and schedules referring or relating to such replacement for each of the categories listed in subpart a.

Response:

GTEFL will, over time, replace copper based network with fiber where economic and appropriate.

GTEFL objects to this request because it seeks information which is not relevant to any issue in this proceeding, not calculated to lead to the discovery of any admissible evidence, and which is highly sensitive and confidential proprietary business information.

37) What local line and usage service does GTE offer?

a. Please provide a list and detailed description of each service.

Response:

Residence 1-party -- individual local access line

Rate options:
Flat rate service -- no charge for calls made in local calling area.

Message rate service -- lower basic monthly rate with a 30 call allowance and 10 cents applied for each call completed within the local calling area over 30.

Business 1-party -- individual local access line
Business w\rotary -- individual local access line
Pbx trunk -- Pbx local access line

Rate options:
Flat rate service -- no charge for calls made in local calling area.

Message rate service -- lower basic monthly rate with 10 cents applied for each call completed within the local calling area.

Other local service --

Extended Calling Service (ECS) -- provides local calling to exchanges outside a customer's normal local flat rate area to other specific exchanges.

Rate options:
Residence rate per call is 25 cents.

Business rate per call is 4 cents for the call connection and 6 cents for each minute of call duration.

b, Please provide GTE's average revenue per minute and cost per minute of use for each service listed.

Response:

GTEFL objects to this interrogatory on the grounds that it is not relevant to the subject of this docket, is unduly burdensome, is oppressive, is not reasonably calculated to lead to the discovery of admissible evidence and seeks highly sensitive competitive business information.

38) What are GTE's revenues and uncollectibles booked to the first and second level accounting classifications (e.g., Account 5010.1 and 5010.11)?

Response:

GTEFL objects to this question because it seeks information that is not relevant to any issue in this proceeding, not calculated to lead to the discovery of any admissible evidence, and which is highly sensitive competitive business information.

39) What are GTE's billed local conversation minutes for 1994? If available, these usage data should be specified in terms of business, residence and public telephone local usage as well as any other relevant classifications maintained by GTE in the ordinary course of business.

Response:

GTEFL objects to this interrogatory because it seeks information which is proprietary and confidential, and which would be unduly burdensome to compile as it is not maintained in the format requested.

40) Please describe the trunking protocol utilized in the two way trunking arrangements GTE has with independent telephone companies.

Response:

The trunk signalling protocol used is Multi-Frequency and Signalling System 7 (SS7).

41) Please describe how GTE divides local transport revenues with all other local telephone companies under its existing Meet Point Billing arrangements for the exchange of local traffic.

Response:

GTE Florida is the only LEC in the LATA. Therefore Meet Point Billing arrangements are not required with other local telephone companies for division of local transport revenues.

42) Please state, by month, from January 1994 to present, the following information regarding GTE's intrastate local exchange operations:

a. The total number of calls, separately stated by local exchange calls and intraLATA toll calls, for

   i. Business customers
   ii. Residential customers.

b. The average number of calls made in a month, separately stated by local exchange calls and intraLATA toll calls, for

   i. Business customers
   ii. Residential customers.

c. The average length of call, separately stated by local exchange calls and intraLATA toll calls, for

   i. Business customers
   ii. Residential customers.

d. The total minutes of use, separately stated by local exchange calls and intraLATA toll calls, for

   i. Business customers
   ii. Residential customers.

Response:

GTEFL objects to this interrogatory because it seeks information which is not relevant to any issue in this proceeding and not calculated to lead to the discovery of any admissible evidence. In addition, performing the requested analysis would be unduly burdensome; GTEFL does not maintain local calling data for all customers. While intraLATA calls are recorded for billing, the requested detail regarding business versus residence calling is not readily available. Finally, the request asks for confidential and proprietary business information.

43) Please state, by month, from January 1994 to present, the following information regarding GTE's local exchange operations:

a. The total number of business customers, separately stated by service type (i.e., flat rate service, measured rate service).

b. The total number of residence customers, separately stated by service type (i.e., flat rate service, measured rate service).

Response:

GTEFL objects to this interrogatory because it seeks information which is not relevant to any issue in this proceeding or calculated to lead to the discovery of admissible evidence. Moreover, the question asks for confidential, proprietary business information.

44) Does GTE determine its interstate toll access charges pursuant to Part 69 of the FCC's rules (47 CFR 69)? If not, please set forth the basis upon which GTE determines its interstate access charges.

Response:

Yes.

45) Does GTE determine its intrastate toll access charges in the same manner as it determines its interstate toll access charges?

Response:

No.

46) Do GTE's intrastate toll access charges include contribution?

Response:

Yes.

47) Please list by rate element all access (interconnection) charges that an ALEC would incur (per minute) in terminating a local exchange call to GTE under GTE's proposal and, for each such element:

Response:

The rate elements are shown in Exhibit BYM-1 of the direct testimony of Beverly Y. Menard.

a. Set forth the amount, if any, of contribution included in the charge, and

Response:

GTEFL objects to this question because it seeks confidential, proprietary business information.

b. Please list, separately, for residential and business customers, GTE's charge to its own end users to terminate a local exchange call.

Response:

See response to Interrogatory No. 37.

48) Please state whether or not GTE's residential dial tone line service is priced below marginal cost, or if marginal cost studies are unavailable other cost basis, and set forth, for such service:

a. GTE's rate; and

b. GTE's marginal cost, or if marginal cost studies are unavailable other cost basis.

Response:

GTEFL does not perform marginal cost studies. GTEFL's residential service is priced below LRIC cost.

a. Please refer to section A3 of GTEFL's General Services Tariff on file with the FPSC.

b. GTEFL's LRIC cost of residential service is $20.00

49) Please list all other services which GTE prices below their marginal cost, or if marginal cost studies are unavailable other cost basis, and for each such service provide:

a. The marginal cost, or if marginal cost studies are unavailable other cost basis, to GTE of such service; and

b. The price GTE charges for such service.

Response:

GTEFL does not perform marginal cost studies. GTEFL does not have any LRIC cost studies identified.

50) Please list the specifications for all physical means GTE has in place at present for measuring and billing interconnection charges that will be incurred in handling traffic between itself and the ALECs. If the company does not have such physical means in place at present, in the alternative, please provide a detailed list of what equipment will be required and provide estimates of the cost of purchase or lease, as well as installation, of such equipment.

Response:

GTE currently creates access records for trunk groups provisioned between itself and ALECs. These records are applicable for terminating usage from an ALEC and will be recorded at the first point of switching in GTE's network.

51) Please provide a list of network and other services (e.g., directory assistance) that currently utilize branding on behalf of GTE. Please indicate which of these operations have the capacity to provide branding to ALECs and which will require removal of branding. If there are technology developments proceeding to allow for greater capacity to provide branding, please indicate which operations will be affected and the relevant timetable for implementation.

Response:

GTEFL does provide branding for directory services.

52) a. What verification procedures does GTE propose to offer to ALECs with regard to updates to the E911 subscriber database?

Response:

GTE Florida proposes to offer a verification procedure that includes the matching of ALEC provided customer records with the address information contained in the county developed and approved Master Street Address Guide. Any mismatches will be returned to the ALEC for disposition. This is the same process as used for other LEC records.

b. Does GTE plan to offer ALECs access to the master street address guide?

Response:

Access to the Master Street Address Guide will only be available through the counties or with written county consent.

53) a. Does GTE propose to offer to ALECs toll and assist operator services in the instance where the ALEC has its own switches?

Response:

GTEFL is willing to negotiate with any ALEC for this type offering.

b. What arrangements does GTE have with other Florida LECs and ALECs with regard to the provision of these services? Please provide a copy of such contract or a written summary if the arrangement is oral.

Response:

None.

54) Does GTE include listings of customers of any other Florida LEC and/or ALEC in its white pages directories? Please describe the terms and conditions upon which it does so and please provide a copy of any contract.

Response:

GTE includes listings of other Florida LECs in their directories as required by PSC EAS regulatory guidelines.

55) What arrangement does GTE have with other Florida LECs or ALECs local exchange carriers with regard to the provision of directory assistance services? Please provide a copy of such contract or a written summary if the arrangement is oral.

Response:

GTEFL objects to this request because it seeks confidential, proprietary business information reflected in contracts that are not publicly disclosed. In addition, the question is framed, in part, as a request for production of documents, rather than as an interrogatory.

56) Please provide copies of all studies, not previously produced in this docket, that support GTE's mutual compensation recommendations.

Response:

GTEFL objects to this request because it is vague and overly broad, it seeks confidential, proprietary business information, and it is framed as a request for production of documents, rather than as an interrogatory.

57) Please provide copies of any studies that GTE has that address the issue of terminating traffic flow between GTE and potential ALECs, or between other incumbent LECs and new entrants to switched local exchange markets.

Response:

GTEFL has no such studies.

58) Please provide a list of the business units of GTE at present, including all affiliates of GTE operating in Florida, and indicate which of these units are regulated and which are not. If, for instance, an operation such as the yellow pages is considered a single business unit by the Company, please break out the regulated and unregulated aspects of any such operation. For the regulated units, please indicate the regulatory body or bodies with oversight responsibilities for that unit.

Response:

GTEFL objects to this request because it is not relevant to any issue in this proceeding or calculated to lead to the discovery of any admissible evidence.

59) Please provide copies of all interconnection agreements, not previously produced in this docket, that are currently in place between GTE and other carriers and competitors. If certain terms and conditions of interconnection between GTE and the other carrier or competitor are only subject to oral agreements, please provide a written summary of all such terms and conditions.

Response:

GTEFL objects to this request because it seeks confidential, proprietary business information reflected in contracts that are not publicly disclosed. In addition, it is framed as a request for production of documents, rather than as an interrogatory.

60) Please identify all categories of cost which the implementation of Remote Call Forwarding number portability as described in the number portability docket (Docket No. 950737-TP) would entail for GTE and produce any cost studies for each such category of cost.

Response:

GTEFL objects to this request because it seeks information (a cost study) that has already been provided to MFS; it would be unduly burdensome to require GTEFL to produce the same information again. Without waiving this objection, GTEFL responds that its cost categories include Getting Started, Call, Line Card, and Memory.

61) Please identify all third party providers of printed white page directories that are willing to provide such directories in Florida.

Response:

GTEFL does not have the identity of third party providers of printed white page directories that are willing to provide such directories in Florida.

62) Please identify all enhancements that GTE would have to make its directory assistance and operator service systems to enable third party access and provide any studies regarding the cost of any such enhancements.

Response:

GTEFL currently does not have this information.

63) Please define the word "contribution."

Response:

The term "contribution" is used to mean the difference between the price of a unit of service and the long run incremental cost (LRIC) of that unit.

64) Please define the term "marginal costs":

a. Please list the components of "marginal costs";

b. Please describe any differences between the term "marginal costs" and "long run incremental costs"; and

c. Please describe the extent, if any, to which "marginal costs" include contribution.

Response:

GTEFL does not use marginal costs.

65) Does GTE exchange local traffic with other LECs in Florida?

Response:

Yes. GTEFL exchanges local traffic with other LEC's in Extended Area Service (EAS) areas.

66) If the answer to question 65 if "yes", please provide all information regarding the following:

a. How is the local traffic physically exchanged between GTE and other Florida LECs?

Response:

Local Extended Area Service (EAS) traffic is routed over local trunks between GTEFL and Sprint/United.

b. What rate(s) does GTE charge other Florida LECs for terminating local traffic on GTE's network?

Response:

GTEFL does not charge other Florida LECs for terminating local Extended Area Service (EAS) traffic on its network at this time. However, as discussed in the Direct Testimony of Beverly Menard, these arrangements will be modified so LEC and ALEC arrangements will be compatible.

c. What rate(s) do other Florida LECs charge GTE for terminating local traffic on their respective networks?

Response:

Other Florida LECs do not charge GTE for terminating local EAS traffic on their respective networks.

d. What are the financial arrangements between GTE and other Florida LECs regarding the termination of local traffic that originates on one network and terminates on another network?

Response:

The originating company keeps the revenues.

67) Please provide any and all agreements between GTE and other Florida LECs regarding the exchange of local traffic. If no agreements are in writing, please state and describe, including a description of all terms and conditions, any oral or non-written agreements.

Response:

There are no agreements , written or otherwise, directly related to financial arrangements for the exchange of local traffic between GTE and other Florida LECs. Financial arrangements for exchange of local traffic in EAS areas is Bill and Keep at the present time. However, as noted in response to Interrogatory No. 66(b), these arrangements will be modified to be consistent with ALEC arrangements.

68) Please describe the current extent of the availability of geographic number portability in Florida.

Response:

A requesting customer who moves to a new location within the service area of his/her serving central office switch may generally keep his/her telephone number at no charge.

If the customer moves beyond the area served by his/her serving central office switch, a number change is normally required.

A customer can avoid a number change under these circumstances by

subscribing to a foreign exchange service or subscribing to remote call forwarding, both of which involve extra charges.

69) Please list all ALECs that, to GTE's knowledge, have identified local calling areas that are not identical to the local calling areas of GTE or another Florida LEC.

Response:

GTEFL objects to this request because the information sought is not within its possession or control and because it is not relevant to any issue in this proceeding or calculated to lead to the discovery of any admissible evidence.

70) Please provide any and all data in your possession, custody or control reflecting whether distribution of local and toll traffic was affected by a change in local calling area (i.e., When a local calling area was increased, did customers begin to make more calls to the exchanges that were previously toll, but now local? When a local calling area was decreased, did customers begin to make fewer calls to the exchanges that were previously local, but now toll?) such data should, to the extent available, cover a period extending from two years before the change in local calling area until two years after the change in local calling area.

Response:

GTEFL has conducted numerous traffic studies and customer ballots in conjunction with the EAS and ECS plans ordered in Florida. This is proprietary confidential business information which is covered by protective orders issued by this Commission. In addition, production of this extremely voluminous information would be unduly burdensome and oppressive. Finally, the information sought is not relevant to any issue in this proceeding and is not calculated to lead to the discovery of any admissible evidence.

71) Please state the number of white pages directories printed by GTE in the

most recent year for which information is available.

Response:

717,608 white page directories were printed by GTEDC in 1995.

72) Please provide the per-unit cost to GTE of producing white pages directories in the most recent year for which data is available.

Response:

GTEFL objects to this request because it seeks information which is not relevant to any issue in this proceeding or calculated to lead to the discovery of any admissible evidence. Moreover, any such information is not in the possession or control of GTEFL.

73) Please state whether GTE will concede that its per-unit cost of producing white pages directories would be at least twice as great if it were to produce only 100, instead of the number set forth in your answer to question 71. If your answer is other than an unqualified "yes," please explain.

Response:

See response to Interrogatory No. 72.

74) Please set forth GTE's average monthly revenues from providing access services, for the most recent period for which such data are available, for:

a. Residential customers and
b. Lifeline customers.

Response:

Assuming this request is addressing switched access, GTEFL can not readily determine the average monthly access revenues because there is no way to separate Lifeline customers from residential customers.

75) Please quantify GTE's costs for administering the assignment of NXX codes in Florida.

Response:

It cost GTE Florida about $5,861 to conduct the administration of putting in a new NXX code.

76) How does GTE recover the costs of administering the assignment of NXX codes in Florida currently? Please indicate whether the answer differs depending on the identity of the carrier to which an NXX code is assigned.

Response:

Prior to December 31, 1995, GTEFL charged cellular and paging customers $10,000 per NXX code. The current rate is $5,861. GTEFL does not charge other LECs.

The cost is recovered by services assigned to the code.

77) How does GTE propose to recover the costs of administering the assignment of NXX codes in the future?

Response:

There will be no charge for ALECs. See response to Interrogatory No. 76.

78) Will GTE afford to ALECs the same nondiscriminatory treatment it currently affords Florida LECs with respect to the assignment of NXX codes?

Response:

Yes.

79) **Please identify all LECs, ALECs, or other entities to whom GTE has assigned NXX codes within the past 10 years and state what compensation (if any) GTE received from each LEC.**

Response:

The rates for NXX codes were stated in response to question 76, above. The specific amount of compensation received from other entities is not relevant to any issue in this proceeding or calculated to lead to the discovery of any admissible evidence. Therefore, GTEFL objects to this question.

VERIFICATION

STATE OF FLORIDA)
) ss.
COUNTY OF HILLSBOROUGH)

BEFORE ME, the undersigned authority, personally appeared Beverly Y. Menard, who deposed and stated that the answers to the first set of interrogatories (Nos. 1-79) served on GTE Florida Incorporated by Metropolitan Fiber Systems of Florida on January 31, 1996 in Docket No. 950985-TP, were prepared at her request and she is informed that the responses contained therein are true and correct to the best of her information and belief.

DATED at Tampa, Florida, this 19th day of February, 1996.

Beverly Y. Menard
Beverly Y. Menard

Sworn to and subscribed before me this 19th day of February, 1996.

Teresa Ann Scobie
Notary Public
State of Florida

OFFICIAL NOTARY SEAL
TERESA ANN SCOBIE
NOTARY PUBLIC STATE OF FLORIDA
COMMISSION NO. CC396677
MY COMMISSION EXP. OCT. 21,1998

Name Typed or Printed/Commission No.

My Commission Expires:

UNITED/CENTEL
DOCKET NO. 950985-TP
REBUTTAL TESTIMONY
G. E. MICHAELSON

COMPOSITE EXHIBIT OF

GENE E. MICHAELSON

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO 35
COMPANY/
WITNESS: Michaelson
DATE: 3/12/96

DOCUMENT NUMBER-DATE
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UNITED/CENTEL
DOCKET NO. 950985-TP
G. E. MICHAELSON
EXHIBIT GEM-1
DOCUMENT 1

Example 1

Assumptions

Costs:

Basic service	$15/line/month
Custom calling	$1/line/month

Prices:

Basic service	$10/line/month
Custom calling	$10/line/month

Basic customers	1,000
Custom calling customers	1,000
Fixed costs	$4,000

Before imputation:

	Basic	Custom Calling	Total
Revenue	$10,000	$10,000	$20,000
Cost	15,000	1,000	16,000
Contribution	(5,000)	9,000	4,000
Fixed costs			4,000
Excess profits			0

After imputation:

	Basic	Custom Calling	Total
Revenue	$16,000	$ 4,000	$20,000
Cost	15,000	1,000	16,000
Contribution	1,000	3,000	4,000
Fixed costs			4,000
Excess profits			0

NOTE:
- Average customer bill is always $20
- Price of basic service goes up $6
- Price of custom calling goes down $6

UNITED/CENTEL
DOCKET NO. 950985-TP
G. E. MICHAELSON
EXHIBIT GEM-1
DOCUMENT 2

Example 2

Same assumptions except:

Custom calling customers: 500
Price of custom calling: $19

Before imputation:

	Basic	Custom Calling	Total
Revenue	$10,000	$ 9,500	$19,500
Cost	15,000	500	15,500
Contribution	(5,000)	9,000	4,000
Fixed costs			4,000
Excess profits			0

After imputation:

	Basic	Custom Calling	Total
Revenue	$16,000	$ 3,500	$19,500
Cost	15,000	500	15,500
Contribution	1,000	3,000	4,000
Fixed costs			4,000
Excess profits			0

NOTE:
- Average customer bill always $19.50
- Price of basic service goes up $6
- Price of custom calling goes down $12

Issue:
- Customer only taking basic service experiences 60% bill increase
- Customer taking basic service and custom calling experiences bill decrease from $29 to $23

DETERMINING RELEVANT COST

Gene E. Michaelson
Partner
Ernst & Young LLP Telecommunications Consulting

TeleStrategies
Pricing and Costing Strategies Conference
Washington, D.C. March 9-10, 1993

It is a pleasure to speak to you today about an area within the telecommunications industry which has assumed a prominent role in recent years—determining the relevant cost of a service. During the past three years, we have worked nearly full time completing cost of services studies, setting prices and preparing competitive product and service strategies for our clients throughout the U.S. and in several countries around the world. If my experience is any barometer, determining costs and prices for products and services is certainly becoming one of the areas deemed most important by local exchange carriers and other telecommunications carriers alike.

I will cover several main areas in my presentation. First, I will describe the most important issues and principles that companies should consider when completing cost studies. Then, I will present the general methodology Ernst & Young has used to complete dozens of long-run incremental and embedded direct cost studies of virtually every major service offered by local exchange carriers. And, lastly, I will provide my views as to how the information produced by these studies can be used by companies in their day-to-day operations and filings with regulatory commissions.

My presentation will be made from the point of view of a practitioner. The approach we have used to complete studies relies on many of the fine articles and books written by economists. Our task has been to apply the concepts and principles they describe using our knowledge of technology, costing techniques and telephone company operations. Consequently, my presentation will focus on how to complete cost studies, using these widely acknowledged and accepted concepts, and will not attempt to break new theoretical ground.

Definitions

Before describing the principles to be considered in preparing cost studies, it is important to define the terms I will use in my presentation.

I have adopted Rick Emmerson's definitions of incremental and fully distributed costs. These definitions can be found in the direct testimony he filed with the Florida Public Service Commission in connection with its current proceeding on cross-subsidy.[1] Both he and I are testifying in this proceeding later this week.

"**Marginal cost** most often is described as the forward-looking cost of producing *one more unit* of output or the cost saved by producing one less unit of output." Marginal costs are also referred to as **unit incremental costs**, and I will use these terms interchangeably throughout my presentation.

"The **total incremental cost** (or TIC) of a service includes the forward-looking (future) costs avoided or added by discontinuing or offering an *entire* service, holding constant the production levels of all other services produced by the firm."

"The **average incremental cost** (or AIC) of service is the TIC of a single service expressed per unit of output."

"**Fully distributed costs** (or FDC) are the embedded, final costs of services after allocating all the financial accounting costs of a firm to the services or categories of service produced by the firm; common costs and costs shared by groups of services are allocated in addition to the costs caused by each service. By nature, these allocations are arbitrary and are not based in cost causation. Moreover, fully distributed costs, unlike incremental costs, measure historical costs rather than forward-looking costs."

Major Issues and Principles

In order to build on these definitions, I will now discuss some of the important issues and principles which must be considered when preparing cost studies.

The first issue I will describe is really a bedrock principle that should be adhered to when determining service cost and is generally referred to as cost causation. While many people use this term,

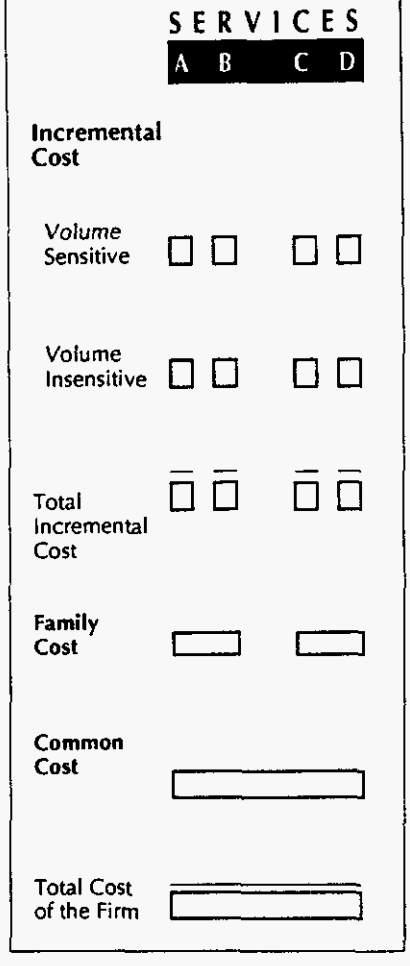
sometimes in different ways, its meaning to me is clear. Cost studies, whether they are incremental or historical in nature, must reflect only those costs that are incurred by providing the service. The fact that a service uses an asset is irrelevant when determining its cost if offering the service in question did not cause its purchase. A good example is the getting started cost of a central office switch. This cost, namely the processor and related investments, must be incurred to provide switched services in a given location but is not impacted by which services are offered in the area. In effect, it is a cost incurred to provide a group or family of services but not any individual service. Thus, even though customers of a service use it, the getting started cost of a switch is not included in the cost of that service, or of any service, since this investment cannot be causally related to providing it. It is caused by providing the family of switched services, such as residence, business and Centrex services just to name a few members of this family.

Additionally, the allocation of family or shared costs and costs that are common to the entire operations of the company to the embedded or incremental cost of a service in an attempt to produce a full distribution of a company's cost should not be attempted since such allocations are, by their very nature, arbitrary and yield distorted and meaningless results. After nearly three decades of debate on the issue of relevant costs, fully distributed costs, sometimes called FDC, have been widely discredited for use in developing a useful measure of product cost or to set prices. Incremental costs, family costs and common costs are depicted on **Exhibit 1**.

The second issue which must be considered is the manner in which the service is provided, both from the standpoint of its technical design and the equipment incorporated in this design. The incremental costs of network investments included in the preparation of long-run incremental cost studies are those that would be incurred by a company in the long run using the most efficient technology and network design. The studies are based on what will happen, not on what has happened in the past. However, the technology and network architecture assumptions used to complete the studies are not hypothetical in nature, since they should reflect the company's fundamental network plans and the manner in which it is currently expanding network capacity and providing service to new customers. Due to the rapid pace of technological change in the telecommunications industry, the network facilities used to provide services in the past, along with the related historical cost of these facilities, will be different than the facilities used in the incremental cost study, sometimes substantially so. Historical cost studies reflect the network designs utilized in the past and include costs which are embedded in the company's books.

The third issue concerns the proper methodology to be used to calculate the cost per unit of network capacity. When determining these costs, we generally incorporate what is known as the capacity cost theory. Most investments in the telecommunications network can be purchased only in large "lumps" of capacity, necessitating the study of costs for increments of demand larger than one unit. It has been rigorously demonstrated in the academic literature that the marginal or unit incremental cost of an investment can be closely approximated by completing a relatively simple calculation in which the annualized investment cost of the individual "lumps" of capacity is divided by the effective quantity of output made possible by that additional capacity. The capacity used in the calculation is stated in terms of the "effective" or "optimum" fill normally derived from the investment un-

Exhibit 1.



der normal operating conditions.

While I leave more detailed discussions and rigorous proofs of the capacity cost theory to others,[2] I will provide a simple illustration here.

On **Exhibit 2**, I have shown the linear cost function of Line Concentrating Modules (LCM) in a Northern Telecom DMS-100 central office switch. The exhibit shows the present demand for lines in the LCM and the new demand assuming that an unexpected influx of customers occurs in the service territory of the company. The stair step shows the point at which the company will add LCMs as its demand increases and the capacity of the LCM is exhausted. The new influx of customers accelerates the purchase of these LCMs by one year. Effectively, the new demand causes the company to carry an additional LCM one-half of the time (i.e., one of every two years). **Exhibit 2** shows this graphically as the shaded area. It can be shown mathematically that the advancement of these investments and quantities have a present value which equals the cost of one LCM divided by its effective or usable capacity.

You will note that the capacity of the LCM used in my example is 600 lines. The maximum capacity of an LCM is 640 lines. I have assumed that 40 lines are reserved for administrative and testing purposes and that only 600 lines can be utilized to provide telephone service to customers. Thus, in this case, the effective utilization factor is 94%.

Thus, if one divides the cost of an LCM by its effective capacity, the unit incremental cost of this investment per line can be estimated.

The capacity cost calculation should only be used, however, if two conditions are met: (1) new units of the item of equipment being studied are expected to be installed for the foreseeable future, and (2) a change in demand can be expected to advance the installation of the next equipment addition.

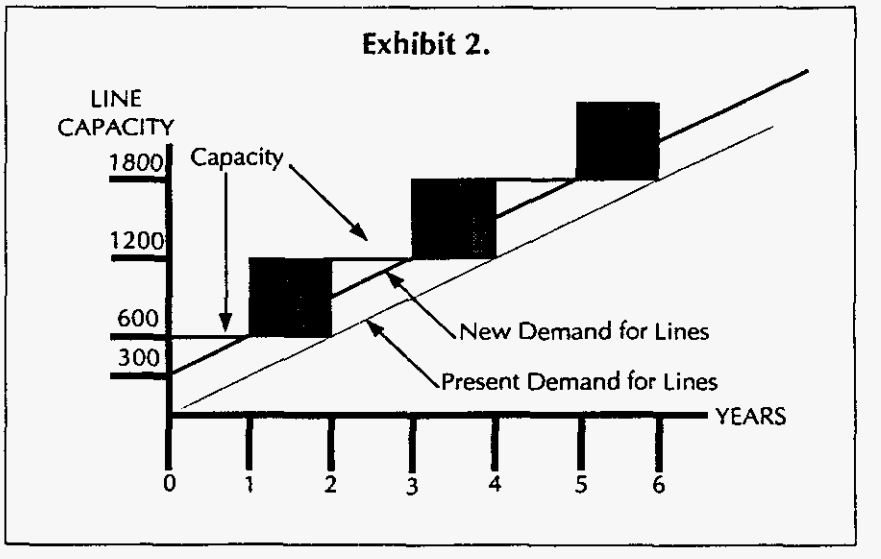
Incremental Cost Studies

I will now address the topic of long-run incremental cost studies. It is my opinion that these are the most relevant studies to use in determining service cost, setting prices, and detecting cross-subsidies. It may sound curious to some of you that a CPA would advocate the use of economic principles and forward-looking rather than historical costs to accomplish these tasks. But after 15 years of experience in telecommunications costing, I have come to the conclusion that the evidence in favor of long-run incremental cost is overwhelming, particularly when compared to the outdated fully distributed costing techniques that were used for years **in a monopoly world. But** even though one of the main "ingredients" used in our studies is economic theory, our final "dish" includes a large measure of technical network specifications, a dash of accounting theory and practice and a pinch of financial analysis.

Federal Reserve Chairman Alan Greenspan, testifying before Congress recently about the economy, said that "fundamentally, the future is unknowable." Mr. Greenspan is certainly correct; if he were not, those of us who could accurately predict the future would be enjoying a cool beverage on a beach in some isolated part of the world rather than attending a conference in Washington, D.C. However, since we are charged with the responsibility of estimating future costs, given these undeniable uncertainties, let us begin our discussion of long-run incremental cost studies.

Before describing how long-run incremental cost study techniques can be used to determine service costs, it is important to recap what I mean by this term. In the most general sense, the

Exhibit 2.



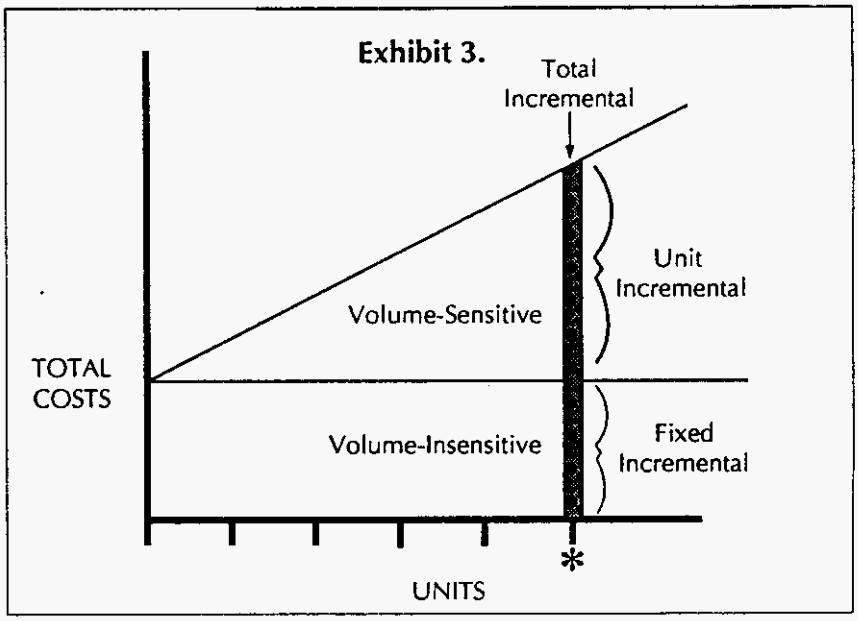
purpose of an incremental cost study is to determine the cost to a firm of taking some action, whether it be raising or lowering a price for a service, introducing or deleting a service, etc. If one is to determine the relevant cost of the anticipated action, it makes common sense to estimate the cost that will be incurred in the future and not to use past costs since the two will most likely differ. This is the practice followed by most successful businessmen and businesswomen today, whether they classify their actions under the rubric of incrementalism or not. This same common sense notion holds true for the telecommunications industry and may, in fact, be more important for this industry than others when you consider the rapid pace at which technology and its related cost are changing.

The key difference between marginal cost and total incremental cost is that the former includes only those costs that would change with a reasonable increase (or decrease) in the volume of the service provided while the latter includes the costs to provide the entire service, including fixed or volume-insensitive costs. **Exhibit 3** graphically depicts the differences I've just described.

It is now generally accepted that marginal costs should be used to set minimum "price floors" while total (or service) incremental costs should be used to determine service costs and to test for cross-subsidies. I will discuss the uses of these studies in more detail later in my presentation.

I will now describe the general methodology we have used to complete long-run incremental cost studies. This methodology incorporates the issues and principles just discussed.

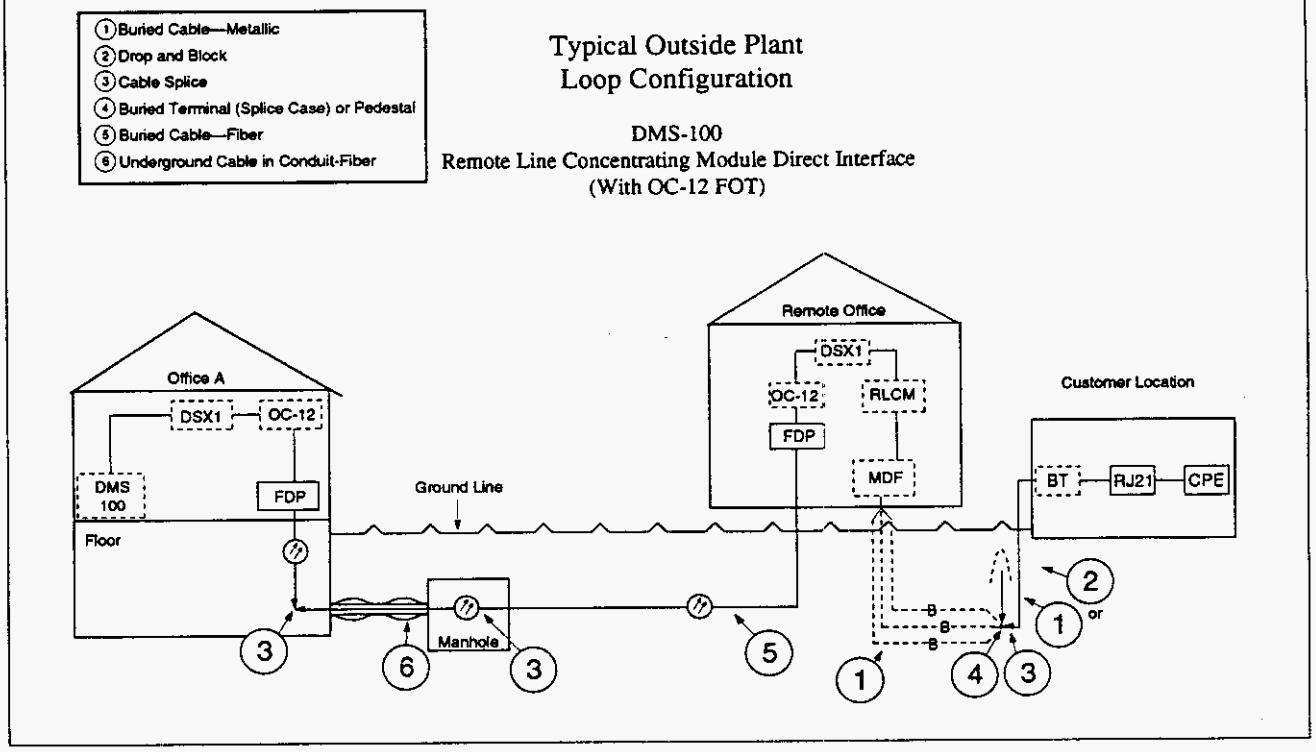
Exhibit 3.



The first decision which must be made when completing an incremental cost study has to do with the "run" which the study incorporates. Depending on the context of the study, an analyst may take a short-run, medium-run or long-run view of incremental costs. The significant difference among these alternatives is whether capital investment is treated as fixed (short run), somewhat variable (medium run), or completely variable (long run). A long-run view is often required by regulators, and our studies have been prepared with this principle in mind. However, most analysts agree that it is unrealistic to assume that all capital investment is variable. For example, we sometimes treat certain assets related to the fundamental topology of the network, such as buildings and conduit, as fixed cost and classify them as common and family costs, respectively. These exceptions are made since it is unlikely that the addition of a reasonable increment of an individual service or the introduction of a new service will cause the construction of new buildings or the placement of new conduit, holding constant the production levels of all other services produced by the firm.

Since the objective of the studies is to determine the cost to the firm of adding more units of a service, or a new service, it is necessary to calculate the forward-looking costs of providing the service using the technology and network designs that are and will be employed by a company to provide additional capacity in its network for this service. To do this, we typically conduct a series of detailed discussions with a company's engineers to determine its current network configuration and to ascertain how it will evolve in the future. The company's engineers then prepare a series of standard engineering designs (SEDs) that are and will be used to provide its telecommunications services, including the service we are studying. These SEDs form the basis of the long-run incremental cost study for this service. **Exhibit 4**

Exhibit 4.



depicts an example of a loop design that incorporates a remote electronic terminal (in this case, a Remote Line Concentrating Module (RLCM)). Obviously, there are many other possible loop configurations.

In general, most of our clients have developed long-range fundamental plans that call for the continued implementation of these remote electronic devices in their loop networks where it can be shown to be cost-effective. Specifically, the company engineers design what are called Feeder Distribution Areas (FDAs) or Carrier Serving Areas (CSAs) in their service territories. In these designs, the area with a radius of between 12,000 and 16,500 feet from the central office is served directly with copper cables. Beyond this point, a series of additional circles are established to be served by remote electronic systems. These electronic serving areas are fed by fiber systems, with one end in the host central office and the other in the remote terminal in the center of the serving area. Copper completes the loop from the remote terminal to the subscriber's location. In this way, the company can supply subscribers with the necessary connections to the network without the problems associated with traditional resistance design methods, e.g., long loops requiring load coils.

In addition, these fundamental plans generally call for an all digital switching and all fiber interoffice network. Many of these networks are not only equipped with SS7 capability but, in some cases, also incorporate SONET systems and the technology necessary to offer services such as FDDI.

Once these designs are determined, the current cost of each element in the design is collected using recent job/work orders and vendor price quotations. These cost elements include the cost of cable and wire facilities, remote electronics, repeaters, building terminals, transmission facilities, etc., used to connect customers with host central offices.

In order to complete the studies, it is necessary to gather actual information about the service which could be used to estimate the cost of adding lines in the future using these designs. Since it is impractical to study the characteristics of all lines of a service, we accomplish this task by drawing a statistically valid sample from the total population. These lines are selected randomly using a statistical sampling software package. For each line selected in this process, certain information is summarized, including the length of the loop, the size and type of cable used to

provide service, the size of building terminal, etc. Once this information is gathered, the loops are sorted by the corresponding standard engineering designs with which they are most appropriately associated and priced out according to the information required to provide service. In a long-run study it is the SEDs, and not the existing serving arrangement, that determine how the cost of each line is calculated. Once the cost of all loops is determined by using the process just described, the overall incremental cost of the loop investments used to provide the service is determined by weighting the costs for each SED by its associated probability of occurrence.

The costs developed by using the unit costs and the quantities specified in the SEDs are then adjusted for utilization factors according to the capacity cost concept discussed earlier. Utilization is determined by considering the maximum level of output available from the facility under normal operating conditions. This is sometimes referred to as "effective" or "optimum" fill. Obviously, many investments cannot be used at 100 percent of their theoretical capacity, since telephone companies normally reserve a certain number of units of capacity for administrative purposes, such as testing. An example of this situation is cable plant, which many companies estimate can be used up to 85 percent of its total available capacity. In other cases, the utilization is considered to be 100 percent. This generally occurs when a facility is portable and has a relatively smaller capacity, as in the case of channel plugins. The unit costs are adjusted by simply dividing the costs by the quantity provided multiplied by this utilization factor. In the cases where the factor is less than 100 percent, the cost of the facilities that will not be utilized is spread among the facilities available to provide service to customers.

The remaining network investment components used to provide a switched service are the central office line termination, switching and trunk equipment and interoffice transmission facilities. In most cases, we have determined the central office line and trunk costs using sophisticated models provided by Bellcore to our clients or by the vendor of the equipment. Bellcore's Switching Cost Information System (SCIS) is a complex software program that creates a model office, summarized by cost components, using traffic, line, trunk, usage, and feature data, which is input by the user, and the vendors' current provisioning requirements and prices. A related program called SCIS/IN calculates intelligent network feature costs for many different services. It should be noted that our clients, not Ernst & Young, are licensed users of the Bellcore software programs and that our role has been to assist our clients in preparing the inputs to these system, evaluating the outputs, and incorporating them in our studies.

For those companies that are not SCIS customers, we have used the Northern Telecom, Inc. (NTI) program actually used to provision new central offices and additions to existing offices to estimate incremental switching and trunking costs. This program is called NT Access. When used as a planning model, the user inputs certain key office characteristics, similar to those required for SCIS, and the remaining inputs required to provision a central office are calculated by the program using the latest vendor requirements and specifications. NT Access provides a fully provisioned central office, by individual investment component, which reflects the most efficient central office design offered by NTI. The inputs to the program can then be altered to model the effect that an increase or decrease in lines, traffic, etc., would have on total central office costs.

Interoffice cost can be determined using related Bellcore models. However, our experience has demonstrated to us that the unit cost of interoffice facilities is minimal in those cases where an all fiber design is assumed. This is due to the tremendous capacity found in today's fiber optic terminals and since we normally consider the fiber itself to be a volume-insensitive cost associated with a family of services and not associated with any particular service. As such, we have normally simplified this portion of our studies by examining the incremental cost of adding fiber transmission capacity at all or certain wire centers and weighting these costs according to busy hour trunk usage at these locations.

Lastly, the appropriate operating expenses and taxes are estimated for the service being studied. Two methods can be used to calculate operating expenses. The first method involves conducting special service-specific studies designed to isolate the

incremental expenses that are incurred by the company annually to provide the service. Examples of these special studies are the determination of software used to provide Centrex service and the cost of product managers and sales expense incurred during the study period. In other cases where it is difficult to segregate the expenses incurred to provide one service from other services but which are, nonetheless, associated with the service and vary with the quantity of units provided, a factor can be used to estimate the expenses. General maintenance of the cable and wire facilities in the telephone network is an example of this type of expense. These factors can be developed by dividing the annual operating expense for the study year by the average investment to which it relates. Multiplying this factor by the incremental investment provides a reasonable estimate of operating expenses in those cases where the current network topology will not differ greatly from that anticipated in the future.

Note that there are a large number of operating expenses that are not directly caused by the offering of individual services, such as the common costs. An example of the latter that is usually cited is executive expenses. These expenses are not included in the incremental cost of a service or service family since they cannot be causally related to them.

Finally, the network investments and operating expenses identified using this methodology are then combined to yield the incremental cost of the service. Specifically, the cost of each network investment is converted to an annual cost flow through the use of an annual return on investment factor. This factor takes into consideration the estimated tax and book lives of the investment, the capital structure and cost of capital of the company, and the federal and state income tax rates. Utilizing this information, a computer program developed by Ernst & Young calculates a capital cost factor that equalizes the annual amounts to be incorporated in the incremental cost results in a manner which resembles that used to determine a home mortgage payment. The capital cost factor includes a return on investment, capital recovery, and federal and state income taxes. The capital costs are then combined with an estimate of annual operating expenses and taxes to produce an incremental revenue requirement.

This annual revenue requirement reflects the total company incremental cost of providing additional units of service or an entire service, depending on the type of incremental cost study performed. Even though I've indicated that the results of the studies are presented on a total company basis, this does not imply that *all* of the costs of the company are allocated to each service in the way in which a fully distributed cost study would reflect costs. Rather, the incremental cost studies include only those costs associated with the service provided and do not include any arbitrary allocation of costs which are common to all services. In addition, we present the total company costs on a nonjurisdictional basis. That is, the incremental investments and operating expenses were not multiplied by "separations" factors (as detailed in Part 36 of the FCC's rules and regulations) to determine interstate and intrastate amounts since jurisdictional revenue requirements have no basis in economic reality.

Historical Cost Studies

There are two types of historical studies typically completed in the telecommunications industry: fully distributed and embedded direct.

It is possible to determine the embedded direct cost of a service by causally relating the historical cost incurred to provide the service based on its past network design and test period operating expenses. But it is impossible to allocate *all* of the costs embedded in the books of a telecommunications company to each of its services using the principles of cost causation. This is due to the economies of scale and scope found in the telecommunications network and operations of local exchange carriers. The family and common costs, which are the most prominent examples of economies of scale and scope, cannot, by their very nature and definition, be assigned to any service. Obviously, anyone with a calculator can arbitrarily allocate family and common costs to each service; however, these allocations have nothing to do with cost causation or with a proper measure of service costs and of cross-subsidy.

I sometimes refer to FDC as "funny, dangerous costs." They are funny in the sense that it is almost laughable to watch a cost witness attempt to justify the use of FDC when you consider that there are hundreds of possible arbitrary allocations of cost, none

of which are accurate or meaningful. These allocations, while sometimes cloaked in terms that hint at cost causation, are nothing more than a reflection of the bias and objectives of the party proposing them. The use of FDC can also be dangerous since the service "cost" produced by these studies includes costs that aren't associated with providing it and which would not be avoided if the service was discontinued. If a firm or regulatory commission relied on FDC to determine the profitability of a service and eliminated a service since the revenues it generated were insufficient to cover fully distributed costs, the only costs that would be avoided in the future are its incremental costs. The arbitrarily allocated common costs would remain to be recovered by the customers of the remaining services. But the upward pressure on the rates of those customers would not stop here since the contributions to common cost generated by revenues which exceed the incremental cost of the discontinued service will now also be lost. This "death spiral" is illustrated in Attachment A.

Dr. Alfred Kahn, a noted economist and former chairman of the New York State Public Service Commission, probably best expressed the view that most economists and cost analysts hold regarding FDC when he said in a 1984 article, "[O]nce you abandon marginal cost, it is not *difficult* to find another measure of cost that will serve that purpose, it is hopeless. This is not a question of looking for a black cat in a room in which all of the lights have been turned out. *There is no cat there*" (emphasis in the original).[3]

After considering the foregoing discussion and all that has been written on this subject in the economic and financial literature and by the antitrust courts, it is reasonable to conclude that FDC studies have about as much credibility today as "Dateline's" segment on exploding General Motors pickup trucks.

However, since embedded direct costs are used by some regulatory commission today and have some merit, I will discuss how a relevant study using this concept should be prepared.

We have completed embedded direct cost studies using a general methodology that closely parallels the approach and concepts outlined for long-run incremental cost studies described previously in my presentation. However, at the same time, we recognize certain fundamental differences are required by embedded direct cost studies.

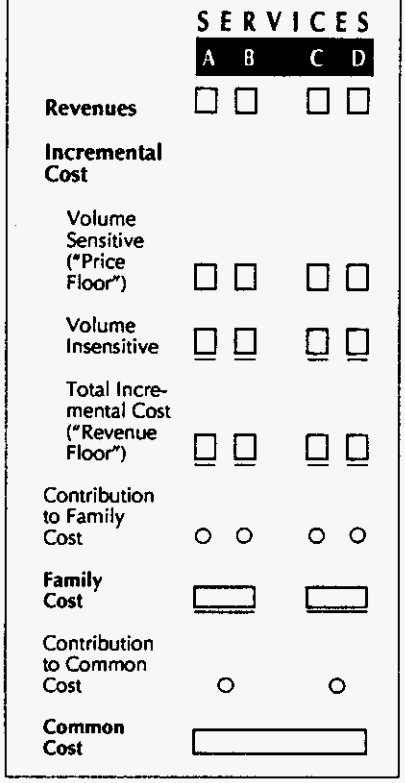
In general, the purpose of an embedded direct cost (EDC) of service study is to calculate the impact on a company's test period revenue requirements of offering a service in the past. For example, if the embedded direct cost of a service includes an annual volume-insensitive cost of $100,000 and volume-sensitive cost of $10 per line per month, and there are 1,000 lines in service during the test period, the annual revenue requirement is $220,000 higher during the test period than it would have been had the service never been offered.

In the case of cash operating expenses, the goal is to identify all of the current costs incurred by the company during the test year as a result of offering the service being studied. We have used the same techniques I just described in connection with incremental cost studies to estimate operating expenses for embedded direct cost study.

The situation is quite different in the case of telephone plant assets. Using techniques that are similar to the incremental methodology, the process involves identifying which assets were placed in service as a direct result of offering the service being studied. In this case, however, there are two major differences. First, the technology and network design incorporated in the study is that purchased and used to provide the service at the time it was offered and not that which would be used in the future. Second, the related costs of the investments included in the studies are those that have already been incurred by the company and reflected in its books and records, rather than the forward-looking costs reflected in long-run incremental cost studies.

It is important to emphasize that the preparation of the embedded direct cost studies is not an exercise in "allocating" accounting costs, as this term is frequently used. In contrast, the methodology used to prepare the studies incorporates techniques for estimating the actual investment impact of offering a particular service on an asset category which is used to provide multiple services. Many, indeed most, traditional allocation factors are inappropriate for this purpose. An embedded direct cost study will not, therefore, correspond to a jurisdictional separations study or a traditional fully distributed cost study.

Exhibit 5.



Uses of Incremental Cost Information

I will first address the uses of incremental cost study results. For the reasons I've stated previously, long-run incremental cost studies should be considered the preferred costing standard since studies based on these principles provide the most useful and reliable basis for making business decisions. However, the choice of either unit or service incremental cost studies depends on the type of decision at hand. As I describe the use of the incremental cost results, it may be helpful to refer to **Exhibit 5**. This exhibit is essentially the same as **Exhibit 1**, but I have added several items which are important for this discussion.

A unit incremental cost study can be used to set the minimum cost or "price floor" to be recovered by the service. This is so since unit incremental cost studies are designed to capture the volume-sensitive costs that a firm will incur each time it provides another unit of the service to a customer. If the price of the service is not set to recover this cost, the company will, in effect, lose money on each additional unit provided and, thus, place a burden on other ratepayers of the service and other services. The famous adage, "you can't make it up on volume," is certainly applicable here.

On the other hand, total incremental cost studies can be used to determine service cost. This is because these studies incorporate the cost of the entire output of the service, which includes volume-insensitive costs and volume-sensitive costs. The total incremental cost establishes the "revenue floor" for all of the customers of the service taken as a whole. While a specific customer may pay a rate which is less than the average incremental cost of the service but above its unit incremental cost, the revenues from all customers should equal or exceed the total incremental cost in order to avoid placing a burden on the ratepayers of other services provided by the company.

It should also be noted that total incremental cost is also used by the antitrust courts to test for subsidy and predatory pricing. The landmark work of Professors Areeda and Turner (1975)[4] provides the basis for the antitrust court standards in this area.

In performing all of these revenue/cost tests and comparisons, it is important to remember that all of the revenues generated by the service should be considered since the incremental costs determined are total company in nature and have not been multiplied by any jurisdictional factors. For example, the incremental cost of flat rate residence service should be compared to the local revenues and Interstate End User Common Line charges.

Uses of Historical Cost Information

In a strict theoretical sense, embedded direct cost studies should not be used to determine service cost or to set minimum price floors. The costs that should be used for this purpose should have some relationship to the period of time the rate for the service will be in effect. Since rates will be charged to customers for services provided in the future, the costs that are used in their development should reflect future costs. Embedded direct costs may be inappropriate to establish service cost or to set price floors since they reflect past costs which may or may not correlate closely with the future costs that a company will incur when serving additional lines or units of a service or offering an entirely new service. This is why many regulatory commissions throughout the U.S. have turned instead to long-run incremental cost studies for these purposes.

However, embedded direct cost studies are often required or traditionally prepared in many states. In some sense, embedded direct cost studies represent a halfway station between traditional fully allocated cost studies, which are widely acknowledged to be inappropriate, and incremental cost analysis, which is becoming more widely accepted as theoretically sound. I

have already described why fully distributed cost studies are not useful or relevant in determining service costs for a multiproduct firm. In addition, actual incremental cost study techniques are quite new to many companies and regulatory commissions and are difficult to implement since they focus on future events. For these reasons, embedded direct cost studies, which rely on historical accounting information but only include costs caused by the service, are sometimes employed by regulatory commissions in place of or in conjunction with incremental analysis.

Embedded direct cost studies should only be used in lieu of incremental cost results if the future period is anticipated to be similar to the historical period from which the investment data is drawn. There are at least two common circumstances under which this will not be true. First, if technological change is significant, entirely different assets will be used in the future to provide the service. For example, if a company intends to convert all interoffice trunks to fiber, historical costs based upon copper trunking are useless. Second, if prices of significant assets are changing in a material way between the embedded amounts recorded in the company's books and those likely to be incurred by the company in the future, the embedded direct cost results are invalid.

On the other hand, if these conditions are met, embedded direct cost study results can sometimes be used to evaluate service costs and to determine the amount of contribution made by each service to the common costs of the firm at a point in time.

I hope this discussion has provided you with some useful "food for thought" about the necessary "ingredients" you will need to develop relevant service cost.

Footnotes

[1] Florida Public Service Commission, Docket No. 910757-TL.

[2] See Emmerson, Richard D., "Theoretical Foundations of Network Costs," 1992 (unpublished manuscript on file with the author); see also Schmid-Bielenberg, Viktor, "Paper on Bellcore's Switching Cost Information System (SCIS) Cost Model, a Practical Approach to a Complex Problem," June 20, 1990, presented at NRRI Symposium on Marginal Cost Techniques for Telephone Companies, Seattle, Washington.

[3] Kahn, Alfred E., "The Uneasy Marriage of Regulation and Competition," *Telematics*, Vol. 1, Number 5, September, 1984, p. 12.

[4] Areeda, Phillip and Turner, Donald, "Predatory Pricing and Related Practices Under Section 2 of the Sherman Act," *Harvard Law Review*, 88, 1975, 637-733.

A Problem with Fully Distributed Costs

Assumptions

- The company provides four products: A, B, C, and D.
- Incremental costs are assigned to each of the services based on service-specific studies.
- Common costs are allocated to the services based on revenues.

SERVICES

	A	B	C	D	Total
Revenues	50	40	35	25	150
Incremental Costs	25	23	25	20	93
Contribution Margin	25	17	10	5	57
Common Costs	13	11	9	7	40
Net Income	12	6	1	<2>	17

The company may be inclined to discontinue Service D, since a loss of $2.00 is produced using fully distributed costs. Note, however, that Service D makes a $5.00 contribution to common costs.

If Service D is eliminated, then the following will occur:

SERVICES

	A	B	C	D	Total
Revenues	50	40	35	0	125
Incremental Costs	25	23	25	0	73
Contribution Margin	25	17	10	0	52
Common Costs	16	13	11	0	40
Net Income	9	4	<1>	0	12

The company's net income will be reduced from $17.00 to $12.00 due to the elimination of Service D's $5.00 contribution to common costs. Also, Service C now shows a loss due to the reallocation of common costs to the remaining services. Thus, Service C will now be eliminated.

If Service C is eliminated, the following will occur:

	SERVICES				
	A	**B**	**C**	**D**	**Total**
Revenues	50	40	0	0	90
Incremental Costs	25	23	0	0	48
Contribution Margin	25	17	0	0	42
Common Costs	22	18	0	0	40
Net Income	3	<1>	0	0	2

The company's net income has now been reduced from $12.00 to $2.00, due to the elimination of Service C's $10.00 contribution to common costs. Also, Service B now shows a loss due to the reallocation of common costs to the remaining services. Thus, Service B will now be eliminated.

If Service B is eliminated, the following will occur:

	SERVICES				
	A	**B**	**C**	**D**	**Total**
Revenues	50	0	0	0	50
Incremental Costs	25	0	0	0	25
Contribution Margin	25	0	0	0	25
Common Costs	40	0	0	0	40
Net Income	<15>	0	0	0	<15>

With the elimination of Service B, the company now shows a loss of $15.00. This is due to the loss of Service B's $17.00 contribution to common costs. All of the common costs are now assigned to Service A.

This simple example only depicts the effects on net income of eliminating services and the corresponding redistribution of common costs on those services that remain. The "death spiral" I refer to combines these unfavorable results with the fact that the prices associated with the remaining services must be raised to maintain the company's desired profit levels. These price increases will, in many cases, be unattainable due to regulatory constraints or unsustainable in a competitive environment.

EXHIBIT NO. _____

DOCKET NO: 950985-TP

WITNESS: GENE E. MICHAELSON

PARTY: UNITED/CENTEL

DESCRIPTION:

3/7/96 DEPOSITION TRANSCRIPT

PROFFERING PARTY: STAFF

I.D. # GEM-2

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO. 36
COMPANY/ WITNESS: FPSC / Michaelson
DATE: 3-12-96

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Resolution of petition (s) to establish nondiscriminatory rates, terms, and conditions for interconnection involving local exchange companies and alternative local exchange companies pursuant to Section 364.162, Florida Statutes	DOCKET NO. 950985-TP

DEPOSITION OF:	GENE MICHAELSON
TAKEN AT THE INSTANCE OF:	MCI METRO ACCESS TRANSMISSION SERVICES, INC.
PLACE:	GERALD L. GUNTER BUILDING ROOM 362 2540 SHUMARD OAK BOULEVARD TALLAHASSEE, FLORIDA
TIME:	COMMENCED AT 3:00 P.M. CONCLUDED AT 4:15 P.M.
DATE	MARCH 7, 1996
REPORTED BY:	NANCY S. METZKE, RPR, CCR C & N REPORTERS POST OFFICE BOX 3093 TALLAHASSEE, FLORIDA 32315

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BUREAU OF REPORTING
RECEIVED 3-11-96

APPEARANCES:

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J. JEFFREY WAHLEN, ESQUIRE, (by phone) Sprint United-Centel, McFarlane, Ausley, Ferguson and McMullen, 227 South Calhoun Street, Tallahassee, Florida 32301.

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ALSO PRESENT:

BEN POAG, Sprint United-Centel.

* * * *

I N D E X

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CERTIFICATE OF REPORTER	41

WITNESS

Gene Michaelson

Examination by Mr. Melson 6

STIPULATION

IT IS STIPULATED that this deposition was taken pursuant to notice in accordance with the applicable Florida Rules of Civil Procedure; that objections, except as to the form of the question, are reserved until hearing in this cause; and that reading and signing was not waived.

IT IS ALSO STIPULATED that any off-the-record conversations are with the consent of the deponent.

P R O C E E D I N G S

MS. HOWE: Do you swear to tell the truth, the whole truth and nothing but the truth, so help you God?

THE WITNESS: I do.

MR. WAHLEN: I am sending out to the notary a copy of the acknowledgement that needs to be sent. She is going to execute that and deliver it, send it to me by overnight express tonight, and I'll get it to the court reporter here in Tallahassee tomorrow.

MR. MELSON: Okay. Just so the court reporter knows, let's everybody identify themselves. I'm Rick Melson conducting the deposition on behalf of MIC Metro Access Transmission Services, Inc.

MR. WAHLEN: Okay. This is Jeff Wahlen. I'm here representing Sprint-United and Sprint-Centel and the deponent, Gene Michaelson.

MR. MICHALESON: And I'm Gene Michaelson with Ernston, Young, and I'm appearing on behalf of Sprint United-Centel of Florida.

MR. GILLMAN: I'm Tony Gillman appearing on behalf of GTE Florida, Incorporated.

MR. MELSON: Did somebody else just dial in also?

MS. WEISKE: Yes, Sue Weiske with Time Warner.

MR. EDMONDS: Scott Edmonds on behalf of Commission staff.

MR. MELSON: Jeff, would you like to agree to the usual stipulations?

MR. WAHLEN: That will be fine.

MR. MELSON: And I'll tell you, if you ask me to recite them, I cannot, so --

MR. WAHLEN: I won't ask.

MR. MELSON: Thank you.

MR. WAHLEN: If the court reporter has them and puts them at the beginning of the transcript is fine.

* * * *

Whereupon,

GENE MICHAELSON

was called as a witness by MCI Metro and, after being first duly sworn, was examined and testified as follows:

EXAMINATION

BY MR. MELSON:

Q Mr. Michaelson, I'm Rick Melson, I'll get started. Will you give us your name and business address for the record?

A Certainly. My name is Gene Michaelson. My business address is 999 Third Avenue, Suite 3500, Seattle, Washington, 98104.

Q Mr. Michaelson, have you been deposed before?

A No.

Q All right. Have you testified in commission proceedings before?

A Yes, I have.

Q All right. I'm simply going to ask you a series of questions today. If you don't understand a question or need some clarification, just ask.

Could you tell me what your educational background is?

A Yes, I have a bachelor's of arts degree with a concentration in accounting from the University of Puget Sound which is located in Tacoma, Washington, and I'm a certified public accountant in the State of Washington.

Q Do you have any special training in economics?

A I have studied economics during college and after college as a result of the work that I have done as a consultant. I have no formal degree in economics.

Q All right. Your prefiled testimony indicates that you've previously testified before the Florida Commission. In what context was that?

A I submitted direct testimony in a case that was

filed by Central Telephone Company of Florida with regard to cost studies that we performed for the company, and I also submitted rebuttal testimony on behalf of Central Telephone Company of Florida in the docket that was investigating the safeguards required to prevent cross subsidation by telephone companies.

Q Did either of those two cases actually go to hearing?

A The first case I described did go to hearing but was stipulated part of the way through and I never appeared on the witness stand. The second case was heard in its entirety, and I did testify in addition to submitting written rebuttal testimony.

Q Okay. Could you tell me your understanding of how Sprint-United and Sprint-Centel are regulated in Florida today?

A They are regulated by two different commissions, the FCC and the Florida Public Service Commission.

Q All right. Can you tell me what type of regulatory regime the Florida Public Service Commission applies today to Sprint-United and Sprint-Centel?

A I am not certain.

Q All right. Let me ask you to -- Do you have a copy of your prefiled testimony there with you?

A Yes.

Q Okay. Most of my questions that I'm going to try to refer you to specific pages and lines. If you'd turn to Page 3 of your testimony, please, at Lines 11 through 15. You state that Doctor Cornell equates the development of effective competition with making sure enough consumers choose the services of one of a number of new entrants. Could you tell me what there is in her testimony that leads you to that equation?

A Yes. On Page 3 of Doctor Cornell's testimony, beginning on Line 22, she is asked the question, "What policy, goals or compensated arrangement established for terminating local traffic between competing local exchange networks be designed to serve?" She then responds with an answer on Page 4, Line 1 and 2 that indicates that whatever compensation agreements are adopted should foster the ultimate development of effective competition.

Below on the same page, Line 13, she defines effective competition as that that requires that there are enough alternatives available to and adopted by a sufficient number of consumers that the choices consumers actually make in the market force, all of the firms in that market bring those prices in line with costs to keep them there. Those sections are the ones, you know, on which I base my testimony.

Q All right. At Page 3, Lines -- read to yourself

for a minute Page 3, Lines 19 through 23. I want to ask you a question about it.

A Are you talking about Page 3 of my testimony?

Q I'm sorry, yes, Page 3 of your testimony.

A Okay, thank you.

Q Do I take it from that passage that your testimony is that the promotion of local competition is not an appropriate policy goal?

A No, my statement here is that one of the goals, at least from my point of view, that should be promoted by the Commission is the development of a modern efficient telecommunications industry in Florida. My second statement flows from that, and that is, once the Commission determines how that should be accomplished, local competition can be a means to achieving that end.

Q And I guess I'm asking you, does that mean that in your view local competition is not a goal in and of itself?

A Yes.

Q On Page 4 of your testimony, you talk about charging competitors less for local termination than Sprint-United Centel is implicitly forced to charge itself. What is Sprint United-Centel implicitly forced to charge itself in your opinion?

A This is what the docket is about, to determine

what they should charge themselves for interconnection as well as charging competitors.

Q What is your recommendation as to what Sprint should charge itself for interconnection?

A On Page 12 of my testimony, Line 15, I say, "Now if local exchange competition is introduced, the company must then impute the cost of local termination into the price floor for basic exchange service." That's my position.

Q So in your view Sprint implicitly charges itself whatever amount it is required to impute into its end-user rate; is that correct?

A I'm saying if local exchange competition is introduced that they should. I don't know what they are doing today.

Q Okay. Assume that local competition is introduced and assume that Sprint is required to impute into its end-user rate the price that they charge to a competitor for interconnection. Is it then your testimony that that is an implicit charge to Sprint-United Centel?

A Yes.

Q And what is the actual -- Is the actual economic cost to Sprint United-Centel going to be higher or lower than that figure?

A I'm not sure I understand your term "actual

economic cost."

Q Okay. Is Sprint proposing a price for local interconnection that is greater or less than its direct economic cost?

A Again, that term, as I pointed out in my testimony, is not one which I'm familiar with.

Q Are you familiar with the term "total service long-run incremental cost"?

A Yes, I am.

Q Okay. Is the price that Sprint is proposing to charge for local interconnection greater or less than its total service long-run incremental cost?

A I have not done any analysis to determine the price/cost relationship of their access charges at this point.

Q Okay. Hypothetically, assuming that the price Sprint-United Centel proposes to charge for local interconnection is greater than total service long-run incremental cost, does Sprint when it provides the service to itself incur any cost greater than just TSLRIC?

A Well, the company incurs a cost to build a network which is used to provide multiple services. The network is characterized by some volume sensitive costs and a significant amount of fixed costs which must be recovered by all of its services in some form or another. So to the

degree that total service long-run incremental costs are identified for a particular service, that should be taken into account in setting prices as well as the remaining costs of the firm as well. In addition, the company incurs an opportunity cost of providing one service versus another service.

Q Is it -- Let me ask the question this way. Assume that Sprint's proposed price for local interconnection is two pennies a minute, and assume that its total service long-run incremental cost of providing local interconnection or terminating a local call is a penny per minute. Which of those is the cost that Sprint faces when it uses local termination in the provision of its local exchange service?

A Well, are you talking about today or what I'm recommending for the future?

Q Well, give me both and tell me how they are different.

A Today, as I mentioned just a moment ago, I have no knowledge of how Sprint specifically is setting its prices for access charges other than a very general notion of how it has been done. In the future what I have advocated, as I indicated in my testimony on Page 12, is that if the company charges an entrant two cents, using your numbers, for local termination of local traffic, that

they would in turn impute the same two cents into the rate that they charged their end-user customers.

Q Okay.

A Terminating traffic on their own network.

Q Okay. I understand that from the pricing side, and I guess now I'm trying to focus on the costing side and asking, if the cost of that local termination that has been priced at two cents is only half of that amount or only a penny a minute, isn't it true that Sprint-United Centel incurs a cost of only a penny per minute for furnishing the service to its customers regardless of how that service may be priced?

A No, the cost to Sprint would be two cents because they would incur the total service long-run incremental cost of a penny, and they have an opportunity cost of a penny because if they were to provide the interconnection to a competitor they would collect two cents. If they provide it on their own, they would not get that penny if they didn't implicitly charge it to themselves, so there is an opportunity cost of a penny there as well.

Q All right. I understand what you're saying now.

Are you familiar with the activities of the Florida Public Service Commission with regard to universal service?

A Not specifically, no.

Q Are you generally familiar with any activities at the Commission with regard to universal service since July 1 of last year?

A I think it was addressed in the Florida legislation, but I cannot remember the details its been so long since I have read it. I could not comment any further than that.

Q Okay. On Page 5 -- well, let me just ask you this question. Would you agree that there is a mutual need for local interconnection between two companies providing local service?

A Yes.

Q Do you see that same need, that same mutual need between a company providing local service and a company providing interexchange service?

A Yes.

Q How does Sprint-United Centel need the service provided by an interexchange carrier?

A Well, since Sprint-United does not have ubiquitous facilities throughout the entire United States, they are dependent upon a long distance company to transit calls from the areas in which it serves to areas which it does not serve.

Q And in that arrangement who pays compensation and who receives compensation?

A Well, it's kind of a complicated process in today's environment. The local telephone company charges access charges to the long distance carrier at the originating end, and the local exchange carrier at the terminating end also charges access charges to the long distance carrier. The long distance company pays those charges but collects toll charges from its customers.

Q So as between the two companies, the only flow of funds is from the interexchange company to the local company; is that correct?

A I'm sorry, could you repeat the question one more time?

Q Sure. As between the two companies, the local exchange company and the interexchange company, the flow of dollars is from the interexchange company to the local exchange company; is that correct?

A In addition to the access charges, that the long distance company can also pay billing and collection, but that is true.

Q Okay. The local company doesn't pay the interexchange company for any service that the interexchange company provides?

A Yes.

Q On Page 5 of your testimony the sentence at Lines 22 through 25, what do you mean when you say that the

exchange, interexchange distinction is becoming increasingly difficult to change?

A The word "change" is incorrect. It's a typographical error that I was planning to correct when I appear in Florida next week.

Q Okay.

A That word should be "maintained" not "changed."

Q All right. Are there any other corrections that you've found to your testimony that you intend to make next week?

A Yes. Page 26 of my testimony on Line 7. In the middle of that sentence it says "access charges are priced weel above cost." That should be well above cost, and I haven't discovered any other typographical errors at this point, but those are the only two that I'm aware of at this time.

Q Okay. In your opinion, if two companies trade goods or services of equal value, has each of them charged the other a price of zero?

A Repeat the question, please.

Q Yes. If two companies exchange goods and services of equal value, is it your opinion that each of them has set a price of zero?

A There is no -- I guess my answer is, there is no price, not a price of zero, but there is no price.

Q So in a barter situation you're saying there is no price in that exchange between the parties?

A Yes.

Q All right. Is minimizing costs economically efficient or economically inefficient?

A Economic efficiency reflects the least cost to society of providing goods and services. Presumably -- Well, I don't know how to relate your comment to that because if you are at the least cost you can't reduce your cost any further, so I'm not sure how to respond.

Q All right. Assume that your cost is A and you're able to reduce your cost to A minus X. Has reducing your cost made you economically more efficient?

A If I could ask a few clarifying questions.

Q Sure.

A Does the product that we are providing change in terms of its value or utility as a result of a reduction in cost?

Q No.

A I would say then that you've increased efficiency by reducing costs.

Q Okay. Then if you'd turn with me to Page 8 of your testimony, Lines 12 through 16. I don't understand in that context how you say that minimizing costs could be economically inefficient.

A What I'm attempting to get at there is this, if I am not paid for providing termination to, by an entrant but I must do so anyway, I may -- I will attempt to reduce my cost in the provision of interconnection even if I do so in a way which would result in inefficiency by the entrant. In other words, my interconnection policy could result in costs that are higher to the entrant than would otherwise be so simply because I'm trying to reduce my overall cost. I could reduce my cost by one cent a minute but in the process increase yours two cents a minute.

Q Can you give me a real world example of how that might happen?

A One example could be choosing a terminate -- Excuse me. Well, I think following up on what I just said a real world example would be choosing a form, a technical form of interconnection which is efficient for me but not for you, you meaning the entrant.

Q All right. Can you give me an example of such an arrangement?

A I don't have any specific, company specific example to give you and might not be able to do so even if I had knowledge of it because of confidentiality, but generally that was what I was trying to describe here.

Q Okay. Let's not be company specific, but based on your overall experience in the telecommunications

industry, can you give me any example of the situation you've just described?

(WHEREUPON, DONNA CANZANO ENTERED THE DEPOSITION ROOM)

A Well, I guess one example might be if I as an incumbent provider would provide the entrant with a connection via copper facilities in lieu of fiber facilities if to do so otherwise might cost the incumbent more than it would to provide copper. The resulting service might be less in quality, might cost more to provide, et cetera. But without getting into a specific example for a specific company, that's about the best I can do.

Q Okay. Would you define imputation for me?

A On Page 10 of my rebuttal testimony at Line 22, I define imputation as follows: Imputation means that a local exchange carrier would, quote, impute, close quote, the prices charged its competitors for performing bottle neck functions into the price floor for the prices it charges for its own competing retail services that use these same bottle neck functions. Imputation results in competitive equity because the owner of the bottle neck and its competitor both effectively pay the same price for using the bottle neck. It replicates behavior in competitive markets.

The last part of my testimony that I just read goes on to Page 11, Lines 1 through 5.

Q All right. In addition -- let me ask the question this way. If a local company provides local termination to a competitor, and assume that local termination is an essential bottle neck function, with an imputation test, what would be the price floor for the local company's provision of local exchange service?

A The price floor or the price?

Q Well, let's start with price.

A Well, the price would effectively be the price charged to entrants for the bottle neck facility or the interconnection plus the incremental cost of all other network functions and expenses that are required to provide the service.

Q Okay. What would be the price floor, or would it be the same as the price?

A I'm sorry, that was the price floor I just described.

Q Okay, I'm sorry. And actually, that was what I was interested in, so we can move on here.

A Okay.

Q Give me just a minute. I've got a question I can't read.

Page 12 of your testimony, Line 21, what do you

mean by the term "competitively equitable contribution"?

A What I mean there is that it would be the same contribution to fixed costs, which would be paid by the incumbent and the entrant.

Q And how is that contribution to fixed costs paid by the incumbent? What is the mechanism for that payment?

A Under the imputation rules, it is included in its price to its end users, price floor, excuse me.

Q On Page 13 you describe a situation in which imputation results in a redistribution of charges but does not cause an increase in overall charges, and I believe in your example you use an example of the local exchange company reducing its rate for custom calling features. What mechanism is there to ensure that if the local company raises its rate for basic local exchange service in your example that it makes an offsetting reduction in its rate for custom calling features?

A There are I guess many forms of regulation that would assure that this would occur. For example, if the company is subject to price caps, they would be limited in the amount of earnings that they could achieve from all services and, therefore, anything that would be excess above the price cap would have to be refunded or -- so, yeah, the, if the company earned more than it should, it would have to refund it; but their alternative would be to

do what I have in my example, and that is, reduce the rate of one and increase the rate of the other service.

Q All right. On Page 4 -- again, continuing in our example, on Page 14 at Lines 7 through 11. You talk about the entrant choosing to only serve the portion of the market that subscribes to basic local exchange service and custom calling features. As a practical matter, how would an entrant go about doing that?

A Well, I think the entrant could use techniques that are similar to those being used by long distance companies, by PCS companies and so on, which is to offer a product which packages together local service, custom calling features and whatever else they want to include in the package, therefore, attracting customers who either subscribe to the service, those services or would like to subscribe to those services.

Q And essentially you're saying the company could as a practical matter refuse to offer a stand-alone basic local service and offer only the bundled services and in that way select its customers?

A Well, the company could effectively price the package of services to be greater than the existing price of basic service only offered by the incumbent, therefore, making their offer, their offering less attractive to the basic-service-only customers.

Q On Page 16 -- I'm sorry, on Page 14, I'm going too fast, Page 14, Lines 16 through 21, does the theorem you describe there hold true if there are economies of scope?

A I'm not sure I fully understand your question. Could you maybe rephrase it or --

Q Okay. Are you familiar with the term "economies of scope"?

A Yes.

Q All right. And at Page 14, Lines 16 through 21 you say there is a well established theorem in contemporary economics which holds that if a company is earning normal profits and serving some customers at less than incremental cost, it must necessarily be serving other customers at more than the stand-alone cost. And I'm asking does that theorem apply in a situation where the company providing the services has economies of scope?

A Assuming that its total revenues equal its total cost, yes.

Q What services of Sprint United-Centel are priced above their stand-alone cost?

A I do not know.

Q Do you know whether any services are priced above stand-alone cost?

A I haven't done any analysis of the price/cost

relationships and the total cost of Sprint. I would say, however, that if basic local service is being offered at less than incremental cost, then all other services by definition and by the theorem I describe would be priced above stand-alone cost.

Q All right. What evidence have you seen that basic local service is priced below incremental cost?

A As I said, I haven't done any analysis, and I don't know for a fact that any services are priced below their incremental cost. I was just stating that if they were, in order to respond to your question about stand-alone cost, then there would be a consequence that other services would be priced above stand-alone cost. But I don't have any data one way or the other to corroborate or refute any service being offered below that cost level.

Q All right. On Page 16 you talk about inefficient opportunistic niche entry. What do you mean by niche entry?

A What I mean there is that the entrant could choose to serve, following up on the example that I mentioned a moment ago, only a subset of customers that would be most profitable for it to serve.

Q Okay. And how is that inefficient?

A But it could be inefficient if the customer segment that the entrant is serving, currently being served

by the incumbent at greater than stand-alone cost. In this case, the entrant, even if it was more inefficient than the incumbent, could make a profit by serving that customer's segment and still win the business because of the existing pricing practices.

Q On Page 16, Lines 6 through 17 you describe your proposed imputation test; is that correct?

A Yes.

Q Could you give me an example in walking-around terms of how that imputation test applies? I guess I had a little trouble understanding the bare bones description of it.

A Certainly. What I'm describing here is a way in which imputation could be tested for and included in the pricing of services in the higher level more aggregated fashion than is normally discussed in the literature. And I have suggested this because of the conditions that are present in the Florida market place at this point; namely, the fact that local rates are frozen.

What we are proposing here is an imputation test that would be done for residence customers in an exchange in the aggregate. That would mean the total revenues of all residence customers and the total cost related to the provision of service to residence customers, and it would include not only basic local service but all other services

that they subscribe to. A similar test could be done and should be done for business customers in the exchange, and then as a third layer of tests, you would do it for the exchange as a whole.

Q If it passed the first two parts of the test, would it automatically pass the third?

A Not necessarily because there could be certain fixed and common costs in the exchange that would not necessarily be recovered by the current rate structure for the services that I've described.

Q How does your -- can you tell me how the imputation test you've just described protects a new entrant from a price squeeze?

A The entrant presumably when he is trying to win business from customers will be trying to win all the business from the customers, that is, basic service and all vertical services that they currently subscribe to. So what we are advocating here, what I'm advocating here is an approach in which the subset of services that are subscribed to by residence customers would produce revenues which would be equal to the cost of providing those, the service to those customers as well as the imputed price charged to the entrant.

Q Okay. At the bottom of Page 16 you say that this outcome if anything is more beneficial to the new entrant

than if the imputation test is passed separately for individual services. How is it more beneficial to the new entrant?

A Well, it's more beneficial because it allows inefficient opportunistic niche entry as we talked about a moment ago. If you go to the example that I provided, basic service alone is being offered under the -- before imputation example, at a price which is less than its cost. However, the combined basic service, custom calling package is offered at a price which is much greater than its cost. Assuming that the entrant would do its marketing in such a way as to attract those customers that only subscribe to the combined basic and custom calling package, they would be able to offer that service at a price a little bit less than the incumbent, and even if they are less efficient, could probably still earn excess profits.

Q If that imputation methodology is better for entrants than the more classic imputation approach, why do you limit it only until local exchange carriers are allowed to restructure their local rates?

A Because the -- well, I think in general because in the long run, as I stated in my testimony, competition will force local exchange carriers to revise their local exchange rate so as to pass an imputation test for each and every service. It is I think a natural consequence of

competition that that would occur.

In addition, I think it's a competitive disadvantage for the incumbent to provide certain services at less than its cost or at rates that are less than cost at the same time allowing other services to be priced well above cost and allow this opportunistic inefficient niche entry.

Q Would you define a competitive market?

A I'm sorry, is the question, what is a competitive market?

Q Yes.

A I think in a general sense in the economics literature it discusses perfect competition, and that's a situation in which entrants can come into the market place at will with no high level of cost, no barriers to entry and they could enter and exit freely. There is also a concept which is discussed called "contestable markets" which has some of the same characteristics; however, neither of these are perfectly applicable to telecommunications as we know it.

Q What is the difference between a contestable market and a competitive market?

A This concept is discussed at length by a lot of economists, most notably Doctor William Baumol, and he actually has a book on this topic. As I mentioned, perfect

competition is really not something that in the real world it's something that we see, and it has wide application. Contestable market theory basically is an attempt, as described by Doctor Baumol and others, to apply the concepts that you would find in a perfectly competitive market into one which is not.

Q What is the efficient component pricing rule?

A Efficient component pricing rule is effectively the same as imputation.

Q So the efficient component pricing rule says that when you provide a monopoly input to a competitor, the price for your retail service -- the price floor for your retail service equals the price to the competitor for that monopoly input plus your direct cost of the other elements of the service?

A I'm sorry, I hate to make you do this, could you repeat the question again? I was trying to find a cite in one of my books, and I didn't hear the total of your question.

Q Okay. You said, I believe you just told me that the efficient component pricing rule is either the same or has the same effect as the imputation rule. I was giving you my understanding of the imputation rule and asking you if by saying that I have defined the efficient component pricing rule, and let me give it to you one more time.

That where a company provides an essential input to its competitor, the price floor for its retail service should equal the price charged to the competitor for the essential input plus the total service long-run incremental cost of the other components of the retail service?

A Yes. Effectively, the efficient component pricing rule, the imputation requirement, the principle of competitive equity and the parody principle, all of which are listed in Doctor Baumol's book, Toward Competition in Local Telephony, on Page 95 are equivalent terms. And effectively what it means is that the efficient component pricing rule states that the optimal price for the bottle neck facility in question is the direct incremental cost of the facility plus the opportunity cost of the supplier of the sale of a unit of input.

Q And is that -- that equates then to the definition that I just gave you of the price floor that results from imputation?

A I just read you my definition, which I have used and which Doctor Baumol uses. I'm not sure yours is exactly equivalent. It sounds like it is, but I'm not certain that it is, not having the luxury of having your definition typed out in front of me and for me to be able to read it.

Q Okay. In your opinion, your understanding of the

efficient component pricing rule, it is the same as your understanding of the imputation rule?

A Yes.

Q Okay. Is it your assertion that the rates proposed by Sprint-United Centel in this proceeding conform to the efficient component pricing rule?

A I do not know.

Q On Page 22 -- Let me ask this. If your pricing proposal is adopted, what is it that Sprint will implicitly pay to terminate a local call on its own network?

A What it will implicitly pay, is that your question?

Q Yes, sir, to terminate a call on its network.

A They will implicitly pay the same price for termination that they charge to the entrant.

Q All right.

A For the exact same function.

Q Okay. Let me make sure I'm understanding correctly. I understand Sprint's customer would pay that same price if Sprint imputed the price into its rate. Is it your testimony that Sprint itself as opposed to its customer implicitly pays that price?

A My point is that if Sprint's customers pay the price, which includes this implicit price for the bottle neck facility or the termination cost, that efficient

competition is promoted because it's the same price that is paid for by the entrant.

Q But isn't in this example the cost to Sprint less than the price to either its own customer or to the entrant?

A As it relates to interconnection, I think the underlying cost of interconnection is somewhat irrelevant because what we are trying to discuss here is the price that is paid by the customers of each of the companies that has provided service in this area. There is a cost and then there is a price, and the price presumably is above cost. But the question for the competitor is what is the price of the bottle neck facility? Each has its own cost, but as long as the price is above the cost, the cost is irrelevant.

Q All right. Well, humor me, I know you want to talk about price; I would like to talk about cost for a minute. Would you agree with me that the cost to Sprint-United Centel of terminating a minute of local traffic is less than the price it proposes to charge to its competitors?

A No, I would not.

Q So it is your testimony that the cost to Centel, Sprint United-Centel of terminating a minute is identical to the price that it charges to its competitors?

A Yes.

Q All right. Could you define subsidy for me?
A Subsidy is the --
Q Is somebody whispering to you?
A I'm sorry?
Q I said, is somebody whispering to you?
A No.
Q Okay.
A A subsidy is a -- use the right term here -- is an implicit transfer of revenues that would occur when a service is provided at less than the total service long-run incremental cost to provide it.
Q Would an entrant be receiving a cross subsidy if the price it paid the local exchange company for terminating a minute equaled the total service long-run incremental cost for that termination?
A I believe it would, yes.
Q I thought you just defined a subsidy as existing when the price was below TSLRIC. And I'm asking you now assume the price is set equal to TSLRIC, is the new entrant being subsidized?
A Okay. Yes, going back to my definition, yes, a subsidy occurs when a customer or customer's segment is served at less than its incremental cost. However, there is additional cost that must be brought into play when one determines what the total costs are, and that is

opportunity cost as well as I mentioned earlier. If I cannot recover the opportunity cost of providing a service, then I have -- let me step back a minute.

The reason that I said that if the firm does not recover any more than TSLRIC, then from the entrant there will be an inter-firm cross subsidy because the company must price its services above total service long-run incremental cost in order to recover its entire cost or total cost of the company. If by doing that, they would charge a price higher than total service long-run incremental cost and are precluded from gaining those revenues by offering the service in connection to an entrant who only pays long-run incremental cost, then they have foregone the opportunity cost and, therefore, would not be compensated properly and there would be a subsidy between the two firms.

Q And in your example, what is the opportunity cost?

A It's the difference between the price that could be derived and the total service long-run incremental cost.

Q And how do you determine in that example the price that could be derived?

A It's the price that would be derived through imputation.

Q Do you understand Doctor Cornell's testimony to say that access charges cannot be competed down?

A Could you refer me to the section of her testimony that you're referring to?

Q Well, let me refer you to the section of your testimony that I'm referring to.

A Okay.

Q Page 23, Lines 7 and following.

A Okay.

Q Do you understand Doctor Cornell to say that access charges cannot be competed down?

A Well, I quote from her saying, here saying interconnection rates cannot be competed down.

Q And I'm asking you do you understand that to mean access charges?

A Interconnection charges could be anything. I believe that Sprint has recommended the use of access charges for interconnection purposes. I'm not certain of that, but I believe that to be true.

Q Well, I guess I'm asking you, do you understand her testimony to be that access charges cannot be competed down, or do you understand her testimony to be that charges for terminating local traffic cannot be competed down?

A I understand her testimony to be, quote, interconnection rates cannot be competed down, as she states on Page 30, Line 1 of her testimony.

Q And in your discussion then of that you talk

about competing down access and local termination. So is it correct that you understand Doctor Cornell's statement to apply to both access and local termination?

A What I'm saying there on Line 21, Page 23, is that it's my view that by asking for interconnection services to be provided at TSLRIC that the company would be -- the entrant would be getting a cross subsidy and would be able to use the imbalance in prices to be able to compete down the cost of providing access to its customers in local termination to the competing carriers.

Q So it's your opinion that both access charges and local termination charges can be competed down?

A Yes.

Q Give me just a minute. I think that may be all I had.

(MR. MELSON REVIEWED DOCUMENTS)

MR. MELSON: That was it. Thank you, Mr. Michaelson.

MR. MICHALESON: You're welcome.

MR. EDMONDS: Staff has no questions.

MR. WAHLEN: Anybody else have questions?

(NO RESPONSE)

MR. WAHLEN: Rick, this is Jeff. I don't have any questions.

MR. MELSON: All right. Well, I guess that

concludes the deposition. I assume your witness is going to read and sign.

MR. WAHLEN: Yes.

(WHEREUPON, THE DEPOSITION WAS CONCLUDED)

* * * *

ERRATA SHEET

DOCKET NUMBER 950985
GENE MICHAELSON
MARCH 7, 1996

CERTIFICATE OF DEPONENT

This is to certify that I, GENE MICHAELSON, have read the foregoing transcription of my testimony, Page 1 through 38, given on March 7, 1996 in Docket Number 950985, and find the same to be true and correct, with the exceptions, and/or corrections, if any, as shown on the errata sheet attached hereto.

_____

GENE MICHAELSON

Sworn to and subscribed before me this
_____ day of _____, 19_____

_____
NOTARY PUBLIC
State of _____
My Commission Expires:

STATE OF FLORIDA)
: CERTIFICATE OF REPORTER
COUNTY OF LEON)

I, NANCY S. METZKE, RPR, CCR, Certified Shorthand Reporter and Registered Professional Reporter,

DO HEREBY CERTIFY that I was authorized to and did stenographically report the foregoing deposition of Gene Michaelson.

I FURTHER CERTIFY that this transcript, consisting of 41 pages, constitutes a true record of the testimony given by the witness.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel connected with the action, nor am I financially interested in the action.

DATED this 7th day of March, 1996.

Nancy S. Metzke

NANCY S. METZKE, RPR, CCR

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP
LATE FILED EXHIBIT 37

STATE DECISIONS
LOCAL INTERCONNECTION COMPENSATION

STATE	FORM OF COMPENSATION ORDERED
California	Bill and Keep. The Public Utilities Commission has required the use of bill and keep on an interim basis for one year. *Order Instituting Rulemaking on the Commission's Own Motion into Competition for Local Exchange Service,* Decision No. 95-12-056 (Dec. 20, 1995).
Connecticut	Bill and Keep. The Department of Public Utility Control has required the use of bill and keep for 18 months. If the traffic is found to be out of balance during first nine months, retroactive usage-based charge to be imposed and at the end of twelve months if traffic is still out of balance, a usage-based compensation arrangement (e.g., minutes of use or flat rate) must be selected. *DPUC Investigation into the Unbundling of the Southern New England Telephone Company's Local Telecommunications Network,* Docket No. 94-10-02, Decision, (Sept. 22, 1995); Decision (Jan. 17, 1996).
Illinois	Usage-Based. The Commerce Commission has required a usage-based charge of $.005 per minute for end office and $.0075 per minute for tandem interconnection. *Illinois Bell Telephone Company Proposed Introduction of a Trial of Ameritech's Customers First Plan in Illinois,* Docket No. 94-0096, Order (April 7, 1995).
Iowa	Bill and Keep. The Utilities Board has required the use of bill and keep on an interim basis pending approval of cost-based tariffs. *In re: McLeod Telemanagement, Inc.*, Docket No. TCU 94-4, Final Decision and Order (March 31, 1995).

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO. 37
COMPANY/ WITNESS: LT/CT
DATE: 3/21/96

DOCUMENT NUMBER-DATE
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FPSC-RECORDS/REPORTING

Maryland	Usage-Based. The Public Service Commission has required a usage-based charge of $.003 per minute for end office and $.005 per minute for tandem interconnection. *In re: Application of MFS Intelenet of Maryland, Inc.,* Case No. 8584, Order No. 71155 (April 25, 1994); Case No. 8584, Phase II, Order No. 72348 (Dec. 28, 1995).
Michigan	Bill and Keep. The Public Service Commission has required bill and keep on an interim basis with a usage-based charge of $.015 per minute if the traffic volume of the two carriers is out of balance in excess of 5 percent. *In the matter of application of City Signal, Inc., for an order establishing and approving interconnection arrangements with Ameritech Michigan,* Case No. U-10647, Opinion and Order (Feb. 23, 1995).
New York	Usage-Based. The Public Service Commission has established a framework in which ALECs pay an access charge that is less than the charge paid by IXCs; flat rate and usage-based options must be made available. *Proceeding on Motion of the Commission to examine Issues Related to the Continued Provision of Universal Service and to Develop a Framework for the Transition to Competition in the Local Exchange Market,* Case 94-C-0095 (March 8, 1995); (September 27, 1995).
Oregon	Bill and Keep. The Public Utility Commission has required the use of bill and keep on an interim basis for up to two years. *In re: Application of MFS Intelenet of Oregon, Inc.,* CP 1, CP 14, CP 15, Order No. 96-021 (Jan. 12, 1996).
Pennsylvania	Usage-Based. The Public Utilities Commission has required all carriers pay into an escrow account pending adoption of cost-based rates. *In re: Application of MFS Intelenet of Pennsylvania, Inc.,* Docket No. A-310203F0002, Opinion and Order (October 4, 1995); Opinion and Order (December 13, 1995).

Washington	Bill and Keep. The Utilities and Transportation Commission has required the use of bill and keep until number portability is implemented and other barriers are removed, followed by negotiated rates that reflect the manner in which costs are caused (i.e. primarily non-traffic sensitive). *Washington Utilities and Transportation Commission v. U S West Communications, Inc.*, Docket No. UT-941464, Fourth Supplemental Order Rejecting Tariff Filings and Ordering Refiling, Granting Complaints, In Part (Oct. 31, 1995); Sixth Supplemental Order on Clarification and Reconsideration; Modifying Order; Lifting Stay (Dec. 27, 1995).

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by U. S. Mail or hand delivery (*) or overnight express (**) this 20th day of March, 1996, to the following:

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EXHIBIT NO. _____

DOCKET NO: 950985-TP

WITNESS: F. BEN POAG

PARTY: UNITED/CENTEL

DESCRIPTION:

2/29/96 DEPOSITION TRANSCRIPT

PROFFERING PARTY: STAFF

I.D. # FBP-1

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985TP EXHIBIT NO 38
COMPANY/ WITNESS: UTC | Poag
DATE: 3/14/96

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Resolution of petition (s) to establish nondiscriminatory rates, terms, and conditions for interconnection involving local exchange companies and alternative local exchange companies pursuant to Section 364.162, Florida Statutes	DOCKET NO. 950985-TP

DEPOSITION OF:	F. B. "BEN" POAG
TAKEN AT THE INSTANCE OF:	THE STAFF OF THE FLORIDA PUBLIC SERVICE COMMISSION
PLACE:	GERALD L. GUNTER BUILDING ROOM 362 2540 SHUMARD OAK BOULEVARD TALLAHASSEE, FLORIDA
TIME:	COMMENCED AT 2:00 P.M. CONCLUDED AT 5:45 P.M.
DATE	FEBRUARY 29, 1996
REPORTED BY:	NANCY S. METZKE, RPR, CCR C & N REPORTERS POST OFFICE BOX 3093 TALLAHASSEE, FLORIDA 32315

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P R O C E E D I N G S

MS. CANZANO: Should we take appearances? We'll go with people here.

MR. MELSON: Rick Melson with the law firm of Hopping, Green, Sams and Smith on behalf of MCI Metro Access Transmission Services, Inc.

MR. WAHLEN: Jeff Wahlen of the McFarlane, Ausley law firm, P. O. Box 391, Tallahassee Florida, 32302, on behalf of Central Telephone Company of Florida and United Telephone Company of Florida.

MS. CANZANO: Okay. Now people on the telephone.

MR. SELF: This is Floyd Self of the Messer, Caparello law firm, representing McCaw Communications of Florida, Inc.

MS. WILSON: This is Laura Wilson representing the Florida Cable Telecommunications Association.

MR. EDGINGTON: This is Eric Edgington representing GTE Florida, Incorporated.

MR. LOGAN: Mark Logan, Bryant, Miller and Olive, representing AT&T Communications of the Southern States, Incorporated.

MR. WILLIS: This is Lee Willis representing Sprint and Centel-United.

MR. CROSBY: This is Don Crosby representing Continental Cablevision.

* * * *

Whereupon,

F. B. "BEN" POAG

was called as a witness by the Commission staff and, after being first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MS. CANZANO:

Q So please state your name and business address for the record please.

A My name is F. B. "Ben" Poag. Business address is Box 165000, Mail Code 5326, Altamonte Springs, Florida, 32716-5000.

Q And did you file testimony in Docket Number 950985?

A Yes.

Q And do you have any changes to make to that testimony?

A Yes.

Q And what are those changes?

A Okay, on Page 8 of my direct testimony filed on 2/6/1996, on page -- I'm sorry, on Page 8, Line 17, beginning at the end of that line I would delete the words

"the SS7 network" and replace that with "air conditioning." And then on Line 18 the sentence beginning at the end, "It is," delete that entire line through the word "efficiency" on Line 20.

Q Are those all of your changes?

A Yes.

Q Okay. Does United have any interconnection agreements with any ALECs in Florida?

A Yes.

Q With whom?

A ICI is the only one to date that I'm aware of.

Q And has that been filed with the Commission?

A I don't believe it has, but I'm not positive.

Q If it has not been filed, when do you plan to file that with the Commission?

A As soon as possible.

MR. WAHLEN: Just for the record, it was included in a response to a document request that the staff made, and so it should be here in the discovery material.

Q Okay. Does Centel have any interconnection agreements with any ALECs in Florida?

A This was a joint Centel-United agreement.

Q Okay.

A We are trying to align the tariffs for the two

companies with the expectation that eventually they will merge, so on a go-forward basis we are attempting to, you know, be consistent and uniform in the rates and rate structures.

Q Will you please explain the details of the interconnection agreements in the one that you have with ICI, specifically like the type of compensation arrangement you have agreed to? In other words, the port charge or minute of use.

A Yes. Okay, for interconnection we provided two options. We refer to those as Option a, which is a port charge; and Option B, which is a per-minute-of-use charge. I describe those in my direct testimony.

Q Is this agreement that was filed much different than what was filed as, in Mr. Devine's rebuttal testimony as TTD-8? I believe it was an earlier version. It was an early February date of I believe that agreement. It's dated February 1st.

A Yes. I do not recall exactly what was in that agreement at that time. I could review that. I recall one of the things that was in that agreement, one of the rates had a typo in the back of that agreement. And that was a draft agreement; that wasn't a finalized agreement.

Q Right. Right.

A I do not remember specifically what changes have

been made since then. This has been a negotiating process, and we are going through the process of refining, or went through the process of refining some of the issues and some of the details, and I can't really tell you the big difference. But again, you will have this later version through the production of documents.

Q Okay. Thank you.

Under Sprint's and the Intermedia agreement, what happens if the traffic is imbalanced, for example, if it's greater than 105 percent, you know, say, pick a number, say two hundred percent in favor of the ALEC? In that case would United-Centel be recovering its cost of interconnection?

A Okay. Let me just comment on that. To the extent that those rates have some contribution in them and depending on the levels of traffic, then, yes, you would be able to recover your cost. Keep in mind that cost is driven predominantly by the busy hour, and data that I have reviewed indicates that the busy-hour represents about nine percent of the total busy hour traffic -- or excuse me, total traffic, and the busy hour is nine percent across the EAS trunk groups between us and Southern Bell, and that's a pretty consistent number. So at a maximum you've only got a four-percent differential, which means the 105 percent versus the 109 percent; and then I'm saying to the

extent that we've got some contribution in there we would hopefully be okay on covering the cost.

Q Do you know the, I don't know, for lack of a better term, the crossover point at which it would not balance out, including the contribution, so that at some point that you actually not be recovering your cost, what percent would that be?

A Yeah. No, I have not computed that, and I'm not sure exactly how you would do that. Based on my knowledge of the information underlying those rates, I think that they will in fact cover cost, even when capped at 105 percent.

Q In United-Centel's proposal, the parties may default to or may agree to a bill and keep scenario; is that correct?

A Yes.

Q And under what circumstances would you do that?

A Okay, I haven't come to a set refinement or definition of when that would occur. I think it would be learning, you know, over time, you know, what all is involved in the process. I quite frankly, though, don't believe that that's something that will be activated, and the reason that I don't believe it's something that will be activated has to do with the information that I filed reflecting the imbalance of traffic amongst the different

players. I think that that situation will continue to reoccur. I think you'll see greater levels of imbalance because you'll have different players and you'll have niche players. The end result is that to the extent that you've got a bill and keep agreement with one player and you've got some other kind of agreement with a different player, that gives me some concern. I think we've got to treat everybody the same.

Q But it is conceivable that you might have different arrangements for interconnection when you negotiate with different entities?

A Yes, as long as it's not I guess -- I'm not sure what the current statutory language, but unduly discriminatory, did that stay?

Q Is United-Centel currently in negotiations with Time Warner and Continental?

A Yes.

Q Has Time Warner provided you with a proposed agreement?

A I personally don't remember specifically getting a Time Warner agreement, and that's not to say that they haven't done it. And the only reason that I bring that out is that we are trying to coordinate our negotiations at our corporate level because whatever comes out of these we will hopefully use as a pattern for all of the other states in

which we operate, so there may have been some things going back and forth that I'm not totally aware of.

Q Has Continental provided you with a proposed agreement?

A I'm sorry, I just do not recall.

Q The next question refers to Page 10 of your direct testimony. Is Centel-United proposing that the per-port rate for what you propose for local interconnection be based on its current switched access rates excluding the RIC and the CCL?

A Where are you now?

Q On Page 10 of your direct testimony, Lines 11 through 22.

MR. WAHLEN: That's January 5th, the January 5th version.

A Yes.

Q Why do you believe this is appropriate for purposes of interconnection?

A I believe in my testimony I laid out four reasons why that's appropriate on Page 7 of my February 6th testimony on interconnection. It's Page 7, Lines 4 through 17.

Q And what are those four reasons?

A Well, first of all, interconnection arrangements will carry both local and toll traffic; however, on

terminating traffic, it's not possible to distinguish between toll and local for billing purposes. Thus, maintaining a relationship between the toll and local rates will help to mitigate arbitrage between terminating local and toll traffic.

Second, from an administrative perspective, there is already a great deal of familiarity with the access charge rate elements and the underlying basis for the rate elements.

Third, the rate elements are related to the underlying cost elements.

And fourth, such an arrangement has been accepted by the industry and the Commission in the stipulation and agreement between BellSouth and a number of ALECs.

Q Do you believe that there should be some contribution in the rates that the Commission sets for interconnection?

A Absolutely.

Q And why is that?

A Okay. Let me just go through this again. Any firm that is doing business has cost over and above what is called direct cost, and when we are talking about contribution, we are usually talking about the difference between the rate that is set and the economic direct cost associated with providing the service; however, the firm,

to be profitable, must recover what is referred to as shared cost, and they must recover what is referred to as overhead cost.

To the extent that these costs are not recovered through the contribution element -- I'm sorry, through the interconnection element, then you are essentially shifting that cost to the, in this case let's say the local exchange customers, other end users. Now to the extent that this drives up the prices of the services provided to those other end users and the people that you are competing with don't include some contribution of that, it creates an additional profit margin for those players.

Historically, at the FCC and in this Commission, you've included contribution for services that the LEC provides and has also provided to competitors of the LECs. This was done in the expanded interconnection docket. It's done with access charges where the local exchange company competes with the interexchange company for intraLATA toll long distance services; it was done at the FCC level with expanded interconnection. But it's clearly appropriate to include those costs. And if the economic -- The economic literature and doctor, excuse me, Mr. Michaelson will testify on this, to the fact that if you are looking at the revenue required to cover, for example, shared costs, if you have two products and you have a cost, and I'll use an

example that I used before, providing, say, two custom calling features. If I have to have a piece of software to provide the two custom calling features, in doing the long-run incremental cost study, you would not include the cost of that software in your long-run incremental cost study; however, before you would offer those two features, you would have to have a business case that says my revenue between the two services is going to recover that cost. And if you don't do that, it's inappropriate to offer it, and it would be a nonprofitible venture; so you must have contribution from the services that created that shared cost to cover that cost. Now the revenues from the services must exceed the direct cost and the shared cost.

Q I just want to clarify one point. Are the joint or shared and common costs included in United Centel's LRIC?

A No.

Q Is there any contribution included in the LRIC?

A No.

Q Not in return on investment or anything like that?

A Return on investment is not a contribution. Return on investment is a cost of capital. If I take and I use capital resources to start a project, and in essence I take that money out of the bank and I pay ten percent for

that money and then I get a return on that capital of ten percent, I have not made a profit. All I have done is repaid the expense in terms of interest, or I have repaid the opportunity cost in terms of alternative uses of that capital.

Let me just say one other thing too about long-run incremental costs.

Q Go ahead.

A It's, you know, it's easy to grasp onto this thing and say let's, you know, use cost as a basis. But if you actually sit down and you get involved in doing cost studies and start to understand some of the nitty-gritty details and how difficult it is to come up with all of the various elements of costs associated with something, you begin to realize that, hey, you know, what this is is an estimate or an approximation of what this service costs; and there are a lot of costs.

For example, in our interconnection cost, there is nothing in there to cover billing cost, I mean it's just not there. That is a shared cost, but there are -- Now you could argue that you could go through some mathematical calculations and come up with some sort of an allocation of that cost, and you don't generally talk about allocations when you are doing incremental cost, but you could come up with some, you know, surrogate for a volume sensitive cost

that could be added in there, but it would be very complex and be very time consuming.

So what you're seeing when you see somebody that has come up with -- In the vast majority of cases of long-run incremental cost, you are just hitting the bear bottom minimum cost that you would ever want to get in a price.

Q What do you believe is a reasonable range in terms of a percentage to joint or shared and common costs that United-Centel considers appropriate?

A Generally speaking, you don't price in terms of cost plus. Okay, what you really need to do is you need to look at the market. You need to look at the cost of elasticity of services. You need to look at what you are charging for similar services in the market place.

I don't have a magical formula that says this is the absolute right amount. One of the reasons that we proposed access charges was the fact that it's already something that is established. You know, the structure follows the underlying cost in terms of what you are charging for, and it's consistent with what we are charging to the interexchange carriers. Also, the measurement systems are there, the billing systems are there; it helps to mitigate bypass. It's logical; it's the thing to do.

Now consistent with that, we recognize that we've

taken out the RIC and we've taken out the carrier common line. So there is substantially less contribution coming on local interconnection than is currently coming from long distance interconnection.

Q But is there still substantial contribution included in your switched access rates?

A In our interexchange switched access rates, yes.

Q And what about, even excluding the RIC and the CCL, is there substantial contribution in there? Although that is a relative term.

A No, there is not substantial contribution.

Q What would the percentage range of that be as an estimate?

A It would be difficult for me to tell you that without giving you cost information, wouldn't it?

Q Well, I mean if you want to make a broad, you know, a generalization so that you are not giving away any confidential information.

A Looking at a call coming to the access tandem using transport going to the end office, the contribution based on the rates we had in our latest stipulation would be less than a hundred percent, I believe -- I'm doing this off the top of my head -- and I would say that's reasonable. You have to understand that many of the services that we provide have substantially greater

contribution than that, okay? And again, it's going to vary depending on the type of service that is offered.

Q We are going to move on now.

The next question refers to Page 18 of your direct testimony, and specifically Lines 6 through 10. You state basically that under a minute-of-use charge United-Centel does not have the necessary software in its switches to record the required usage; is that correct?

MR. WAHLEN: Could you give us the page again? I'm sorry.

MS. CANZANO: 18, Lines 6 through 10.

A That's probably more appropriately stated to say, to distinguish between the different types of usage rather than to measure the usage, and let me try to clarify that. And I thought I did it when I did my rebuttal testimony of Doctor Cornell.

But we have the capability via the access measurement systems to measure that kind of usage, but when you get into having usage that is going to cellular carriers, to other ALECs and to other telephone companies, you do have to have some different software to distinguish that type of traffic. And that is what we don't have at all of our offices.

I believe Bell in general have it because of their consent decree requirements in equal access for

cellular carriers. We didn't have that same requirement, and because that software was kind of expensive, we haven't put it in. But now that we are going with SS7 interconnection and ISOP trunking with the cellular carriers, we are putting it in, but we are putting it in at the access tandems, and that software will provide that capability.

BY MS. CANZANO:

Q What minute-of-use rate does United-Centel propose for purposes of interconnection?

A That rate is in the ICI stipulation, and I will just refer you to the document so you can look at it, but it would be attached to the stipulation between us and ICI, and it's Attachment B. And for Option B, the rate at the tandem would be 1.979 cents, and the rate at the end office would be 1.867 cents.

Okay. Now on the port charges, that's on Attachment A, and the port charges vary. Do you need for me to read those, or is that sufficient to refer you to that document?

Q That's fine to refer us to that document.

A Okay. It's Attachment A, Option A of the ICI, Sprint United-Centel interconnection stipulation and agreement dated 2/1/96.

Q Mr. Poag, why do you believe that a bill and keep

arrangement is not the appropriate compensation arrangement for purposes of interconnection?

A As I stated in my February 6th testimony, it's not consistent with the statute, and I go to great length to give you my layman's interpretation of the statute.

Q Your what interpretation of the statute?

A My layman's interpretation of the statute.

Q Okay.

A But the statute is captioned 364.162, Negotiated prices for interconnection and retail of services and facilities, semicolon, commission rate setting. And I guess Subparagraph 4 I thought was more direct to the point, but there were 12 more times in Subsections 1 through 4 that references were made to prices and charges and rate setting. But Subparagraph 4 is very simple; it contains one sentence, and it establishes setting the local interconnection charge to cover the cost of furnishing interconnection. And that is very basically the only items within that entire subsection; it's just one sentence.

Beyond that, you know, Doctor Cornell goes to great length in all of her many, many assumptions to build a case of why bill and keep or inkind is appropriate. It seems to me that most of them are based on the assumption that traffic is in balance, and I have provided substantial information and empirical data that says traffic isn't in

balance between existing telephone companies and cellular telephone companies and local telephone companies.

So in my mind there are several reasons why it's inappropriate, that I just mentioned, plus the fact that, to the extent that there are different costs associated with terminating the calls for the local exchange company versus the alternative local exchange company, is another reason why bill and keep is inappropriate.

Q Are you familiar with Mr. Devine's rebuttal testimony?

A I read it, it's been a little while.

Q In his testimony he basically states that MFS believes that the appropriate cost methodology is, you know, is a LRIC that is similar to TSLRIC.

A Yes.

Q How would you define long-run incremental cost? I mean --

A Well, if I used his definition of long-run incremental cost, I think he may be coming out about the same place I am. If I understood in his deposition, he said it included profit and that it included, I believe, subject to reading the transcript I guess, it included contribution to shared and overhead; those may not be the exact terms. But you know, it clearly appears on my part to be a misunderstanding -- excuse me, not on my part, but

based on my knowledge of incremental cost, there appears to be a misunderstanding on his part of what incremental costs is, so that may be part of the confusion.

Now, what was your question?

Q Well, basically how would you define the difference between LRIC and TSLRIC? It seems that a lot of people have different -- they kind of seem like loose terms for some people.

A That's true, and I can refer you to some places in Doctor Cornell's testimony where you'll see that too. We'll get to that one later.

TSLRIC is essentially looking at the total cost associated with introducing a new product or a service. And I use the word introducing, because in effect you are going from zero units through X-number of units, and so it incorporates fixed and non-volume sensitive costs that are not included in the LRIC.

In LRIC you don't necessarily look at the cost that you have already invested to, let's say, start up or start introducing a product, but you are looking at the product based on additional costs that will be incurred for additional units. And when I say additional units, since some of the investments are called lumpy capacity, you have to divide that lumpy cost by some level of demand to come back to the long-run incremental cost.

Q I haven't heard that term before, but you say lumpy capacity?

A Yes, lumpy investment or lumpy investments for capacity. You can't buy additional switch processing capacity on a per-minute-of-use basis. You have to buy it in building blocks of investment.

Q This next question refers to United-Centel's response to staff's first set of interrogatories, Item Number 1. I'm not sure if you have it or not. It's a confidential piece of material, but really what we are going to ask you questions, not about the confidential number, but the components that go into it. For local interconnection purposes please explain what you mean by interoffice. That term I believe is on Line 4.

A Okay. What we were trying to distinguish here by using that terminology is the fact that you can terminate directly to an end office via an interoffice trunking facility. And in this scenario, interoffice, this reflects where the ALEC would directly connect to the end office.

Okay. Now the local tandem, okay, this is where in addition to the end-office connection you also have the tandem switch and the transport to get it down to the end office, and that's the reason that you have the difference in these prices, or I'm sorry, these costs.

Okay. Now let me make another point too while

I'm on this subject. The SCIS model that is used for developing a switching cost does not do total service long-run incremental cost. It does long-run incremental cost only, so you have to use this as a surrogate. Actual total service long-run incremental cost would be somewhat higher than this, and I do not know whether it's a little or a lot.

Q So what components or rate elements make up the long-run incremental cost of the interoffice cost listed in this response?

A Okay. You said rate elements. I think you mean what are cost components, and I can associate those with the rate elements.

Q Okay.

A Okay. The interoffice one would be only the end-office switching.

Q And there is no transport in that at all?

A No.

Q And what about for local tandem?

A Okay, local tandem would include tandem switching, tandem termination, and tandem termination is basically the fixed piece of the facilities that are associated with the carrier equipment, the terminal equipment or the fiber optic equipment, okay? And okay, and then the tandem facility would actually be, and I'll

use the fiber optic cable, so you are effectively picking up the light terminal equipment and the fiber optics to get you from the access tandem down to the end office. And I said access tandem, this says local tandem rather than access tandem.

Q Is there a difference?

A Yes.

Q So for a local tandem what you just told us, all of those are components of local tandem?

A Yes, they would be the same components for an access tandem, but we haven't done a total service long-run incremental cost for the access tandem. But we are working on that, and we'll provide that hopefully soon.

Q In this docket?

A Yes, I mean that is why we are working on it.

Q Okay. And that will be provided to us by the cutoff date for discovery?

A I can't promise you because, again, the problem I'm having getting a total service cost out of SCIS, it's not there, so we're trying to --

MR. WAHLEN: We'll get it to you as soon as it's ready.

A Yeah, or apologize profusely.

It's not going to vary, you know, majorally. I expect it to come down though.

Q Okay. Are these components the same that are in like the local transport costs that were in the local transport restructure docket, 921074, the figures that you have given us?

A I think the transport was developed using the same methodology, yes.

Q Do the costs represent one way or two way? Like one way meaning the cost of originating a call, or two way meaning the cost of originating and terminating a call.

A It's only the cost of terminating a call. I believe that is what the interrogatory asked for. Excuse me, it asks for originating or terminating a call. What you are seeing is terminating, okay?

Q Does it differ? Would it be different if it were originating?

A I do not know, and the reason that I say that is is that, you know, we are not charging anybody for originating; that's our internal cost.

Q Okay. How does United-Centel currently handle the exchange of traffic between your company and other independent LECs? We are switching gears.

A Okay. Yeah. How do we handle it from a billing perspective?

Q Yes.

A Yeah, okay, currently we are not billing each

other for that traffic; however, we have initiated -- I shouldn't say initiated. We have begun the process of drafting up some contracts to begin charging each other for certain types of EAS calling. In particular, the cellular is going to be the, was -- In the first place, it will be concentrated; however, with all of the other opportunities we've had to negotiate prices and to file testimony, we haven't gotten too far with that other project.

Q Well, how is it done today? I know you might -- I mean you say you might be negotiating, or you are negotiating, but how is it done today, before I mean -- or yesterday? How are you doing it right now?

A Right now we are not charging each other.

Q So --

A I don't think that we should continue that though.

Q Is that similar to bill and keep?

A Yes.

Q How does United-Centel plan to address that the ALECs and LECs have different local calling areas and the difficulty of distinguishing between local and toll calls?

A Okay, in our agreement with ICI we have basically established that there will be a requirement to charge either originating access charges or intraLATA toll rates, depending on what the type of the call is, if it can't be,

if they can't provide us verification that it's local versus a toll.

Q So the burden would be on the ALEC?

A Well, it would be on both of us I think. I think it's predominantly going to be on the ALEC though because our local calling areas are pretty much established by the NXXs, but --

Q Are you familiar with MFS's proposal for a percent local usage factor similar to the PIU factor that is in use today for toll calls?

A Yes.

Q Is that an acceptable way to separate the traffic between local and toll?

A Conceptually that's going to have to be done, okay? Conceptually you are going to have to come up with some methodology to do that. I'm not sure, I don't recall the details of what was in the MFS proposal, but conceptually there will be something. And I might add that, you know, contrary to Doctor Cornell saying that, you know, if you go to bill and keep you don't have to have these types of auditing processes in place. Whether you go to bill and keep or whether you go to a per-minute-of-use charge, you still have the issue as to whether there is toll being terminated over your network, so you've got to go to some sort of a process to identify how much of that

traffic being terminated over your facility is toll versus local.

Q So you envision some day perhaps a PLU being established?

A Yes, some sort of a process, which may turn out to be a PLU.

Q But is it premature to do something like that right now?

A I don't know that it's premature. I guess there are a lot of operational types of issues that need to be resolved. And in the stipulation that we signed with ICI under the section on billing, we put some language in there so that we could mitigate the cost associated with implementing that document that said that if there are technical difficulties associated with doing billing and measurement, then we would develop surrogates. So again, we are trying to reduce costs, not increase them, as Doctor Cornell has proposed.

Q The next question refers to Mr. Devine's direct testimony on Page 38. He talks about what standards should be adopted for interconnection between MFS and other collocated facilities. He states that for each cross connection United-Centel should charge both MFS and the other entity one half their standard tariffed special access cross connect rate. Do you agree or disagree with

that concept?

A I disagree. And Number 1, if only one cross connect is charged, then we should charge it to the one that orders the service and let them, you know, split that however they want to with whoever they want to interconnect with because, here again, that is a situation of where we have established, you know, our rate element. And if we've got to go in and do prorating, that complicates and drives up costs.

But beyond that, that's somewhat of an oversimplification to believe that I can just run a cross connect and get from one ALEC to another ALEC. A lot of this is going to depend on where they are located and how many facilities I have to use to get to them, and there may be more than one cross connect involved. There could potentially be a cross connect to get from, for example, MFS to my facilities; and then I would have to use internal conduit and cable to get -- potentially, depends on where they are located -- to get from there to the other ALEC, and then I would have to use another cross connect there. So rather than, you know, setting some fixed rate at the front end, then I would say that -- and all of those elements, by the way, are in our expanded interconnection tariffs -- then I would say that the charges would be based on the existing expanded interconnection tariffs based on

whatever facilities are needed to accomplish that interconnection from one to the other.

Q Would you object to a cross connect based on the expanded interconnection tariff in your central office?

A I'm not sure I understand.

Q Well, if it were -- you said it depends on where it's located, but what if the two ALECs want to be collocated in your central office by virtual collocation, would that --

A Yes, but that doesn't necessarily mean they are sitting right next to each other. In fact, I believe this Commission's order required us to put space between them so that if they wanted to expand --

Q The checker boarding?

A Pardon?

Q The checker boarding?

A Yeah, required us to do the checker boarding so that they may not be right next to each other. And there may be additional facilities required. There may not be. I mean I don't know the answer to that. They could potentially be on a different floor. So it ought to be based on whatever facilities are required based on the existing expanded interconnection tariffs.

Q Do you have any type of cross-connect provision in your agreement with ICI?

A I do not recall specifically. I think that the language relates to applying standard tariffs, but I wouldn't swear to that. I think I did though, didn't I?

Q My next question refers to Page 9 of Mr. Devine's rebuttal testimony. Are you familiar with that? Have you had a chance to read it yet?

A Refresh me.

Q Well, basically he states that in calculating the house which access charges to third parties are calculated United-Centel should not collect the RIC for calls terminated on MFS's network. He states that to allow United-Centel to collect the RIC from MFS but not from the independents would be patently discriminatory. Would you agree or disagree with that?

A I disagree a whole lot.

Q I thought you would.

A Yeah. Mr. Devine doesn't understand how the RIC charge was developed apparently, and if -- Bear with me. When the local exchange companies were developing RIC charges, it was understood that there would be independent companies that were subtending the access tandems of other local exchange companies. So in our case, when we developed our RIC, we knew how many minutes were going through our end office and how many minutes were going through other local exchange companies' end offices.

So when we developed the RIC, the RIC was developed to bring us back whole with the revenue requirement cost shortfall that was the result of going to the local transport restructure. So the fact that a subtending end office exchange -- local exchange provider is getting the RIC revenue, the RIC that that local exchange company is getting is associated with the shortfall of their local transport restructure, not United's or Sprint's. So there is a total misconception about how that RIC was developed and how those revenues are shared.

The RIC consists primarily of two elements, the transport shortfall and the tandem switching shortfall. The tandem switching shortfall represents eight percent of the revenue requirement associated with tandem switching investment. So to the extent that that much, you know, that proportion of the tandem switching investment is included in the RIC, then it's appropriate in this new environment that the tandem switching company get the revenues for the RIC.

Q Mr. Poag, is it correct that United-Centel has elected to be a price regulated company?

A Yes.

Q So do you still have a revenue requirements association? Do you have revenue requirements now?

A Yes, and I don't know how you mean that, but you better believe headquarters says I've got a revenue requirement.

Q But it's not something that the Commission -- You don't have a rate of return -- You are no longer rate of return regulated, are you?

A That's correct.

Q So under this new regime, what is the meaning of the RIC?

A It's the same thing it's always been. You know, here what we are talking about is the interexchange market. Now we are not talking about the local market, okay? That's a revenue source that I'm getting today through interexchange access charges, and to the extent that -- You know, that's what we are talking about, except we are talking about sharing that, you know, with another provider. Then to the extent that it really represents my access tandem investment and my transport investment recovery, then I need to keep those revenues.

Q Could you explain what your understanding of tandem subtending is?

A It's basically all of the Class 5 offices or local exchange central offices that are connected up to a tandem. In this discussion I'm talking about an access tandem. And when you talk about an access tandem, you are

really talking predominantly about toll and access charge traffic, okay? And we are, you know, expanding that to include local traffic on a going-forward basis.

Q The next question refers to Page 13 of your rebuttal testimony, specifically Line 9. You counter Mr. Guedel's argument that there is no underlying cost associated with the RIC rate element. You state that while most of the costs associated with the RIC are not direct costs they are considered contribution to shared and overhead costs. Do you recall that?

A Yes.

Q Could you explain how you consider the RIC having underlying cost but still call it contribution?

A When you are talking about contribution, that is what you are talking about, you are talking about contribution to cost.

Q What underlying cost does the RIC have? I mean to me, I just thought it was basically contribution, kind of like a make-whole plug in the local transport restructure.

A Let me, let me see if I can run through an analogy. One of the points that I'm not sure I made when I was talking about LRIC and total service long-run incremental cost was the fact that under the economic definition of those terms you are generally talking about

forward-looking cost or cost using the latest technology. And let's just say, for example, that a new piece of equipment comes out that reduces, you know, all of my cost by 50 percent, if I were to deploy that new technology throughout my entire network, so I would effectively do a cost study that would arrive at an incremental cost using this latest and greatest technology.

Okay, but what really happens though is the fact that I can't deploy that technology throughout my entire network all at once. So let's assume that I deploy that over ten percent of my network, and I'm using incremental cost based on the latest technology, which I've only deployed over ten percent of the network. So to the extent that I use that for an incremental cost analysis, but I'm actually using the older type facilities in the other 90 percent of the network, those costs are not recovered with the incremental cost. Hence, the difference between the incremental cost and the price becomes a contribution which would go to pick up the differential of the higher cost associated with the older technology. In addition to that, there are shared costs. In addition to that, there is overhead cost, and I'm not sure when that older technology becomes a common cost or a shared cost.

Q What other specific cost components of the RIC? You say they have underlying costs, but do they have any

cost components?

A Yes.

Q What are they?

A Okay, in the case of the access tandem, they represent the cost associated with the switch that I'm required to recover if I'm to stay profitable. In the case of the transport element, it's associated with the fiber optics and the light terminal equipment, or other types of investments that I've made in transport facilities.

Q Do all of the other components of local transport, with the exception of the RIC, cover United-Centel's costs?

A I'm sorry, would you repeat that one? I'm trying to think too fast.

Q With the exception of the RIC, do all the other rate elements associated with local transport recover United-Centel's costs, each component separately, excluding the RIC? Because all of the components cover local transport except for the RIC. Do each of them separately cover United-Centel's costs of providing local transport?

A They recover the incremental cost. There may be a little bit of contribution in them, but they are just not -- I'm sorry, my recollection is there is not much contribution in those particular elements. And again, if you think about the logic of that, we took out some of that

contribution and we put it over in the RIC.

Q You put it in the RIC?

A Yeah.

Q Well, do you agree that the RIC was put into place to make the LECs revenue neutral?

A Yes.

Q Are you familiar with Mr. Guedel's direct testimony?

A I rebutted it, so -- but it's been a while. Help me.

Q Well, essentially he discusses Sprint-United's position regarding the application of the RIC where United -- where Sprint-United provides tandem switching in a meet-point arrangement. Although he takes issue with Sprint-United's position that it should collect the RIC in that situation, he also states that the optimal solution would be to eliminate the RIC altogether. Do you remember that?

A Yes.

Q What is United's opinion as a general policy matter as to the appropriateness of applying the RIC in a competitive market?

A Well, I think it's consistent with the position that we have been taking for years, and that is, that we need to rebalance rates to reduce the prices that we charge

for access services, with RIC being included in that. Additionally, we think we would like to see, you know, some overall reductions above and beyond the RIC, but that certainly results in a revenue shortfall; and to the extent that that results in a revenue shortfall, then prices for something else need to be changed. And under the revised statute, our flexibility to do that is greatly limited.

Q On Page 18 of your testimony that you filed on February 6, you discuss your proposed pricing for intermediary traffic. Is this still your position today?

A Yes.

Q Could you please describe --

A Excuse me, I'm sorry, let me back up and look at that one again.

Q That's fine.

A Yeah, and let me explain that one. In our original development of rates that -- we had proposed to go to the full recovery on the intermediary switching function based on one hundred percent of our intrastate revenue requirement because the -- The way the original tandem switching rate was developed, it was developed based on orders from the FCC that since many of the small interexchange carriers would be using common transport versus direct trunking transport or trunking to the end offices, that that rate was set in my mind more on a social

objective than an actual cost or value basis. However, you don't have that same situation when you are in the new environment for local interconnection. So my original thinking on that was that we ought to go to the full recovery for local termination or local interconnection call termination or -- excuse me, that is not call termination, intermediary switching.

Subsequent to that though we have, as you know, in the IC -- or we have agreement with ICI, and we reduced that to two tenths of a cent rather than the four tenths of a cent which I had originally -- approximately four tenths of a cent which I originally proposed.

Q Are you suggesting that the RIC should be included in this compensation mechanism for this intermediary function?

A No, and that's the reason that I had wanted the higher rate because you don't get the RIC, okay?

Q Okay. We are going to switch gears again.

In Mr. Devine's testimony, in his direct testimony regarding Sprint-United, Pages 39 through 42, he discusses arrangements necessary for information services billing and collection. Does United's proposal differ at all from MFS's regarding this issue?

A Yes.

Q How so?

A Okay. I was somewhat confused by his discussion, so I really can't relate to exactly what he meant by his proposal, okay? But in essence, I -- I would propose that we just do the same thing with MFS that we do with Southern Bell or anybody else, and we have tariffs filed for that. But in essence, it's the responsibility of the information services provider to communicate with us or to communicate with Southern Bell on what their charges are and what services are available.

Q On Pages 8 through 10 of your rebuttal testimony, you discuss billing to third parties, and you state that Sprint's access billing system cannot support single bill/multiple tariff and, therefore, multiple bill/multiple tariff should be used. Could you please describe, first of all, each term, like single bill/multiple tariff and then also define the term multiple bill/multiple tariff?

A Okay. Single bill/multiple tariff is the scenario where one carrier bills for both of the service providers but they bill based on each company's tariffs, okay? Single bill/single tariff is where one company bills but they bill only based on their tariff.

Q And what about multiple bill/multiple tariff?

A Okay, multiple bill/multiple tariff is where multiple providers bill based on their individual tariffs.

Q Why does your billing system not support single

bill/multiple tariff?

A I cannot give you specifically why it doesn't do that, but there are probably some operational issues with that. I can tell you that it's a real headache in terms of trying to negotiate and manage that process.

Q How do you bill today with other carriers?

A Predominantly -- Now if we are not doing multiple -- We are doing both, we are doing some of both, but we are going to go to multiple bill/multiple tariff because of the problems we are having with the single bill/multiple tariff.

Q What type of problems are you having with that?

A It takes an awful lot of coordination from one company to the other company about the rates, and you've got meet-point arrangements, and you are not billing just, you know, a single circuit or a single call. But particularly, when you get into the special access services, there is an incredible number of circuits that are billed on one bill and you are just going back and you are doing horrendous corrections and things. And we've got an agreement from our major customers that they too would prefer the multiple bill/multiple tariffs.

Q Mr. Devine in his direct testimony discusses transfer of service announcements. What is your position on transfer of service announcements? Do you believe that

it should be provided for free or for a charge?

A I think that for some initial period of time it should be provided at no charge; however, after some extended period of time, I think a charge ought to be applicable. And we have not developed what that charge would be but, you know, it seems reasonable that you just don't do that forever at no charge.

Q Mr. Devine in his direct testimony also discusses operator reference data base. Do you know what is meant by that term?

A No.

Q In Mr. Devine's testimony he also discusses standards that should be adopted for coordinated repair calls and information pages, things like that. Are you familiar with his proposed standards at all?

A Generally.

Q Do you generally agree with them?

A Well, let me just back up a little bit on that one. There are a lot of operational issues that need to be dealt with, and I will tell you that our company position is that we are going to work very hard to make sure that this works. It's not stuff that you can put in place overnight, and there needs to be a lot of coordination between us and the other players. But the ultimate goal is to give customers good service, and we intend to do

everything we can to do that. I don't care whether it's their customer or whether it's our customer because in the end, if there are problems, it's going to come back to us somewhere. So whatever is out there that has got to be worked out, we are willing to work with them, to do it, as long as it's reasonable and as long as it's efficient for all of the parties.

Q In your rebuttal testimony you discuss mechanized operational interfaces and the need for national standards.

A Yes.

Q Specifically you refer to the industry Ordering and Billing Forum, the OBF.

A Correct.

Q You state that the parties should wait until the appropriate industry standards are set so that the cost can be minimized.

A Correct.

Q Could you elaborate a little bit on that, please?

A Yeah. Most of the support systems that you are talking about, and most of these, by the way, would fall into the shared and the common costs that are not included in the direct cost of a long-run incremental cost study. But most of these systems are extensive, they are expensive, and they are not easy to modify because there

are so many interrelated subsystems that work off of them. So before you get in there and you start tinkering, you need to be sure that you are not getting into a lot of false starts or you are not getting into a lot of situations where you are going to spend a lot of development money and it's not going to work the way it should. So it's just very important that you do it right and you do it right the first time, and everybody will be better off when that occurs.

Q In the interim -- Well, let me back up for a second here. How long will it take for these standards to be developed?

A I do not know.

Q But in the interim, what would you do?

A Well, that's getting back to our intent to work very cooperatively with those folks. You've got to remember, this is a two-way street. If we are taking orders from them, hopefully they are going to be taking some orders from us. And we hope that we demonstrate to them that we are going to do everything we can to meet their requirements, and I'm going to expect the same thing out of them.

Q Is the issue of numbering resources and administration a problem between MFS and United-Centel?

A I don't believe so. We are not a numbering plan

administrator.

Q Do you believe that United-Centel should tariff the interconnection rates, terms and conditions that are established by the Commission in this proceeding?

A Yes.

Q Of all the issues that have been discussed, do you think that Sprint United-Centel and MFS are close to resolving the operational and technical issues?

A Yeah, I think we are very close to an agreement with MFS on most of the issues. I think there is maybe four or five that we have some disagreement on, basically the prices and some of those things, and some of them are kind of minor. And some of the things that we've talked about and we've had, let's say disagreements on, we are still, you know, coming to the point where I believe that we can reach agreement on many, many of the issues.

Q Maybe soon?

A Well, quite frankly, just to make excuses while I have the opportunity, we have been trying to meet with them for three days and trying to find, you know, the time when we've got the time and then they've got the time, it's just been very difficult.

Q I know these depositions aren't helping any, but --

A I didn't want to blame anyone for that.

Q I'm sure you didn't.

Are you familiar with Ms. McGrath's testimony?

A No.

Q Okay.

A I haven't looked at that in quite a while.

Q I don't mean to put you on the spot here.

A No, I haven't looked at that in quite a while, okay? But I'd be glad to comment on it.

Q Basically she discusses the need for more than one NXX in order to distinguish between local and toll calls. Would you agree with that?

A I do not have an objection to that. I recognize that it starts to utilize up some resources, but I think that that is something that we've got to begin to do.

MS. CANZANO: That's all the questions that staff has.

MR. MELSON: I've got some.

EXAMINATION

BY MR. MELSON:

Q Ben, Rick Melson representing MCI Metro. I may hop around a bit because I think the best thing to do may be to follow up on some questions that staff asked you and then go back to my list. I'll try not to overlap.

To the extent that Sprint's agreement with ICI sets out prices, are those now the same prices that you

would propose that the Commission adopt in this proceeding?

(WITNESS REVIEWED DOCUMENT)

A Yes, and let me say that, again, we are dealing with an interim arrangement here, and so there have, you know, been some concessions given that this is an interim arrangement and we are trying to go ahead and get started with competition.

Q And interim for how long?

A It's through the end of 1997.

Q All right. Do you have a copy of that agreement in front of you?

A Yes.

Q If you'd look at Attachment A, Option A, which I understand is the port charges. I don't understand how the discount percentages work on that exhibit. Could you explain that to me?

A Yes. Essentially where it has at the bottom the port charge for the fourth port or more, okay, that is, you know, the full rate. That full rate is developed by multiplying the per-minute-of-use charge by 216 thousand minutes of use a month, okay, which is a conservative estimate of the number of minutes that can be put over a port. However, how many minutes can be put over a port is going to vary depending on the number of ports that you have in sequence because you get greater efficiency if you

have more and more ports in place.

Recognizing that, we said, okay, on the first port, because of the natural nature of economies of scope on this, there isn't going to be as much traffic on the first port as there is on the second or the third or the fourth. But by the time you get to the fourth, based on data that I have looked at, there is no reason in the world you won't reach 216 thousand minutes per port.

Q Okay. If I've got four ports, do I pay four times this four-thousand-275-dollar rate, or do I pay one each of the one-port rate, two-port rate, three-port rate and the four-part rate?

A One each.

Q One each, okay. So that if I have ten ports I'm paying for three of them at discounted rates and I'm paying for seven of them at this four-plus rate?

A Correct.

Q Okay. The note on that page says that Sprint will purchase a port to the ALEC for each port purchased by the ALEC. Is that an indication that generally traffic is expected to be in balance between the two companies?

A No. It was based on giving some assurance to the alternative local exchange companies that we would be not getting, let's say, an excess compensation from them under the port scenario because they had more traffic coming to

us. It was something like the -- kind of along the lines of the 105-percent cap, only done on a port basis rather than on a cap basis.

Q Okay. If all of the interconnections were at end offices, would you then be in a situation where no compensation passes in either direction under this port arrangement?

A Yes.

Q Okay.

A But that is not a likely scenario.

Q And why is that not a likely scenario?

A It's just, if you know the different requirements for trunking, it's just not going to happen. It's going to be more efficient to have tandem trunking, and as you get the amount of traffic that you need to justify going with a trunk group to the end office, then you'll put that trunk in. And then even though you have that trunk in, you'll use that to maximum capacity, and then you're going to want to have some overflow trunks at the tandem, so you'll overflow back through the tandem.

Q Are you assuming that an ALEC will typically have only end offices and no tandems?

A No.

Q All right. Then why would Sprint not be connecting at an ALEC tandem and having that charge wash

out?

A As far as I know right now, none of the ALECs have tandems.

Q Okay. Then either I stated my prior question wrong or I misunderstood your answer.

A Okay.

Q Do you expect that ALECs will not have tandems?

A I don't -- I expect that at some point in time they will have tandems, yes.

Q But not -- Do you expect that they will not have tandems during the initial period covered by this agreement?

A Correct.

Q All right. If we could turn to Attachment B, and this is now Sprint's proposal for the per-minute charges that would apply; is that correct?

A Yes.

Q And if I understand it correctly, the charge is 1.979 cents per minute if the minute is terminated through your tandem and 1.867 cents to terminate at the end office, am I reading that --

A Correct.

Q Okay. Could we look again at the answer to staff interrogatory that --

MR. WAHLEN: The one that is confidential?

Q The confidential one we looked at earlier. And I'm not going to blurt out any numbers and you shouldn't either.

A Okay.

Q Would the line item on the confidential interrogatory labeled "Local Tandem" represent the incremental cost of the tandem connection that is shown at a rate of 1.979 cents? Do those correspond to each other?

A Somewhat. Again, let me qualify that this is a local tandem, not an access tandem, and that this is long-run incremental cost, not total service long-run incremental cost.

Q Okay. If the cost number were a total service long-run incremental cost, would you expect it to be higher or lower?

A Higher.

Q And if it were an access tandem rather than a local tandem, would you expect it to be higher or lower?

A Lower.

Q Okay. So those operate in different directions. I believe you indicated that you were preparing a study of the access tandem cost?

A Correct.

Q And is that going to be a long-run incremental

cost or a total service long-run incremental cost?

A We are attempting to do total service.

Q Okay.

A Again, the SCIS model for switched doesn't do total service. Okay, it does total service for some other things but for switching it doesn't.

Q Okay. And did I understand correctly that you expect the result of that study, once you have the higher because it's total service and lower because it's tandem switching, that you expect that cost number to be slightly lower than the number shown on the confidential exhibit?

A I'm sorry, there is going to be some up and some down, and I don't know whether when you live with both of them which way this will go.

Q You don't know which way the net is going to be?

A Right. As I indicated earlier, one is up and one is down, but the net I don't know.

Q Okay. When you get that new number, the difference between that number and the 1.979 cents will be the, quote, contribution?

A Yes.

Q All right.

A Contribution to other costs.

Q And again, on the confidential exhibit, the number that is labeled "Interoffice," does that represent

the cost that is associated with the end-office price of the 1.867 cents?

A Yes.

Q Okay.

A Again, that is not total service, but LRIC.

Q Okay. In response to a very early question you were asked by the staff, you were talking about traffic patterns, I believe, between United and other carriers along EAS routes, and you talked about traffic during the busy hour.

A Correct.

Q Okay. What percentage of total traffic does busy-hour traffic represent?

A Approximately nine percent. It varies a little depending on the route, but over a variety of routes it hits right at nine percent.

Q Okay. And is that only on EAS routes, or is that also on intracompany routes?

A I didn't look at intracompany, I looked at only intercompany EAS.

Q Okay. Did I understand you to say that in determining how much contribution of service should make towards shared costs that it's appropriate to look at the market for the service rather than to look in terms of any particular percentage?

A Yes.

Q Okay. What is the market -- is there a competitive market for local interconnection?

A Yes.

Q Okay. If I'm MCI Metro and my customer makes a call to a customer of Sprint, what options do I have for terminating that customer other than purchasing from Sprint?

A It depends on who the customer is, and I don't mean to be short with you or don't mean to be misleading either. What I'm driving at though is that there are alternatives that are out there today by virtue of the fact that you have the AAVs and to the extent that there are two types of ways to do that. You can do it through expanded interconnection with special access facilities, or you can do it through placing your own facilities that are already there for toll. To the extent that you use them for toll, you can use those same facilities for local interconnection.

Q Would you agree with me that in the residential market there is no market for local interconnection other than dealing with the local company to whom the customer subscribes?

A Well, I would agree with that generally. The problem that I have though is that under the revised

legislation you have the capability for shared tenant type services, and to the extent that you have large complexes where you have many residential customers, I think it's going to be very easy, you know, to find a way to access those customers.

Q With respect to measurement and billing of terminating traffic, I believe you indicated that systems are in place today to measure terminating traffic but that in many switches you don't have the capability to determine whether that is local traffic that is terminating or long distance traffic; is that correct?

A We don't have the capability in any situation to determine whether it's local or toll if it's coming in over a common trunk group, okay?

Q Okay.

A What I was suggesting is that you can measure something but you may not necessarily know specifically which direction that it's going in terms of where you terminate it to, and you can -- and this is not my area of expertise but I'm going by what our central office type folks have told me, is that this equipment or software that we have ordered will give us greater capability to route and identify where that traffic is going. It won't tell me whether it's local or toll.

Q Okay.

A And I'm sorry, yeah, I don't think I can add a whole lot more to that, but go ahead.

Q Okay. Well, let me just ask if there -- Even the new software won't tell you whether a call that is terminated to Sprint is local or toll?

A Correct.

Q Okay. What additional capability, if you know, will it give you that you don't have today with regard to that terminating traffic?

A Okay. As I understand it, it's going to give me the capability to know that I delivered that traffic to a cellular carrier, another local exchange company, another ALEC company or a diversity of different players that are interconnected with me at the tandem. The existing traffic, the existing capability that I have, I could still deliver that traffic to them and I would only know that I delivered a total amount to some people. And you could get around this by doing some special trunking and things like that, but once you've got the software in place, which we are going to have anyway, you don't need to do the special trunking.

Q All right. Did I understand you to say that you thought that Doctor Cornell's testimony confused the concepts of LRIC and TSLRIC?

A No, I think you were talking about MFS, but I --

Q Okay. I thought you said, I thought you answered a question by saying that -- Well, let me ask you this, do you believe that Doctor Cornell's testimony confuses LRIC and TSLRIC?

A I don't specifically recall her testimony on that, and if I did that, I apologize, I didn't mean to do that. I certainly wouldn't challenge her on that particular issue, but I did find the use of some of the terms in her testimony to change from one section to another section, and that was somewhat confusing.

Q Okay. What terms in her testimony do you think changed from section to section?

A I'm not sure I've got it with me, but I tell you what, I'll promise to have it with me at the hearing.

Q All right. With what other local exchange companies do you have EAS arrangements today?

A I'm not sure I can name all of them, but General Telephone, AllTel, Southern Bell, probably like Quincy. I'm not as familiar with the ones in the Panhandle that we interexchange traffic with, but I know we have some agreements with them.

Q Okay. And did I understand that you expect to move from a bill and keep environment to an explicit charge environment with those other companies, or is it just some other companies?

A I would propose that it be all of them, and I know that it's not clear in my mind how you handle the situation where some are price regulated and some are not, but it seems to me that -- If you'll recall years ago, all of the local -- I shouldn't say all. There were EAS agreements with local exchange companies. It has not always been bill and keep, okay? So you had those agreements before. One of them was called originating responsibility plan. There probably have been some others too, but you would kind of be going back to where you were years ago, so maybe price regulation doesn't make a difference one way or the other.

Q Today they are all bill and keep or mutual exchange?

A Yes.

Q Okay. Do you have an agreement with any other company that you will definitely move to a different compensation arrangement?

A I don't have a written agreement per se, but it's obvious from Bev Menard's testimony that she concurs, and so I would say at least verbally we've got agreement between us and General Telephone. I believe in the Bell witness, Scheye's testimony, he indicated that -- I don't remember precisely what his words were, but something to the effect that they thought they would be moving away from

bill and keep.

Q In your -- just to make sure we are using the terminology the same -- in your testimony you talked about reciprocal compensation for terminating traffic. By reciprocal do you mean the same price in both directions?

A Yes. Where the same functionality is being provided, then the same price would be applicable. And in that scenario, the only place you would have -- assuming that we were both using tandems and we were both using end offices, there wouldn't be any difference unless there was a difference in the mix of traffic between end office and tandem or there was more traffic going in one direction than in the other one.

Q Okay. So you are saying essentially the same price for each rate element and the question in a given situation might be which rate elements apply?

A Correct.

Q Okay. In your testimony in the Continental portion of the document, the very early testimony that was filed in December, I believe you indicated that it would be inappropriate to tariff both a port charge and a minute-of-use charge. Would your position on that now change subsequent to the agreement with ICI?

A My basic philosophy about whether or not we should allow both hasn't changed because it allows, you

know, somebody to kind of take advantage of the arbitrage between the two options; however, again, this is an interim agreement, and I think, you know, for purposes of the interim agreement, we have basically agreed to allow it. Yeah, I'm not sure that that is appropriate on a long-term arrangement without some refinement at least maybe to the rates and the utilization.

Q Your proposed -- today your proposed rate for the intermediary function would be the two tenths of a cent per minute?

A Correct.

Q I need to turn you to the testimony for this. Again, in the January 5th testimony, the direct, on Pages 26 and 27, you're talking about cost of directory publishing, and at the very bottom of Page 26 I understand you to say that the cost of directory printing and distribution should be shared on a prorata basis between Sprint and an ALEC. How do you anticipate that would work?

A Here again, I haven't worked out all the operational details, but let me just hypothesize a little bit. With regard to information pages, there would be some charge associated with the number of information pages that they put in the book which causes the book to get bigger and increases the cost. They would effectively though work that out with the publishing company. That wouldn't

necessarily be us because they could pay the publishing company directly for putting that in there; it wouldn't involve us at all on that.

With regard to the distribution of the books, if for example, we have 900 -- or accounts that require 900 telephone books, and they have accounts that require 100 telephone books, then whatever it is that the publisher charges for that thousand, then we'd pay 90 percent for and they would pay 10 percent for.

Q Is the publisher affiliated with Sprint?

A Yes.

Q And what is the nature of the affiliation?

A I can't give you the legal affiliate requirements. Both are affiliates or subsidiaries of the Sprint Communications Limited.

Q Okay. Does, do local operating companies, United and Centel, get some number of information pages in the directory at no cost?

A I believe we do.

Q And is it your proposal that an ALEC who wanted its information included in the directory would have to pay to have that information included?

A That would be up to them and whatever they work out with the company, with the publishing company.

Q What is Sprint's position with regard to what

company retains the RIC in connection with a call to a ported number?

A The same as it is for a non-ported number.

Q And that is?

A That the tandem company would keep the RIC.

Q The tandem company being Sprint?

A Up until MCI gets their tandem in place.

Q On Page 35 of your direct testimony in the Continental portion, at Lines 13 through 15 you say Sprint will allow connections between ALECs through its tariffed collocation facilities, they need not be routed through the tandem. Is that the situation you were discussing earlier with Ms. Canzano about possibly using conduit and a couple of cross connects?

A Yes.

Q All right. What do you mean by the next sentence, Sprint will not permit ALECs to directly connect with each other without going through Sprint's collocation facilities?

A What's the question?

Q I don't understand how that's different from the preceding sentence. I'm just asking for clarification.

A Just basically, maybe it's redundant, but I think it means the same thing as the prior sentence.

Q If you've got two ALECs in adjacent collocation

space, are you saying that Sprint could connect the two and charge a cross-connect charge but that the two ALECs would not be allowed to connect to each other without using your cross-connect facility?

A Correct.

Q Okay. On Page 7 of your direct in the MFS portion, your direct filed February 6th where you are describing why it's appropriate to base local interconnection charges on interexchange access charge rates, you say on Lines 13 and 14 that the rate elements are related to the underlying cost elements. Is that the relationship that we saw earlier when we compared your agreement with ICI to your cost data?

A Somewhat. In that situation the rate elements were packaged. In other words, there are actually more individual rate elements than were included in those costs. The question had to do with originating or terminating a call, so you had all of the elements under one cost.

Q All right.

A But they do reflect the underlying cost elements.

Q And include some contribution above cost?

A Not having seen that final TSLRIC, I'm going to say yes.

Q Okay. Would you agree with me that an ALEC like

Sprint will have shared and overhead costs?

A Absolutely. And they will be recovering that through the access charges that we pay to them.

Q On Page 12 at Line 17 you say based on all the evidence you've seen, and logically, the new entrants to be entering markets where there is a significant revenue cost margin for the package of services. Ignoring the logic for a minute, what evidence have you seen that leads you to that conclusion?

A Where they are ordering collocation.

Q And when you say they are ordering collocation, are you talking about ALECs?

A Yes.

Q And what type of markets do you refer to when you say markets where there is a significant revenue cost margin?

A I would say local exchange markets which are high density, low cost and in exactly the locations that they are ordering collocation facilities, Winter Park, Maitland, Altamonte Springs, Naples.

Q Does the cost of a local loop vary based on distance and density?

A Yes.

Q Do you have mechanical interfaces today for order processing with interexchange carriers?

A Explain what you mean by mechanical.

Q Where you are not making manual entries, where you are exchanging data in some sort of electronic format or where some interexchange carrier has the ability to enter an order directly into one of your systems.

A I'm not real sure. I'm not real familiar with that area of the business.

Q Okay.

A I do know that we plan to use the same group to take the orders, but keep in mind that there are big differences in what goes into an order for local interconnection versus what goes into an order for access charges because you are talking about providing individual services to end-user customers, and you've got directory assistance information, you've got directory information, you've got billing information sometimes. Well, maybe the billing is not a good example. But there are more places that that information has to go and more information that has to be communicated.

Q Has any work been begun on developing standards for those types of interfaces in the local interconnection context?

A Yes.

Q And where is that work being done?

A We are working on it both at our headquarters and

our local organizations. I also understand that standards have been introduced at the Ordering and Billing Forum for local interconnection, discussions regarding standards.

Q Do you have any estimate of how long it's going to take before those types of standards are in place?

A No.

Q Would you expect it to be more than a year?

A Yeah.

Q Would you expect it to be more than five years?

A No.

Q Can you give me an estimate within that range?

A I think my first answer -- I think I don't know would be the best answer.

Q Okay. That's fair.

Page 18, Line 4, 4 through 7 you indicate basically that your company is required annually to reduce excess charge rates by five percent until they reach the 12/31/94 interstate rate level. How long is that going to take?

A Depending on which company, 12 to 13 years.

Q 12 years for United?

A I don't recall. It's probably a little longer for Centel because their rates are a little higher than United's, so the latter -- or Centel would be the longer.

Q Okay. On Page 19, Line 17 through 20 you

indicate that Sprint has an incentive to move to true number portability to avoid compensating the ALECs for terminating ported traffic. Why is that an economic incentive?

A To the -- And be sure I understand what the question is.

Q It wasn't a very good question.

A Yeah. To the extent that you've taken a customer and you're porting that call through me, and I'm going to be paying you terminating local access for every call, so to the extent that I'm doing that, it would be an incentive to me to go ahead and have true number portability. On the other side of the coin, I would expect that customers are going to come back to me, and as customers come back to me, I again would want to have true number portability to, you know, mitigate any inconvenience to those customers.

Q What is the flow of charges in a situation where Sprint terminates, where Sprint is interconnected with -- it's connected with an interexchange carrier and a call, a long distance call using that interexchange carrier is terminated to a customer whose number has been ported to an ALEC, in that situation what revenues does Sprint receive?

A Under my proposal, they would receive the RIC and the tandem switching, the tandem function revenues, except and a portion of the transport; the transport would be

split. Okay, the ALEC would get the carrier common line, the end-office switching, the line termination, if they charge that, and the other portion of the transport. While we would get some revenues under that scenario, when you look at who the players are in this market, it's my feeling that, you know, the vast majority of these calls though that are long distance type for which we would get revenue are going to end up being direct trunks between the ALECs and the interexchange carriers, so I'm not sure how long or how much of that will be there.

Q And so long as you are providing numbers on a ported basis rather than with a permanent solution, you are recovering a monthly charge for remote call forwarding, for example; is that correct?

A Yes, and incurring a monthly cost.

Q And do I understand from your testimony that Sprint is willing to interconnect on a mid-span meet basis for exchange of local traffic?

A Correct.

Q All right. Would you define "price squeeze" for me, what you mean when you use the term "price squeeze"?

A I guess I'm -- I didn't really introduce that term, but I assume that -- I shouldn't assume; I know what it means.

Q Well, I'm not asking you what it means in the

abstract. I guess I'm asking what do you mean when you use it at Pages 25 and 26 of your testimony?

A Are we in the 2/6?

Q We are in the rebuttal now.

A Okay. We are in the revised part.

Q Yeah, I'm sorry.

A Yeah, I see what I --

Q And really Page 25 beginning at Line 16, "Should the Commission be concerned about price squeeze?" Maybe I should ask you what your lawyer meant by a price squeeze. What did you understand your lawyer to mean when he asked you what a price squeeze is?

A He asked me some tough questions, and I thought I did pretty good.

Q We'll let the Commission be the judge of that.

A I'm sorry. Let me, and probably -- I'm going to deviate from your precise question a little bit. I don't -- you know, I support imputation, don't get me wrong. You know, we are in a company that has got a long distance business and we've got other businesses, and we basically support imputation when if it's done appropriately. So I'm not totally against this argument of, hey, there is a price squeeze when in fact there is one. But I don't think you can selectively take one individual piece of a package of services and say, oh, this

is a price squeeze because what you want to charge me is close to or more than what you sell it to the end-user customers for. Because along with that service, there are other services, and the cost associated with those is insignificant relative to the revenues that those services generate. And I'd say that in that scenario you have got to look at the total package of services.

Now recognize that, yeah, from an economically pure world, okay, this is not the way you do it. Unfortunately, we are not in an economically pure world. We've got some traditional pricing policies that have put us in a situation where cost and revenues or cost and prices aren't properly aligned to start out with. To come in today and say, whoops, new world, got to, you know, do all these things differently, there are problems with that.

As I've stated in my rebuttal testimony, moving from that, the theory to the real world, presents some real problems because of the existing relationships that are already there. Again, I'll support it if you give me a rational, real-world situation, but don't come in here and piece part my package of services and say that piece of it is a price squeeze without reflecting the other pieces of it. If I were to package all of those services and offer them at one price, there would not be a price squeeze.

Q Okay. I understand your position. Now I'm trying to understand how you define a "price squeeze." Can you tell me what a price squeeze is? That was the original question.

A I thought I gave that by example.

Q Well, can you give it by definition?

A A price squeeze is where one company -- maybe I can use Doctor Baumol's railroad example, and basically he is saying that when one company, one railroad company has a link of tracks between point A and B and two railroad companies have links of tracks between B and C, then the company -- and I'm not sure he said all of this, but I'm going to use his example, so I don't want to misquote here. But he suggests that you could have a price squeeze for the competitor who doesn't have the A to B facilities if the company that does have them charges more than the market price for the A to B link such that the other competitor in order to compete across the entire link would have to increase his price just to recover the A to B piece so he couldn't compete in the market place. What he does say is that you should charge the opportunity cost for that, plus any direct cost for that link, and opportunity cost would include contribution to overhead and shared cost.

Q Do you know whether that example you have just given is the same or is different than the definition of

price squeeze that Doctor Cornell gives in her testimony? If you don't know, that's fine.

A If there is some, you know, fine point which we are trying to make here, I need to know what it is because I don't understand the question I guess.

Q Well, do you understand -- Let me give you a definition and ask you if you agree with it or not. Would you agree that a price squeeze exists where a company provides an essential input to its competitor at a price -- let's just call the price X. The price squeeze exists if that company's end price to its retail customer is less than X plus the direct cost of the other components of the retail service?

A Say it again.

Q I will try.

A Can you make it shorter?

Q Let me use an example. Let's assume just for the purposes of an example that the cost of a local loop is 15 dollars a month.

A Okay.

Q And assume that the price you charge for an unbundled loop is 20 dollars a month.

A Okay.

Q And assume that the cost of local exchange service beyond the local loop is three dollars a month.

A Okay.

Q In that situation, would you agree that a price squeeze exists if you charge your retail customer less than 23 dollars a month, which is the sum of the price you charge your competitor for the unbundled loop plus the cost of the non-loop pieces of local service?

A Yeah. If you were only selling that individual service and there weren't additional services that you could market by having the loop itself, then I would agree with that. But to the extent that the average revenue for a residential customer and the average revenue for a business customer far exceed our, for example, special access loop, I don't think a price squeeze truly exists, even though the special access price is above the local service price. It's not a real world -- It's a theatrical economic theory price squeeze, but it's not a real-world price squeeze.

MR. MELSON: That's all I've got. Thank you.

MR. FALVEY: I have a few questions. I don't know if anyone else does. This is Jim Falvey with MFS.

MS. CANZANO: Jim, we were wondering if we could take about a 10-minute break now.

MR. FALVEY: Be more than happy to.

MS. CANZANO: Okay. How about at 4:15 we'll

resume?

MS. WILSON: Donna, this is Laura Wilson.

MS. CANZANO: Yes.

MS. WILSON: If it would be helpful for Ben and his lawyer to know, we only have about 10 or 15 minutes of questions at the very most.

MR. FALVEY: And we're on about the same schedule.

MS. CANZANO: Okay. But I still think a 10-minute break would be good at this point.

MS. WILSON: Sure.

MR. FALVEY: Yep.

(BRIEF RECESS TAKEN)

MS. CANZANO: Is everybody ready to resume?

MR. FALVEY: We're ready.

MR. CROSBY: Yes.

MR. EDGINGTON: This is Eric Edgington, yes.

MS. CANZANO: Okay. Jim, I believe you wanted to ask some questions next?

MR. FALVEY: Yes, I just have a few questions.

EXAMINATION

Q Good afternoon, Mr. Poag.

A Hi, Jim, how you doing?

Q I'm doing pretty good.

In your opinion are there any significant

differences between the operations of BellSouth and Sprint United-Centel that would require different interconnection arrangements between United-Centel and ALECs as opposed to BellSouth and ALECs?

A Yes, I think there are some differences.

Q Aside from the difference that, for instance, you may have different cost structures and that your cost studies may reflect different results, what would those other differences be?

A Operational systems, types of billing systems. They have been subject to modified final judgment consent decree. They have done some things that we haven't done operationally. One thing I talked about was the cellular equal access interconnection type software that they've had, and we are just getting to it. There may be some others. The problem I have is just making a, you know, generalized statement responsive to that.

Q Well, that is why I guess I'm interested in specifics, if you want to talk about physical interconnection or if you want to talk about trunking or signaling.

A Well, that requires me to have knowledge of their company and our company, and when you come to technical issues like that, I'm not qualified to do that particularly with regard to their company.

Q But there are differences?

A Yeah.

Q Okay. Just turning to your rebuttal testimony at Page 20 and I believe this is also in your direct testimony, I have the cite anyway for it. It's Page 20, Lines 13 and on in your rebuttal testimony. You talk about the traffic balance between Vista United and United?

A Correct.

Q I understand there may be a certain point where this information becomes confidential, but I'm going to stay away from confidential matter. Can you tell me over what time period you've studied the Vista United and United traffic flows?

A I don't recall specifically. We filed the results of that study, and that study has the dates on it. I think it was like a month to five weeks.

Q A month to five weeks. Have you conducted any study over a longer period of time?

A No.

Q So in the process of hitting that five-week period, you don't have data from, say, the previous five weeks or the previous year?

A No, I don't, Jim, but I've been doing those types of studies for EAS rules for years, and many times customers will come back and they'll say, This was not the

good season, do it again. And we have done some of them as many as three times, and over those numbers of times that we have done them, the results do not vary significantly.

Q And so what was the traffic imbalance between Vista United and United?

A I have provided that information in my testimony -- I don't have it in front of me for that particular thing -- and I have provided the study, but it was significant imbalance. I don't remember the specific number right now.

Q And from what you're saying, are you saying that with repeated studies that the exact same imbalance consistently exists between the two companies?

A No, that's not exactly what I said. I believe the study was a five-week study so, you know, effectively it would have taken into consideration any variations in traffic through the month. For example, beginning of the month, end of the month, middle of the month or whatever, you know, might, you know, for some reason or another cause traffic to vary.

What I did say was is that our historical studies of traffic between companies associated with extended area of service requests has shown that the data that we collect is consistent over different study periods, and in those situations we generally will study two weeks or a month

worth of traffic; but yet when we come back and we study another two weeks or another month three months later or six months later or a year later, there is pretty much consistency between the results of those studies.

Q So if you were to take ten five-week periods between Vista United and United, would you expect there to be -- assuming that it was 80/20, would you expect it to be 80/20 for each of those five-week periods?

A Yes.

Q Would you expect if you took a study over a longer period of time, say a two-year period, that that result would change?

A Not significantly.

Q Is it your testimony that one of the reasons why bill and keep would not be appropriate is because Sprint-United would not be permitted to cover its costs?

A Yes.

Q Are you aware that the federal statute requires that interconnection compensation be based on costs?

MR. WAHLEN: Jim, I know, I don't think you are asking for a legal conclusion.

Q No, in fact I meant to preface that. As a layman, and as you said it -- in the same framework that you discussed I believe the Florida statute before, would you say that the federal statute requires interconnection

compensation to be based on cost?

A A couple of things, Jim. Number 1, I haven't really studied the federal legislation that much. I have been pretty much immersed in other activities. But you would have to define cost first, and there are many, many different definitions of cost.

Q Do you have the federal statute with you?

A No, I do not.

Q I might be able to read out of it, if we could take it, you know, subject to check, and I don't know, would that be agreeable?

MR. WAHLEN: Sure, go ahead and ask the question and he'll try and answer it.

Q Okay. It's going to take me a sec. I just have to find the spot in the statute. I'm not sure that I'm going to add very much, but I mean are you aware that the statute in part requires that the just and reasonable rates -- let me quote, the just and reasonable rates for the interconnection of facilities and equipment, end quote, and then I'm going to pick it up later, quote, shall be based on the cost determined without reference to a rate of return or other rate-based proceeding of providing the interconnection, end quote?

A As long as I recover my direct cost and my shared cost and my overhead cost, then I would be recovering

costs. And I think it's interesting to note that that same legislation does indicate, when it's talking about universal service, it specifically spells out that -- I can't remember exactly how that was worded -- a reference to the fact that it could include some contribution.

Q So you have had a chance to review the statute in part anyway?

A Yeah.

Q Okay.

A Okay, but --

Q Are you aware also that the statute specifically states that the interconnection compensation requirements do not preclude bill and keep arrangements?

A Yes.

Q Do you agree with Mr. Devine's testimony that long-run-incremental-cost-based studies -- or long-run incremental cost includes a return on investment?

MR. WAHLEN: Do you have a page reference to his testimony?

MR. FALVEY: Yes, I do.

BY MR. FALVEY:

Q If you could turn to Mr. Devine's rebuttal testimony, Page 6, and it's Lines 13 through 15, really 12 through 15. And the question is do you agree with Mr. Devine's understanding that long-run incremental cost

rates in fact do take into account return on investment?

A Yeah, without referencing the testimony specifically and knowing how he used that, I'm going to rephrase it a little bit and say that it basically includes the cost of capital, and as part of his definition, investment, return on investment is included as part of the cost of capital, then the answer is yes. That does not include a profit though.

Q Do you anticipate that Sprint-United and Centel will alter their collocation tariffs in response to the federal legislation?

A If the federal -- if the FCC and the requirements that they are required to undertake under that federal legislation change the, or require something that is not in our tariffs, then be would alter our tariffs.

Q And are you aware that the federal legislation requires all local exchange carriers, in this case including ALECs, to interconnect with each other?

A Not specifically, but I presume that's in there.

Q Okay.

MR. FALVEY: I have no further questions.

MS. WILSON: Good afternoon, Mr. Poag, this is Laura Wilson on behalf of the Florida Cable Telecommunications Association.

THE WITNESS: Good afternoon.

MS. WILSON: I have just a few questions. I know it's getting late, and I'm going to try to keep it short and to the point to the extent that I can.

THE WITNESS: I'll do the same.

EXAMINATION

BY MS. WILSON:

Q Okay. I would like to just begin by clarifying exactly who it is that you are testifying on behalf of in this docket. Could you explain that?

A I'm testifying on behalf of the Sprint-United and Sprint-Centel local exchange companies.

Q Okay. Just to be clear, not the Sprint Telecommunications Venture?

A Correct. What is the Sprint Telecommunications Venture? Which company is that?

Q Okay. I was just clarifying that you were not testifying -- Is it true that you are not testifying on behalf of STV?

A Yes, that is correct.

Q Okay. And you are not testifying on behalf of the Sprint Long Distance Company?

A Correct.

Q Okay. Are you testifying on behalf of Sprint Metropolitan Network?

A No.

Q Okay. Thank you.

With regard to the discussion before whether traffic will be in balance, do you know whether traffic is in balance between United and GTE today?

A No, I haven't made that study.

Q Okay.

A Let me put it this way, I don't think -- I'm pretty sure that was not included in the analysis that we made, and in fact I'm near positive, and I don't think we have studied that one.

Q Okay. You haven't made that study. Would you, based upon your experience, would you anticipate that it would be in balance?

A I have given the results of what I have seen so far. I would have no opinion on that.

Q Okay. Do you know what your company's position is at the Federal Communications Commission regarding whether bill and keep should be ordered for commercial, mobile, radio service interconnection?

A I don't recall seeing anything specifically on that.

Q Okay. So you do not know?

A Well, I hope I know what it is, but I'm not sure.

Q Okay. What do you think it is?

A I don't believe we are supporting bill and keep

on that.

Q Okay. Are you, would you --

A Don't get me fired, Laura.

Q Okay. I'll move on.

A No, that's okay. With cellular in particular, there is an incredible imbalance with cellular traffic, and in my mind it would be totally inappropriate on that one to go with bill and keep If there is something that has been filed contrary to that, I'm not aware of it. You know, quite frankly, there is so much paper passing around nowadays, it's tough to keep up with all of it.

Q Okay. Would personal communication service be different than cellular?

A In what way do you mean different now?

Q You said that particularly with regard to cellular you would not be able to support it. Would you be able to support it with regard to personal communication services?

A I don't believe so, and I think the personal communication services is going to take on some of the characteristics of cellular, but I don't think it will be to the same extent. But I think you will see the imbalance because of the nature of that type of traffic, the fact that there is usage charges associated with it. If there aren't usage charges associated with it, then I would say

that that may not be the case, but I presume there is going to be usage charges. And when you put usage charges on something, it changes the way the people use the service.

Q Okay. I'll move on.

Do the rates in the Intermedia agreement include a line termination charge element?

A I think so.

Q And is that rate element reciprocal, meaning that Sprint United-Centel will charge that rate element to Intermedia and Intermedia will also charge it to Sprint United-Centel?

A Yes.

Q Okay. In the Intermedia proposal, does Sprint United-Centel propose that the line termination charge element be eliminated?

A I don't remember. If you can reference me to the language that says it does.

Q Okay. I'm not sure whether I have the final version.

A Okay, I don't think that language was included in here.

Q Okay. Let me read you the language that I have from the end of January.

A Okay. All right.

Q See if this is in the Intermedia agreement

around -- Do you have the agreement there?

A Yes, I've got the, I've got --

Q Look at local interconnection, Section A, that would be Subsection 2(c). It should be around there. "Sprint United-Centel is required to reduce its intrastate switched access rates by five percent in October."

A Uh-huh.

Q Does it say that?

A Yes.

Q Okay. And in the agreement, does Sprint United-Centel propose to apply the five-percent reduction to the line termination rate?

A Yes.

Q Okay. And do you agree to spread the balance of the line termination rate element revenues proportionately to the originating and terminating common carrier line rate element?

A Yes.

Q Okay. Why do you propose that the line termination charge be eliminated?

A Well, we are not eliminating it, we are just moving it from one rate element to another one. And the reason that we are doing it is that some of the parties that we were negotiating with wanted us to reduce that part of the rate; and in an abundance of trying to negotiate and

be fair and get on with business, we agreed to eliminate it.

I will tell you, I'm having some second thoughts about it with regard to the fact that -- I'm concerned that we may be getting too low when we pull that out relative to the cost of the service. Now we have agreed to it here in this interim agreement, but it suggests to me that the next time around we may need to bring that rate up a little bit, and that will be shown when we file our cost studies.

Q Do you anticipate that a five-percent reduction in October will in fact be enough to eliminate the line termination rate?

A No, it will not.

Q Okay.

A I think it would eliminate approximately one third of it if you apply the entire five-percent reduction to the line termination.

Q Okay. Why not just -- if you propose that a third of it be eliminated, approximately a third of it be eliminated in October, why not just eliminate it up front in your local interconnection rate?

A Because I'm trying to maintain consistency between my local termination rates and my interexchange termination rates. I don't want to jeopardize the

integrity of my access charge structure.

Q Does Sprint United-Centel -- is it Sprint United-Centel's position that you have to be, that the local interconnection rate has to be consistent with switched access?

A Not a hundred percent, and that's obvious because we are, you know, pulling out the RIC and the carrier common line on the local. But over the long-term, we think there ought to be a lot of similarity between those to the extent that you are providing the exact same functions.

Q Okay. Now you mentioned trying to maintain consistency with your current tariffs and tariff rate elements. Do you currently have a tariff flat rate port charge for a local interconnection?

A No.

Q Okay.

A You said local?

Q Correct.

A Okay.

Q Would you agree that the Intermedia agreement addresses issues other than just the local interconnection rate?

A Yes.

Q Okay. In the Intermedia agreement, does Sprint

United-Centel agree to supply universal service in its territory without ALEC contributions under an interim mechanism for two years?

A Subject to the following sentence, which I think has some words that would give us a little lead way to come in if we had to.

Q During the two years?

A Yes.

Q Okay. I'm waiting because I thought I heard you shuffle papers, and I didn't want to cut you off.

A That's correct.

Q Okay. Is that the end of your response?

A No, on Page 9 of the stipulation.

Q Okay.

A You know, right after the agreement that we will guarantee the provision through January 1, 1998, there is a notwithstanding which indicates subsequently that if competition is undermining our ability to provide universal service during the duration of this agreement, I'm paraphrasing, we could initiate a proceeding to quantify the amount of support needed to maintain universal service.

Q Okay. Does the Intermedia agreement also have a 105-percent cap on traffic imbalance?

A Yes.

Q Why? Let me rephrase that. Why is that

reasonable?

A It's a negotiated settlement. I'm not -- My original proposal on that, although I think eventually we need to phase out some of the requirements, is that there shouldn't be any cap, and if there had to be a cap, then ten percent would be more appropriate with (sic) five percent, and we had that in some of the earlier versions of this. And it goes to the issue that I raised earlier about the busy hour, that way you are absolutely insured that you are going to be recovering your costs, so ten percent would be probably more appropriate. But given that Bell had put the five percent in their agreement and we were negotiating with the same people that they were negotiating with, we felt like it's going to be difficult for us to get them to agree to anything other than five percent, so we went to five percent. I'm giving away the farm.

Q What about in the Intermedia agreement, is there an agreement for reciprocal connectivity?

A Yes, I'm not sure that is the exact words, but there is discussion in there about mutually exchanging traffic. That's on Page 3, Section 2.

Q Page 3 where?

A Section 2.

Q Now is that only with respect to the flat-rated port?

A No, that addresses both usage and flat-rated port. There is an A and B following.

Q Okay. Why is that important to Sprint United-Centel?

A I'm not -- I don't follow the question. Why is what important?

Q That reciprocal connectivity language.

A It's necessary to interconnect the networks to provide terminating call service between the two customers or between two companies.

Q And that's a reasonable provision in your opinion?

A Yes.

Q Okay. In the Intermedia agreement, is the term "local interconnection" defined?

A I don't recall.

Q Okay. Look at Page 2.

A Yes.

Q Okay. And it includes the platform services contained I think in Attachment E; is that correct?

A No, local interconnection does not include the platform services included in Attachment E.

Q Will you read for me then the definition of local interconnection in the Intermedia agreement?

A "Local interconnection is

defined as including the delivery of local traffic to be terminated on each company's local network. The LEC unbundled network features, functions and capabilities contained in Attachment E and temporary telephone number portability to be implemented pursuant to Section 364.16(4), Florida Statutes."

What --

Q Okay. Do you know what that language means, "Local interconnection is defined as including," then I jump down to, "functions and capabilities contained in Attachment E"?

A I guess where I was making the distinction, Laura, was that within those functions and capabilities, I believe there are some provisions for -- let me go back there and look, excuse me. This is not the only interconnection agreement I have been looking at.

Q I understand.

A So I apologize for not being as familiar with it as I probably should be.

Q I can fully relate. I can maybe help you by asking a more direct question if you'd like?

A That would help a lot.

Q Okay, sorry. Does Sprint United-Centel consider those functions and capabilities to be part of the local interconnection arrangement, or are they considered to be non-basic services?

A Okay, I'm not sure which ones of these would be non-basic, but I would reference you to the language that is right -- the sentence before you get into Subparagraph 1.

Q Okay.

A Okay, and that's I think the point that I was trying to make in that there are following additional terms and conditions and prices relating to these unbundled network features, functions and capabilities. And that was the point I was trying to make earlier, was that you weren't including all of these Attachment E items as specifically being included as part of the local interconnection rate.

Q Correct. But would they be considered as part of the local interconnection arrangement, the total package?

A They are a part of the total package as described in Attachment E.

Q Okay. That's good enough.

Do you agree that the rates in the Intermedia agreement for remote call forwarding are different than the rates approved by the Public Service Commission in the

number portability docket?

A Yes, for the initial capability for one line it's a dollar 25 versus I believe it's one dollar in the Commission order.

Q Yes. And I have a question relating to the 25-dollar charge for the non-recurring charge.

A Yes.

Q How does that work exactly?

A This would allow the alternative local exchange company to place multiple individual customer number portability orders on a single blanket order on a per-exchange basis. And this would be, you know, like if you give us an order on one day and it includes 15 different customers for number portability in the same exchange, there would be one 25-dollar charge. On Day 2, if you have 30, there would be one 25-dollar charge for Day 2.

Q Okay. I'll move on.

Is there also in the Intermedia agreement, does it provide for a form of location provider portability? For example, will the same charges apply when the ALEC customer switches to Sprint United-Centel and changes her location within the same central office?

A I'm not sure I understand the question. Maybe I'm just getting dense at this late hour.

Q Okay. In the Intermedia agreement will the temporary number portability charges apply whenever a Sprint customer switches to an ALEC and also changes her customer within the same Sprint central office?

A Let me see if I -- It's service provider number portability. As long as they are anywhere within that same central office, the same charges would apply so that they can move, but as long as they move within that central office, we are going to provide it based on the terms in this agreement.

Q Okay. And is that different from your understanding of what the Commission ordered in the number portability docket?

A I don't -- I'm not sure.

Q Okay.

A The tariff that we filed in response to the Commission included the provision as I stated it.

Q Okay. Now I believe in response to a question from MCI earlier you said that the PSC should adopt the interconnection rates in the Intermedia agreement; is that correct?

A Yes.

Q Should the Commission adopt those interconnection rates without also adopting these other terms that we have discussed just a minute ago that are contained in the

Intermedia agreement?

A It would be my preference that we have the, all of the same terms and conditions for all of the participants or all of the ALECs. I mean it would be my preference that, you know, the same rates and charges and terms and conditions for all these other things would be applicable to everyone equally. I guess my problem is, you know, if there is some, you know, minor modification, you know, maybe we could deal with that, but I would prefer that it be just the same for everyone.

Q Okay. I'm going to move on because of the late hour.

I wanted to ask you how is the flat-rate port discount applied in the Intermedia agreement? For example, does the discount apply LATA wide or per tandem or per end office? How does it apply?

A It's applicable -- the discount is applicable on the first four ports within a LATA, so that if you have ten ports within a LATA, then the first one would get the 50-percent discount, the second one would get the discount for 30 percent, the third one would get the 10-percent discount; and then the rest of them would be based on the full rate.

Q Okay. I'm going to move on.

I believe you also said a moment ago in response

to a question from the staff that the Intermedia agreement is the only agreement with an ALEC that you are aware of?

A Correct.

Q Is it possible there could be an agreement with an ALEC that you are not aware of?

A Yes.

Q Who is responsible for negotiating such agreements with ALECs?

A Kansas, our corporate offices. There are several people who are involved in those negotiations.

Q Will you list me some of those names?

A Jack Burge and John Clayton are the two I'm most familiar with. There may be others, I'm not sure. I have been involved in negotiations, but it's primarily their responsibility. And quite frankly, like on the ICI agreement, I was out of the loop for a while on that one, and that's some of my hesitancy on what was and was not in there.

Q I understand. Can you tell me whether, to your knowledge are Sprint Metropolitan Networks and Sprint United-Centel exchanging local traffic today in Florida?

A They better not be, unless they have signed an agreement. I don't believe they are.

Q Do you know for certain?

A No.

Q Who would know for certain?
A I'm not sure. SMNI would know.
Q Can you identify anyone within your company who would know for certain?
A No.
Q Would Jack Burge know?
A He may. He may not. I don't know what he knows. I don't know what anybody else in the company knows on that subject.
Q Okay. I'm going to move on.
A Yeah.
Q Staff asked you, I believe earlier, whether Continental or Time Warner had sent Sprint United-Centel a proposal, a written proposal on this docket. Did FCTA send Sprint United-Centel a written proposal on behalf of its members on or about February 6th, '96?
A I think you are referencing a counter offer?
Q Correct.
A Yes.
Q And that was on behalf of FCTA's members, correct?
A I believe so. I only read a couple of paragraphs and then I didn't finish it.
Q All right. One final line of questions.
With respect to the tandem intermediary service,

if an ALEC decides to interconnect with Sprint United-Centel at the end office, what will happen if a call from a Sprint United-Centel customer to an ALEC customer encounters an all trunks busy on the link between Sprint United-Centel and the ALEC?

A It depends on how the trunking is configured, and this goes back to the discussion that I had earlier about the fact that access tandems will probably be involved regardless of -- at a minimum for some level of traffic. What we had agreed to in response to some questions from one of your clients was to allow them to overflow traffic through the access tandem if in fact a direct trunk to an end office were full. This is standard operating procedure. That's the way we do it with Bell; that's the way we do it with General. And we would do that for ALEC traffic coming to us, and we would do our traffic going back to the ALEC through the access tandem if there was a blocking problem on direct trunking.

Q Okay. So if I understand your response, you wouldn't necessarily do it automatically, you would do it if requested by the ALEC?

A I think it would automatically be requested.

Q Correct. But -- I understand what you're saying, but you would only do it if it were automatically requested is what you're saying?

A Yes.

Q Okay. Now if an ALEC decides to interconnect with Sprint at the end office, will Sprint also route direct from its end office to the ALEC, or will it go through the Sprint tandem?

A I can't answer that. I think that's going to depend on the individual case of, you know, where is the end office relative to the ALEC, versus where is the tandem relative to the ALEC, versus how much traffic do we have. There is no set answer to that question.

MS. WILSON: Okay. I don't have any further questions.

THE WITNESS: Thank you.

MS. WILSON: Thank you.

MS. CANZANO: Do any other parties have any questions?

MR. CROSBY: Yes, I do.

MS. CANZANO: Okay.

EXAMINATION

BY MR. CROSBY:

Q This is Don Crosby, Mr. Poag?

A Hello, Mr. Crosby.

Q You mentioned a mid-span meets, and I'm wondering if that's the same thing as a meet-point connection?

A Generally, yes.

Q Okay. What type of interconnection from a physical standpoint is employed by your companies and the other LECs?

A I'm not sure I understand the question.

Q How physically do you interconnect with GTE?

A I don't know specifically what the physical interconnection arrangements are like. You know, I can give you what I think they are.

Q All right.

A In essence, they would bring their facilities to the boundary, and we would take our facilities to the boundary. We would interconnect there, and we would basically send our -- and I think a lot of this is probably carrier systems -- a lot of our traffic at the DS-1 level to them on one side of that interconnection, and they would send back to us on the other side of the interconnection. We'd terminate their traffic; they'd terminate our traffic. I can't tell you specifically whether it's copper or whether it's fiber or what type of carrier system it is. But I think that is the way most of them work. There may be some situations where that is not the case.

Q Could it include fiber?

A Yes.

Q Okay. So you wouldn't describe these as either physical or virtual collocation, would you?

A No.

Q And would you describe that as meet-point interconnection or meet-point arrangements or mid-span meets, all of the above or any of the above?

A I think meet-point or mid-span would be descriptive.

Q Okay. And you don't know physically how that is arranged, or there are different ways physically it can be arranged?

A Yes.

Q Why does your companies employ meet-point interconnection? Is that technically better or more economical or some other reason?

A I guess -- Probably a lot of reasons, but I guess the first one is I didn't want them building facilities into my territory.

Q Okay.

A It also had to do with the fact that we didn't have facilities in their territory, and there would probably be some exceptions to that. I know there are some cases where we lease some of the other companies some facilities to, you know, complete a route, but I think that has kind of just developed over the history of the situation. We had facilities through our boundary; they had facilities through their boundary. It was more

expedient in that situation to connect them together to make it through the circuit. And there are also some Commission rules and orders that require that.

Q All right. Now turning to an ALEC though that will be in your boundary, wouldn't that require either physical or virtual collocation by those companies to place equipment in each other's buildings?

A Not on a meet-point or a mid-span, it would not require that.

Q Okay. So your company's position is that they will provide the mid-span or the meet-point?

A Correct.

Q Okay. Getting back to the line termination charge that appears in your ICI stipulation?

A Yes.

Q Could you tell me what is this element of switched access line termination?

A Line termination has to do with the investment in the line card associated with providing the service to the end-user customer.

Q Tell me about a line card. What does it do?

A It's basically the termination of the loop at the switch, and I guess in the more modern digital carrier systems it can actually be located out in the field with the digital loop carrier systems, but it's basically the

investment in a line card that serves as the interface between the loop and the switch.

Q How would you describe the network function that this rate element is intended to recover, the cost of which it's intended to recover, excuse me?

A Line card investment.

Q So the specific piece of equipment we are talking about here is a line card?

A Yes.

Q Are there any other specific functions that --

A Well, the line card does some technical stuff, and I can't tell you specifically, you know, what the technical stuff is, but it probably does some, you know, impedance matching. There are different kinds of line cards depending on what type of functions the line itself is supposed to provide. And I just, that's a technical issue, and I've told you more than I know.

Q What can you tell me about the cost associated with line cards?

A Nothing.

Q Is this line termination rate element traffic sensitive?

A Yes in some respects; no in some respects.

Q Yes in which and no in which?

A Well, if you've got a customer who has a lot of

traffic, they need to go to two lines, and to go to two lines they need two line cards.

Q So it depends on volume?

A Yes.

Q But it's lumpy?

A Yeah, it's lumpy, that's correct.

Q Okay.

A Yeah, that's -- Cell One does that scenario.

Q Is the purpose of the line termination rate element to help meet United and Centel's overall revenue requirements under the outmoded rate regulation theory?

A Don't talk about my revenue requirements being outmoded.

Q I'm talking about from the standpoint of what the legislature did away with last year.

A For some companies.

Q For your company.

A Yeah. I'm sorry, let me get you to repeat that again.

Q Be delighted.

A It's getting late in the day.

Q Is the purpose of the line termination rate element to help meet an overall revenue requirement for your companies?

A Under the, you know, price regulation, I would

agree with some of staff's earlier comments. You move away from the traditional revenue requirement in the sense that we followed the FCC accounting format and the FPSC methodologies to develop an overall revenue that was required to meet certain authorized earnings requirements; that's done away with. But the requirement to continue to collect revenues and recover our expenses associated with those investments hasn't gone away.

Q To your knowledge do other local exchange companies in Florida have this line termination rate as one of their elements of switched access?

A I don't know what all the smaller local exchange companies have. I presume some of them have it because we still have it. I know General in their last rate case rolled that revenue requirement into their carrier common line, which is what we propose to do in the ICI agreement.

Q Is that what you meant when you said that you were just changing the rate from one element to another?

A Somewhat, yes.

Q Do you know of any local exchange company in Florida that does not have line termination as its element?

A Only two for certain, Southern Bell and General Telephone. Centel-United and -- And I'm not sure, but I think probably most of the other companies have it.

Q Well, I'm wondering, is this line termination

element necessary to complete a local call?

A None of them are necessary to complete a local call. It depends on how you, you know, you price the service. I mean you are talking about what it takes to complete a local call versus, you know, a pricing structure.

Q Well, it's true that Bell doesn't have this, yet they still complete local calls, right?

A Correct.

Q Did Bell and GTE have one at one time, is that what you said?

A Yes.

Q And they went through a proceeding that changed it somehow; is that correct?

A That's correct.

Q And you believe they took the same money and recovered it from a different element?

A Correct.

Q Did they do that through the local transport restructuring?

A No. I don't know how Bell did their's. Bell went through some massive access charge reductions, and they basically have phased that out. What you have to remember is, you know, you are keying in on one element; and you know, there are things that Bell and General get

more revenue from than I get from. I get more out of line termination than they do. They get more out of local service rates than I do.

Q Well, I'm just keying on these stipulations here. I'm looking at the one that you have signed with ICI. Specifically I'm looking at your Attachment B, Option B where you show a line termination charge of 79 hundredths or thousandths of a cent; and I'm also looking at the Bell stipulation where that does not appear. Are you aware of that?

A Yes.

Q And so in total, your charge for local interconnection under the MOU option, Option A, reaches almost two cents --

A Correct.

Q -- a minute, whereas the Bell amount is a little over a penny.

A But for all practical purposes it's irrelevant because I'm going to pay you line termination and you are going to pay me line termination. It's an irrelevant issue up until you have an imbalance of traffic, and when you have an imbalance of traffic, the maximum that it can be is five percent.

Q And you have projected an imbalance of traffic; is that correct?

A Yeah, and it can go either direction.

Q That line termination rate, does it have contribution in it?

A Yes.

Q Could you tell me why contribution is appropriate in this instance?

A It's the way the rate was originally developed, and we are sitting here, we are calling it contribution; and the only reason I'm calling it contribution is because I know that the direct costs, even though I don't know exactly what they are, are probably somewhat less than that. But the way the rate was originally developed was based on the Part 36 in the access, FCC access requirement. And in that proceeding you essentially were under the old rate base rate of return scenario and you went through the revenue requirements development. And it wasn't looked at as contribution, it was looked at as the revenue requirement based on the expenses and investments that you needed to recover those costs, a rate that recovers those costs.

Q But you say that we are going into a new area now though, right?

A Did I say that or did you say that?

Q I believe you said we were in a new market.

A We are in a new era.

Q Okay. I'm just concerned about this contribution. It seems to me that it's at variance with Sprint's corporate policy, and I wanted to direct you to a document that is called the Essential Elements of Local Competition.

A Okay.

Q And ask if you knew about that.

A I'm very familiar with it.

Q And ask if you knew about Section 2 which covered the company's policies with respect to pricing interconnection compensation?

A I am.

Q And did you read there where it says that compensation for call termination was not to be a source of universal service subsidy?

A Yes.

Q And did you see there where it says should not be designed to produce contribution?

A And it's talking about the universal service.

Q It says contribution.

A Well, it says contribution and subsidy, and I don't remember exactly, I'm not looking at it, to universal service. Contribution, subsidy and -- I don't remember. Let me get it out. Why don't you read it to me?

Q Okay.

A I mean you've got it there. I'm --

Q Okay, I'll read the whole thing.

A Well, just read that part about the second line beginning there where it says -- I can almost visualize it; I can't quite remember.

Q It starts out there, "Compensation should," and then it's got a list of about, oh, six, seven items there. And the fifth item down there is, "Should not be a source of universal service subsidy," and then there is a dash, and then it says, "Should not be designed for contribution subsidies of universal service support." My question is that the contribution contained in line termination seems to be at variance with that policy, and I was wondering if you agree.

A No, I don't agree.

Q Why not?

A And Don, I'm not, I don't mean to be argumentative, but I can assure you that my corporate folks have reviewed my testimony and that there is no disagreement.

Q Let me ask you this, how does the line termination charge differ from the RIC and the CCL?

A It's a different rate, and it covers different revenue requirements.

Q I'm referring now in your testimony, you said you

thought it was appropriate in the competitive environment. And I'm not reading it now; this is just off the top of my head.

A Yeah, okay.

Q That it would be inappropriate to put the RIC and a CCL in there. I'm just wondering why you think it's appropriate to eliminate the RIC and the CCL but to keep the lime termination charge.

A The, we have restructured our access charges and developed the RIC through that process, and the carrier common line charge is explicitly an allocation of local loop investment that historically was developed, at least on the interstate level, based on that allocation of local loop to the interstate. The RIC was developed a little bit different. Also, you know, recognizing that we need to -- You know, I would like to bring my interstate, excuse me, my interexchange access charges down too, but it's a matter of maintaining some integrity between, you know, the systems or the different interconnection rate elements. But it was basically a judgment decision that says, you know, except for those two elements we are going to maintain the integrity of our interexchange access charges.

I've also offered to try to do the same thing that General did in my five-percent rate reduction filing

in October. Don, this ain't a big issue, excuse me. It's not a major issue. The impact to anybody of this thing is not going to be significant, and that's another reason -- I don't -- You know, when I say I'm going to do a filing in October to make these changes, I'm doing it associated with that five-percent change. I may run into some opposition from an interexchange carrier who doesn't want me to do this. MCI may object to it. I'm going to try to do it so that it doesn't impact anybody anymore than it impacts anybody else. But I'm going to maintain the integrity of my local and my interexchange systems with regard to the rate elements that I have left. I'm sorry, that's a fact, and that's a policy that we have made. It's supported at the corporate level. Your interpretation of whether it includes contribution and subsidy and what it goes to versus ours is different; that is life. Can we go on?

Q Yeah, we can go if you'll tell me what you think is insignificant about it. It certainly represents about 50 percent of the MOU rate that you are proposing, and then there is this question of traffic imbalance. Do you think it's insignificant because of traffic imbalance or insignificant because of the five-percent cap, or why did you say it was insignificant?

A It's insignificant because I'm going to pay you

the same rate you are going to pay me for that particular function. The only time that there could be a difference in how much -- for that element -- in how much you pay me and how much I pay you is when there is an imbalance of traffic. That is capped at five percent.

Q Let me ask you about the toll default mechanism which we discussed where you can't tell where a call coming from an ALEC would have been local and toll had the call been originated and terminated on your network. Are you with me?

A Yes.

Q Thank you.

Why is the toll default mechanism as I've described needed?

A I'm sorry, Don, I thought I was with you; I'm not with you.

Q Okay. Why do you need to have in your ICI stipulation this mechanism which will default back to a toll of switched access charge if you are not -- if it's not proven to your satisfaction that that was a local call?

A To avoid arbitrage of your access charges.

Q You're aware that the statute we have been talking about has a restriction on ALECs mixing local and toll traffic, are you not?

A Yes, sir, and I think that that provision is

consistent with that requirement.

Q Consistent but does not replace it?

A Well, I guess it's kind of an enforcement for it.

Q All right. Talking about the intermediary switching element. Why does the intermediary switching rate apply to pay telephone and operator service provider calls?

A If you remember the discussion that I had in there about the tandem switching cost not being fully recovered from a revenue requirements perspective by the tandem switching charge, remember that tandem switching charge only includes 20 percent of the tandem switching revenue requirement based on the investment there, it was an attempt to get additional recovery of that cost through the tandem switching element where you don't get the RIC. When you get the RIC, you pick it up in the RIC; but when you don't get the RIC, it was an attempt to pick up that additional shortfall in that element.

Q Let me ask you about that. Is it your preference that the ALEC interconnect through the tandem only?

A That would be my preference from a revenue perspective because I get more revenue when they interconnect at the tandem. I'm not sure that it would be preferable from a networking efficiency perspective, but they are going to make those decisions based on trunking

efficiencies just like interexchange carriers do, just like cellular carriers do. The structure that we are talking about here is exactly the same structure with regard to whether you terminate at an access tandem or whether you terminate at an end office as we already have in place for interexchange carriers and cellular carriers. It's just consistent rate-making policy.

Q Is there a difference between the way the tandem switch is used by calls coming from pay telephone and operator service providers than through every other end user?

A Okay, I'm not sure. Repeat that, please.

Q For purposes of this intermediary switching arrangement that you are going to apply to pay telephone and operator service provider calls --

A Okay.

Q -- I'm trying to determine if there is a difference between those calls that come from pay telephone and operator service providers than from your every other end user.

A If they only go through the access tandem and they are going from one interconnector to another interconnector, we don't get the RIC revenue, therefore -- the RIC revenue containing 80 percent of the revenue requirement for the tandem switching, then that other

charge is appropriate.

Q Switching now to 911, Mr. Poag, are the services that you offer the counties and cities in providing 911 calls performed under tariff or under contract provision?

A Some of both.

Q Now I'm referring to both the equipment and the services, such as data base updating.

A I think the data base updating is under tariff.

Q What about the equipment?

A Some of that is under tariff. When you say equipment, are you talking about customer premises equipment? The equipment, are you talking -- The customer premises equipment is under tariff, most of it I think. It's non-regulated though; they can get it from someone else as well.

Q Not when you send them a call to the PSAP. That has to come from you, does it not?

A Yeah, we are talking different things. It depends on who provides the routing and the switching. We don't always provide that. In some cases Southern Bell provides the tandem for that service.

Q Let me understand how that works now. Your customer calls, makes a 911 call and you send it to Southern Bell?

A Correct.

Q And Southern Bell then sends it to the PSAP?
A Correct. This is true for Orange and Osceola County, I believe.
Q Is there an arrangement between you and Bell for splitting the charges? How does that operate?
A I don't have details of that, Don. However it operates though we'll do the same thing with you.
Q I understand that the customers are charged up to 50 cents a month and that your companies keep one percent to cover administration?
A That's the -- Yes.
Q Can you give me an idea of the charges that you assess for, say, data base updating?
A No.
Q Is it your belief that --
A I believe that is in our tariff.
Q Okay.
A Okay? I cannot remember those things off the top of my head. It's so much per thousand.
Q But you believe there is a charge?
A Yes.
Q For a thousand calls?
A Access lines.
Q Oh, access lines.
Okay. Have you changed your testimony, your

original testimony any as a result of entering into the stipulation with ICI?

A No, I have not.

Q So is it fair to say that you believe that the agreements that you've reached with ICI cover all of your costs in interconnection?

A I haven't done a detailed analysis. There may be tariff services out there today that don't cover cost.

Q I'm talking about interconnection now.

A Well, I know, but I -- Okay, you are talking about purely the local interconnection portion of that agreement?

Q Correct.

A Okay, when you are talking purely about the local interconnection, I believe everything covers cost.

Q And you are still convinced, are you not, that bill and keep would not?

A Oh, absolutely.

Q You're equally convinced that the agreement that you've struck with ICI will?

A I'm pretty sure.

Q And what about the effect of the five-percent cap?

A That's why I said pretty sure.

Q How sure are of you of that?

A That's why I said pretty sure.

Q So it's your opinion that you are pretty sure that complies with the statute?

A Yes.

Q Okay. Do your companies offer physical collocation?

A No. Let me qualify that, not in terms of expanded interconnection. We do have some situations that are not associated with transport equipment where we leave some space, but it's entirely different.

Q Then all of the collocation that you have is virtual?

A There may be some physical collocation holdovers from prior years when we had some interexchange carriers that were physically located before we went to expanded interconnection, I'm not positive. Our current tariffs are for virtual collocation only.

Q And that is a tariffed service?

A Yes.

Q Virtual?

A Correct.

Q I was reading your direct testimony at Page 4, Line 7. Have you located that?

A Yes, I think.

Q I interpreted the remark there to be that you did

prefer a tandem-only interconnection. Is that verification?

A Just a second, Don, let me make sure I'm in the right place. Can you give me a, read me -- I only filed six sets of testimony so far.

Q I don't think I've got one. I'm here in January 5th, and it's Page 4, Line 7. It starts out, For example, the bill and keep, with bill and keep there is no pricing incentive for ALECs to expand their network to take advantage of lower price end-office local interconnections.

A Okay. And then what was your question?

Q Well, that seemed to be a preference for tandem-only interconnection from ALECs, which I think you said earlier was your belief?

A I said from a revenue perspective. Don, you know, I'm responding here to, you know, some of the folks that have come along and said that bill and keep is best or that interconnection, charging for interconnection doesn't foster network development, and that's entirely wrong. What I'm trying to say here is that when you price the services based on the functionalities, and there are different functionalities associated with those. To the extent that -- If I don't price differently, there is no incentive for the ALECs to put the infrastructure out there to provide that functionality themselves.

Q You would agree though that the ALECs are encouraged to use tandem-only interconnection that creates an engineering problem of a single point of failure, wouldn't you, or would you?

A It's not -- Don, you can't make that leap, okay? When you make that leap, you're assuming that if you had end office that you'd have, also you'd have some other alternative, and you can have an alternative at the tandem as well as you can have an alternative at the end office.

Q Okay. That leads to another question that I had in mind. We are skipping about a bit, but if you'd turn over to Page 7 in that testimony. You use an example there about an ALEC purchasing a DS-1 to the Winter Park access tandem.

A Okay, where are you on Page 7?

Q Up there at Lines 7, 8 and 9.

A Okay.

Q Is that an example we are using there?

A Okay.

Q And earlier you were asked questions about -- we are going to get back to that reciprocal connectivity I think.

A Okay.

Q So the question I have is that under the ICI stipulation, in that example you see there, is

United-Centel required -- I guess in this case it would be United only -- required to duplicate these two connections, that is to say, from the Winter Park access tandem and from the Maitland CO back to the ALEC's facilities?

A No, they don't have to specifically be from those two locations. I could put both of them at the access tandem, or I could put both of them at the end office. It would depend on, again, trunk engineering.

Q Would that make a difference to the price paid by the ALEC?

A No, the ALEC would pay the same price -- well, no, the ALEC would pay the tandem and they would pay the end office. If I'm interconnecting with the ALEC at the end office, it doesn't matter whether I go from end office to the ALEC's end office or tandem to the ALEC's end office, I'm still going to pay the same price for the interconnection. I'm paying for what functions you provide to me. You are paying for what functions I provide to you.

Q Well, then how do you interpret this reciprocal connectivity thing? If there are two trunks from us to you, you will have two trunks back to us and it may be at different end offices and different tandems?

A Yes.

Q But it's a matter of numbers?

A When you say numbers, I think it's going to be a

matter of trunk engineering.

Q No, I'm talking about as a legal requirement of this document here that there be this reciprocal connectivity.

A Oh, okay, I thought -- Okay. Yeah, we would have one -- you know, we would have two terminations to you, and you would have two terminations to us. The trunk engineering would determine where they went to and from.

Q Let me ask you about the port charges. Could you lead me through that calculation of that port charge that is shown there in the ICI stipulation, Attachment A, Option A?

A Yeah, let me get --

Q I think you said the full price was 42 hundred and 75 dollars?

A Yes.

Q I would like for you to help me understand how that was calculated if you would.

A Hang on a second.

Q All right.

A I don't remember all this stuff. Okay, if you take the .01979 under tandem on Attachment B, which is the sum of those elements above it and you multiply that by 216 thousand, you get to the four thousand 275 dollar charge on Attachment A.

Q Did you say 216 thousand?

A Correct.

Q Would you tell me what that represents?

A That represents the minutes of use that you would expect to get over a DS-1 facility, which is what the port is for; it's for a DS-1 facility. That's the same number of minutes we used in the local transport restructure.

Q Do you know what the national average is for minutes per port?

A No, but I know what it is for our trunks between us and BellSouth, and it's a lot higher than 216 thousand.

Q But you don't have any idea about the national average?

A I don't need to know about the national average. I know what it is between us and Bell, and I know -- It's pretty standard. You can use your Poisson table and look it up. It tells you what it is, and I can guarantee you that if you look at the size trunk groups we are talking about, 216 thousand is reasonable.

Q Reasonable?

A Yes, especially when you look at the fact that we discounted it for the first, second and third trunk group. And it's more than reasonable with trunk groups above five and six, in sequence. Our average between Bell and us on trunk groups is in the vicinity of 320 thousand

minutes, and I can provide you copies of those studies if you would like.

Q Okay. Wouldn't a cap be applied on the port charge as it was done with the MOU?

A No. You theoretically have a port charge when we say we'll buy one for each one you buy.

Q So it's your view they cancel out except for the differential between end offices and tandems?

A Correct, and going back to the discussion that we had with one of the other cable companies, they fully intend to go to the end office. Once you get to the point where you've got enough trunks to justify going to the end office, then for all practical purposes, it's -- under this agreement where we have agreed to that port for port match, it's effectively the same as a cap.

Q Okay. You indicated that you didn't think that both the MOU and the port charge ought to be tariffed and you've now said, I believe, that it's okay for the interim but you don't want it to be done for the long-term, did I correctly understand that?

A Yes.

Q What is wrong with having both of them since apparently you have considered arbitrage when you went to the type of port charge calculation that you just related to me? In fact in your prehearing statement you say that

is why you calculated the port charge the way you did. So my question is what is wrong with having both of them available?

A The problem with having both of them available is that when -- to the extent that you don't have very much traffic or you have up to the, traffic up to the 216 thousand, you are going to take the per minute of use. To the extent that you are way over the 216 thousand, you are going to take the port. And what I'm suggesting to you is that you can pick and choose where and which one you want to take, and my preference is -- and part of the reason for the discounts is to get you to deal with one methodology and to stay with one methodology.

Q But it would enhance competition, wouldn't it, to allow a choice?

A I'm not sure that it would. You know, everybody wants to think that just because you've got a price on something and you get a lower price it enhances competition. That is not necessarily true. The fact that if I have to put a price on something and that price is high, it invites market entry. If I am out of line with my prices, that is good because that is going to bring market entry.

Q You are going to get competitors, is that what you mean?

A Yes.

Q Thank you very much.

MR. CROSBY: That's all I have.

MS. CANZANO: Do any other parties have any questions?

THE WITNESS: In that docket.

MS. CANZANO: In that docket?

(NO RESPONSE)

MS. CANZANO: I take that as a no. Hello?

(NO RESPONSE)

MS. CANZANO: Well, I guess this concludes staff's deposition in Docket Number 950985.

(WHEREUPON, THE DEPOSITION WAS CONCLUDED)

* * * *

ERRATA SHEET

DOCKET NUMBER 950985
F. B. "BEN" POAG
FEBRUARY 29, 1996

CERTIFICATE OF DEPONENT

This is to certify that I, F. B. "BEN" POAG, have read the foregoing transcription of my testimony, Page 1 through 130, given on February 29, 1996 in Docket Number 950985, and find the same to be true and correct, with the exceptions, and/or corrections, if any, as shown on the errata sheet attached hereto.

_____
F. B. "BEN" POAG

Sworn to and subscribed before me this
_____ day of _____, 19_____

_____
NOTARY PUBLIC
State of _____
My Commission Expires:

STATE OF FLORIDA)
: CERTIFICATE OF OATH
COUNTY OF LEON)

I, the undersigned authority, certify that F. B. "BEN" POAG, personally appeared before me and was duly sworn.

WITNESS my hand and official seal this 3rd day of March, 1996.

Nancy S. Metzke

NANCY S. METZKE
Notary Public - State of Florida

NANCY S. METZKE
MY COMMISSION # CC316232 EXPIRES
September 13, 1997
BONDED THRU TROY FAIN INSURANCE, INC.

STATE OF FLORIDA)
: CERTIFICATE OF REPORTER
COUNTY OF LEON)

I, NANCY S. METZKE, RPR, CCR, Certified Shorthand Reporter and Registered Professional Reporter,

DO HEREBY CERTIFY that I was authorized to and did stenographically report the foregoing deposition of F. B. "Ben" Poag.

I FURTHER CERTIFY that this transcript, consisting of 134 pages, constitutes a true record of the testimony given by the witness.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel connected with the action, nor am I financially interested in the action.

DATED this 3rd day of March, 1996.

Nancy S. Metzke

NANCY S. METZKE, RPR, CCR

EXHIBIT NO. _____

DOCKET NO: 950985-TP

WITNESS: F. BEN POAG

PARTY: UNITED/CENTEL

DESCRIPTION:

UNITED/CENTEL'S RESPONSES TO STAFF'S 2ND SET OF INTERROGATORIES NOS. 2-66

LATE-FILED DEPOSITION EXHIBIT FROM THE 2/29/96 DEPOSITION.

PROFFERING PARTY: STAFF

I.D. # FBP-2

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO 39
COMPANY/ WITNESS: Poag
DATE: 3/13/96

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Resolution of Petition to Establish Non Discriminatory Rates, Terms, and Conditions for Interconnection Involving Local Exchange Companies and Alternative Local Exchange Companies pursuant to Section 364.162, Florida Statutes	DOCKET NO. 950985-TP DATED: 2/26/96

CENTRAL TELEPHONE COMPANY OF FLORIDA AND
UNITED TELEPHONE COMPANY OF FLORIDA'S
ANSWERS TO STAFF'S
SECOND SET OF INTERROGATORIES

United Telephone Company of Florida ("Sprint-United") and Central Telephone Company of Florida ("Sprint-Centel") (collectively "Sprint-United/Centel" or the "Companies"), pursuant to Rule 25-22.034, Florida Administrative Code, Florida Rule of Civil Procedure 1.340, hereby submits the following Answers to Staff's Second Set of Interrogatories to United Telephone Company of Florida and Central Telephone Company of Florida, served by U.S. mail on February 5, 1996 ("Staff's Second Set").

NOTE

Certain of the answers to Staff's Second Set of Interrogatories ("Staff's Second Set") may contain proprietary confidential business information within the meaning of Section 364.183, Florida Statutes. Consistent with past practices, the Companies will make the confidential answers available for review by the Staff at the Tallahassee office of Macfarlane Ausley

Ferguson & McMullen. Thereafter, if Staff wishes to possess a copy of all or a part of a confidential answer, the Companies will promptly file it with the Division of Records and Reporting together with a Notice of Intent to Request Confidential Classification.

ANSWERS

The answers to these interrogatories were provided by F. Ben Poag. The verification required by the Florida Rules of Civil Procedure is included at the end of these answers.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 2
PAGE 1 OF 1

2. Please provide a detailed outline of your proposed interconnection agreements with MFS-FL.

a. Please provide the specific items that the parties agreed upon, if any.

b. What specific items remain at issue?

c. Of the items that remain at issue, which would MFS-FL characterize as contentious?

Answer: Pursuant to Florida Rule of Civil Procedure 1.340(c), the Companies elect to produce the current draft agreement under discussion between the Companies and the ALEC. This agreement has been signed by Intermedia Communications, Inc. This document is being used as part of ongoing negotiations between the Companies and other ALECs.

a. None.

b. All.

c. On information and belief, the Companies do not believe that any of the items that remain at issue are contentious.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 3
PAGE 1 OF 1

3. Do you think MFS-FL is being unreasonable in its negotiations? If so, why? Please be specific and identify any documentation supporting your claims.

Answer: The term "unreasonable" has different meanings to different people. We believe that the ALEC is seeking the best price and most advantageous terms possible from its perspective.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 4
PAGE 1 OF 1

4. a. Does Sprint-United have any interconnection arrangements with any AAVs, ALECs, or equivalent entities in other jurisdictions?

b. Does Sprint-Centel have any interconnection arrangements with any AAVs, ALECs, or equivalent entities in other jurisdictions?

c. Does Sprint-United have any interconnection arrangements with any AAVs, ALECs, or equivalent entities in Florida?

d. Does Sprint-Centel have any interconnection arrangements with any AAVs, ALECs, or equivalent entities in Florida?

Answer:

a. No.

b. No.

c. Yes.

d. Yes.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 5
PAGE 1 OF 1

5. If Staff's Interrogatory No. 4a, 4b, 4c, or 4d is answered in the affirmative, identify all interconnection arrangements reflected in tariffs filed with the appropriate public utility regulatory agency.

Answer: 4a and 4b are not applicable. Sprint-United and Sprint-Centel have an Access Tariff, Section 17 (Expanded Interconnection) in Florida, on file with the FPSC, under which AAVs can interconnect with the Companies.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 6
PAGE 1 OF 1

6. If staff's Interrogatory No. 4a, 4b, 4c, or 4d is answered in the affirmative, identify all interconnection arrangements which are based on a written contractual agreement, other than those identified in Sprint-United/Centel's response to Staff's Interrogatory No. 5.

Answer: The Companies have entered into an agreement for local interconnection (among other things) with Intermedia Communications, Inc., a copy of which has been provided as part of the answer to interrogatory number 2.

7. What are the appropriate technical and financial billing arrangements which should govern interconnection between MFS-FL and Sprint-United/Centel for the delivery of calls originated and/or terminated from interexchange carriers not directly connected to MFS-FL's network?

Answer: Sprint proposes that this type of intermediary function can be provided based on tandem switching and transport rate elements similar to the local transport rate elements already approved by this Commission. The tandem switching rate element should be based on full recovery of the access tandem investment rather than the 20% recovery used for the interLATA access tariff tandem switching rate element. The difference being that in the access tariff, the other 80% of the investment was recovered in the RIC. However, since the proposed local interconnection charges exclude the RIC and CCL rate elements, full recovery should be included in the tandem switching rate applicable to local interconnection.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 8
PAGE 1 OF 1

8. What are the appropriate technical and financial requirements for the exchange of intraLATA 800 traffic which originates from a MFS-FL customer and terminates to an 800 number served by Sprint-United/Centel?

Answer: The ALEC, after completing an 800 query function, would route the calls to Spring United/Centel via interconnection facilities. The ALEC would record the call and forward the record to a clearinghouse which forwards the record to Spring United/Centel for billing. Spring United/Centel would compensate the ALEC for originating access charges. A reciprocal arrangement should also be applicable for Sprint United/Centel originated calls terminating to the ALEC. Sprint United/Centel will compensate ALECs for the origination of 800 traffic terminated to the Sprint companies pursuant to tariffed originating switched access charges, excluding the database query. The ALECs will need to provide the appropriate records necessary for Sprint United/Centel to bill its customers and compensate the ALECs. The records should be provided in the standard industry format (EMR). Sprint United/Centel will compensate the ALECs based on its tariffed rates for this function. At such time as an ALEC elects to provide 800 services, the ALEC will reciprocate this arrangement.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 9
PAGE 1 OF 1

9. What are the appropriate technical arrangements for the interconnection of MFS-FL's network to Sprint-United/Centel 911 provisioning network such that MFS-FL's customers are ensured the same level of 911 service as they would receive as a customer of Sprint-United/Centel?

Answer: For basic 911 service, Sprint United/Centel will share emergency number data with the ALECs for those municipalities that subscribe to basic 911 services. For Enhanced 911 (E911) service, Sprint United/Centel will offer a daily update to the companies' data bases of ALECs' emergency information when provided to Sprint United/Centel. Sprint United/Centel will work with the ALECs to define record layouts, media requirements and procedures for the process. The ALECs will be provided access to Sprint United/Centel E911 tandem switches for routing their customers' E911 calls to the various emergency agencies.

To the extent that administering and providing E911 access facilities to ALECs increases Sprint United/Centel's costs, such costs should be recovered from the ALECs. However, those costs should only be recovered from ALECs to the same extent that they are recovered from other LECs for the same service.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 10
PAGE 1 OF 1

10. What procedures should be in place for the timely exchange and updating of MFS-FL customer information for inclusion in appropriate E911 databases?

Answer: Daily updates would be required from ALECs in order to maintain the accuracy of the 911 data-base information. Sprint United/Centel will work with the ALECs to define the requirements for records, and other database related procedures.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 11
PAGE 1 OF 1

11. What are the appropriate technical requirements for operator traffic flowing between MFS-FL's operator services provider and Sprint-United/Centel operator services provider including busy line verification and emergency interrupt services?

Answer: Sprint United/Centel and the ALECs shall mutually provide each other busy line verification and emergency interrupt services pursuant to tariff. It will be necessary to establish dedicated trunk groups between each company's operator services system.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 12
PAGE 1 OF 1

12. Under what terms and conditions should Sprint-United/Centel be required to list MFS-FL's customers in its directory assistance database?

Answer: Sprint United/Centel will include ALECs' customer information in its directory assistance (DA) database and provide DA operator services on the same terms and conditions as those services are provided to other LECs and IXCs. Sprint United/Centel will work cooperatively with the ALECs on issues concerning timeliness, format and listing information content.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 13
PAGE 1 OF 1

13. Under what terms and conditions should Sprint-United/Centel be required to list MFS-FL's customers in its universal white and yellow pages directories and to publish and distribute these directories to MFS-FL's customers?

Answer: The cost for directories should be shared on a pro rata basis by Sprint United/Centel and the ALECs for the basic directory printing and distribution services. In addition, Sprint United/Centel pays its affiliated directory company for any informational pages Sprint United/Centel requires over a base number of pages. If the ALECs wish to provide customer information pages to Sprint United/Centel for inclusion in the directory, the ALECs should pay whatever it would cost Spring United/Centel to have such pages included. Sprint United/Centel should not be required to incur additional costs on behalf of ALECs and be expected to absorb those costs. While it is in Sprint United/Centel's best interest to offer the best directory products possible, it is equally as valuable and important to the ALECs.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 14
PAGE 1 OF 1

14. What arrangements are necessary to ensure that MPS-FL can bill and clear credit card, collect, third party calls and audiotext calls?

Answer: Appropriate interconnection facilities to the Access Tandem TOPS Center will be required. Sprint United/Centel will work with the ALECs to define the interconnection activities required. Billing would be handled via tariff or contract rates on a mutual compensation basis.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 15
PAGE 1 OF 1

15. What arrangements are necessary to ensure the provision of CLASS/LASS services between interconnected networks?

Answer: Sprint United/Cantel will provide Common Channel Signaling (CCS) on a reciprocal basis, where available in conjunction with all traffic in order to enable full interoperability of CLASS features and functions.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 16
PAGE 1 OF 1

16. What are the appropriate arrangements for physical interconnection between MFS-FL and Sprint-United/Centel, including trunking and signalling arrangements?

Answer: Sprint United/Centel is willing to review engineering requirements on a quarterly basis and establish forecasts for trunk utilization. New trunk groups will be implemented as dictated by engineering requirements for both Sprint United/Centel and the ALEC.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 17
PAGE 1 OF 1

17. To the extent not addressed in the number portability docket, Docket No. 950737-TP, what are the appropriate financial and operational arrangements for interexchange calls terminated to a number that has been "ported" to the respective ALEC?

Answer: For terminating toll traffic ported to the ALEC, Sprint United/Centel will bill the IXC tandem switching, the residual interconnection charge and a portion of the transport, and the ALEC should bill the IXC local switching, the carrier common line and a portion of the transport. If Sprint United/Centel is unable to provide the necessary access records to permit the ALECs to bill the IXCs directly for terminating access to ported numbers, then Sprint United/Centel will work cooperatively to develop a surrogate method to approximate the access minutes and revenues, and develop a settlement process based on the above distribution. If intraLATA calls are delivered to the other party via a ported number, the originating party will pay the terminating party.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 18
PAGE 1 OF 1

18. What arrangements, if any, are necessary to address other operational issues?

Answer: Operational issues, such as repair service arrangements, are most appropriately resolved through the negotiation process. Operational issues will be different for each ALEC and can best be addressed as the parties develop more specific operational details and procedures and actual points of interconnection. Should issues arise between the parties that cannot be resolved, the existing complaint procedures are the appropriate means for resolution. Sprint United/Centel will address them in this manner.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 19
PAGE 1 OF 1

19. What arrangements, if any, are appropriate for the assignment of NXX codes to the respective ALECs?

Answer: Numbering policy must be broadly developed and administered in a competitively neutral manner. The LEC must not be able to control the administration and assignment of numbering resources. NXX assignments must be handled in a neutral and nondiscriminatory manner.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 20
PAGE 1 OF 1

20. a. Please provide, on a per-minute basis, the current long-run incremental cost of originating a call for local interconnection purposes.

b. Please provide, on a per-minute basis, the current long-run incremental cost of terminating a call for local interconnection purposes.

Answer: The answer to this question contains proprietary confidential business information and will be produced to Staff in accordance with the instructions in the Note to this set of answers. By way of explanation, the Company notes that the answer to this question is the same as the answer to Interrogatory No. 1 in Staff's First Set of Interrogatories in this docket. Development of a TSLRIC cost study is underway.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 21
PAGE 1 OF 1

21. Explain, in detail, how the cost study in response to Interrogatory No. 20a and 20b was conducted.

Answer: The study was done using the SCIS model. The Switching Cost Information System ("SCIS") model, licensed from Bellcore, identifies two separate components of a call. The first is the non-conversation time, call set up function, which establishes a connection for the call, including incomplete calls. Call set up does not include any usage. The second is the usage function, which consists of the actual on line conversation time and non-conversation time associated with ringing, incomplete calls, fraud and any other situation that results in no billing for the call to an end user.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 22
PAGE 1 OF 1

22. Please provide a detailed outline of your proposed interconnection agreements with Time Warner/DMP.

a. Please provide the specific items that the parties agreed upon, if any.

b. What specific items remain at issue?

c. Of the items that remain at issue, which would Time Warner/DMP characterize as contentious?

Answer: Pursuant to Florida Rule of Civil Procedure 1.340(c), the Companies elect to produce the current draft agreement under discussion between the Companies and the ALEC. This agreement has been signed by Intermedia Communications, Inc. This document is being used as part of ongoing negotiations between the Companies and other ALECs.

a. None.

b. All.

c. On information and belief, the Companies do not believe that any of the items that remain at issue are contentious.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 23
PAGE 1 OF 1

23. Do you think Time Warner/DMP is being unreasonable in its negotiations? If so, why? Please be specific and identify any documentation supporting your claims.

Answer: The term "unreasonable" has different meanings to different people. We believe that the ALEC is seeking the best price and most advantageous terms possible from its perspective.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 24
PAGE 1 OF 1

24. a. Does Sprint-United have any interconnection arrangements with any AAVs, ALECs, or equivalent entities in other jurisdictions?

b. Does Sprint-United have any interconnection arrangements with any AAVs, ALECs, or equivalent entities in Florida?

Answer:

a. No.

b. Yes.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 25
PAGE 1 OF 1

25. If Staff's Interrogatory No. 24a or 24b is answered in the affirmative, identify all interconnection arrangements reflected in tariffs filed with the appropriate public utility regulatory agency.

Answer: 4a and 4b are not applicable. Sprint-United and Sprint-Centel have an access tariff, section 17 (expanded interconnection) in Florida, on file with the FPSC, under which AAVs can interconnect with the Companies.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 26
PAGE 1 OF 1

26. If Staff's Interrogatory No. 24a or 24b is answered in the affirmative, identify all interconnection arrangements which are based on a written contractual agreement, other than those identified in Sprint-United/Centel's response to Staff's Interrogatory No. 25.

Answer: The Companies have entered into an agreement for local interconnection (among other things) with Intermedia Communications, Inc., a copy of which has been provided as part of the answer to interrogatory number 2.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 27
PAGE 1 OF 1

27. What are the appropriate technical and financial billing arrangements which should govern interconnection between Time Warner/DMP and Sprint-United/Centel for the delivery of calls originated and/or terminated from interexchange carriers not directly connected to Time Warner/DMP's network?

Answer: Sprint proposes that this type of intermediary function can be provided based on tandem switching and transport rate elements similar to the local transport rate elements already approved by this Commission. The tandem switching rate element should be based on full recovery of the access tandem investment rather than the 20% recovery used for the interLATA access tariff tandem switching rate element. The difference being that in the access tariff, the other 80% of the investment was recovered in the RIC. However, since the proposed local interconnection charges exclude the RIC and CCL rate elements, full recovery should be included in the tandem switching rate applicable to local interconnection.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 28
PAGE 1 OF 1

28. What are the appropriate technical and financial requirements for the exchange of intraLATA 800 traffic which originates from a Time Warner/DMP customer and terminates to an 800 number served by Sprint-United/Centel?

Answer: The ALEC, after completing an 800 query function, would route the calls to Spring United/Centel via interconnection facilities. The ALEC would record the call and forward the record to a clearinghouse which forwards the record to Spring United/Centel for billing. Spring United/Centel would compensate the ALEC for originating access charges. A reciprocal arrangement should also be applicable for Sprint United/Centel originated calls terminating to the ALEC. Sprint United/Centel will compensate ALECs for the origination of 800 traffic terminated to the Sprint companies pursuant to tariffed originating switched access charges, excluding the database query. The ALECs will need to provide the appropriate records necessary for Sprint United/Centel to bill its customers and compensate the ALECs. The records should be provided in the standard industry format (EMR). Sprint United/Centel will compensate the ALECs based on its tariffed rates for this function. At such time as an ALEC elects to provide 800 services, the ALEC will reciprocate this arrangement.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 29
PAGE 1 OF 1

29. What are the appropriate technical arrangements for the interconnection of Time Warner/DMP's network to Sprint-United/Centel 911 provisioning network such that Time Warner/DMP's customers are ensured the same level of 911 service as they would receive as a customer of Sprint-United/Centel?

Answer: For basic 911 service, Sprint United/Centel will share emergency number data with the ALECs for those municipalities that subscribe to basic 911 services. For Enhanced 911 (E911) service, Sprint United/Centel will offer a daily update to the companies' data bases of ALECs' emergency information when provided to Sprint United/Centel. Sprint United/Centel will work with the ALECs to define record layouts, media requirements and procedures for the process. The ALECs will be provided access to Sprint United/Centel E911 tandem switches for routing their customers' E911 calls to the various emergency agencies.

To the extent that administering and providing E911 access facilities to ALECs increases Sprint United/Centel's costs, such costs should be recovered from the ALECs. However, those costs should only be recovered from ALECs to the same extent that they are recovered from other LECs for the same service.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 30
PAGE 1 OF 1

30. What procedures should be in place for the timely exchange and updating of Time Warner/DMP customer information for inclusion in appropriate E911 databases?

Answer: Daily updates would be required from ALECs in order to maintain the accuracy of the 911 data-base information. Sprint United/Centel will work with the ALECs to define the requirements for records, and other database related procedures.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 31
PAGE 1 OF 1

31. What are the appropriate technical requirements for operator traffic flowing between Time Warner/DMP's operator services provider and Sprint-United/Centel operator services provider including busy line verification and emergency interrupt services?

Answer: Sprint United/Centel and the ALECs shall mutually provide each other busy line verification and emergency interrupt services pursuant to tariff. It will be necessary to establish dedicated trunk groups between each company's operator services system.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 32
PAGE 1 OF 1

32. Under what terms and conditions should Sprint-United/Centel be required to list Time Warner/DMP's customers in its directory assistance database?

Answer: Sprint United/Centel will include ALECs' customer information in its directory assistance (DA) database and provide DA operator services on the same terms and conditions as those services are provided to other LECs and IXCs. Sprint United/Centel will work cooperatively with the ALECs on issues concerning timeliness, format and listing information content.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 33
PAGE 1 OF 1

33. Under what terms and conditions should Sprint-United/Centel be required to list Time Warner/DMP's customers in its universal white and yellow pages directories and to publish and distribute these directories to Time Warner/DMP's customers?

Answer: The cost for directories should be shared on a pro rata basis by Sprint United/Centel and the ALECs for the basic directory printing and distribution services. In addition, Sprint United/Centel pays its affiliated directory company for any informational pages Sprint United/Centel requires over a base number of pages. If the ALECs wish to provide customer information pages to Sprint United/Centel for inclusion in the directory, the ALECs should pay whatever it would cost Spring United/Centel to have such pages included. Sprint United/Centel should not be required to incur additional costs on behalf of ALECs and be expected to absorb those costs. While it is in Sprint United/Centel's best interest to offer the best directory products possible, it is equally as valuable and important to the ALECs.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 34
PAGE 1 OF 1

34. What arrangements are necessary to ensure that Time Warner/DMP can bill and clear credit card, collect, third party calls and audiotext calls?

Answer: Appropriate interconnection facilities to the Access Tandem TOPS Center will be required. Sprint United/Centel will work with the ALECs to define the interconnection activities required. Billing would be handled via tariff or contract rates on a mutual compensation basis.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 35
PAGE 1 OF 1

35. What arrangements are necessary to ensure the provision of CLASS/LASS services between interconnected networks?

Answer: Sprint United/Centel will provide Common Channel Signaling (CCS) on a reciprocal basis, where available in conjunction with all traffic in order to enable full interoperability of CLASS features and functions.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 36
PAGE 1 OF 1

36. What are the appropriate arrangements for physical interconnection between Time Warner/DMP and Sprint-United/Centel, including trunking and signalling arrangements?

Answer: Sprint United/Centel is willing to review engineering requirements on a quarterly basis and establish forecasts for trunk utilization. New trunk groups will be implemented as dictated by engineering requirements for both Sprint United/Centel and the ALEC.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 37
PAGE 1 OF 1

37. To the extent not addressed in the number portability docket, Docket No. 950737-TP, what are the appropriate financial and operational arrangements for interexchange calls terminated to a number that has been "ported" to the respective ALEC.

Answer: For terminating toll traffic ported to the ALEC, Sprint United/Centel will bill the IXC tandem switching, the residual interconnection charge and a portion of the transport, and the ALEC should bill the IXC local switching, the carrier common line and a portion of the transport. If Sprint United/Centel is unable to provide the necessary access records to permit the ALECs to bill the IXCs directly for terminating access to ported numbers, then Sprint United/Centel will work cooperatively to develop a surrogate method to approximate the access minutes and revenues, and develop a settlement process based on the above distribution. If intraLATA calls are delivered to the other party via a ported number, the originating party will pay the terminating party.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 38
PAGE 1 OF 1

38. What arrangements, if any, are necessary to address other operational issues?

Answer: Operational issues, such as repair service arrangements, are most appropriately resolved through the negotiation process. Operational issues will be different for each ALEC and can best be addressed as the parties develop more specific operational details and procedures and actual points of interconnection. Should issues arise between the parties that cannot be resolved, the existing complaint procedures are the appropriate means for resolution. Sprint United/Centel will address them in this manner.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 39
PAGE 1 OF 1

39. What arrangements, if any, are appropriate for the assignment of NXX codes to the respective ALECs?

Answer: Numbering policy must be broadly developed and administered in a competitively neutral manner. The LEC must not be able to control the administration and assignment of numbering resources. NXX assignments must be handled in a neutral and nondiscriminatory manner.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 40
PAGE 1 OF 1

40. a. Please provide, on a per-minute basis, the current long-run incremental cost of originating a call for local interconnection purposes.

b. Please provide, on a per-minute basis, the current long-run incremental cost of terminating a call for local interconnection purposes.

Answer: Please see the confidential answer to Interrogatory No. 20, above.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 41
PAGE 1 OF 1

41. Explain, in detail, how the cost study in response to Staff Interrogatory No. 40a and 40b was conducted.

Answer: Please see answer to Interrogatory No. 21, above.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 42
PAGE 1 OF 1

42. Please provide a detailed outline of your proposed interconnection agreements with Continental.

a. Please provide the specific items that the parties agreed upon, if any.

b. What specific items remain at issue?

c. Of the items that remain at issue, which would your company characterize as contentious?

Answer: Pursuant to Florida Rule of Civil Procedure 1.340(c), the Companies elect to produce the current draft agreement under discussion between the Companies and the ALEC. This agreement has been signed by Intermedia Communications, Inc. This document is being used as part of ongoing negotiations between the Companies and other ALECs.

a. None.

b. All.

c. On information and belief, the Companies do not believe that any of the items that remain at issue are contentious.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 43
PAGE 1 OF 1

43. Do you think Continental is being unreasonable in its negotiations? If so, why? Please be specific and identify any documentation supporting your claims.

Answer: The term "unreasonable" has different meanings to different people. We believe that the ALEC is seeking the best price and most advantageous terms possible from its perspective.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 44
PAGE 1 OF 1

44. a. Does Sprint-United have any interconnection arrangements with any AAVs, ALECs, or equivalent entities in other jurisdictions?

b. Does Sprint-United have any interconnection arrangements with any AAVs, ALECs, or equivalent entities in Florida?

Answer:

a. No.

b. Yes.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 45
PAGE 1 OF 1

45. If Staff's Interrogatory No. 44a or 44b is answered in the affirmative, identify all interconnection arrangements reflected in tariffs filed with the appropriate public utility regulatory agency.

Answer: 4a and 4b are not applicable. Sprint-United and Sprint-Centel have an access tariff, section 17 (expanded interconnection) in Florida, on file with the FPSC, under which AAVs can interconnect with the Companies.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 46
PAGE 1 OF 1

46. If Staff's Interrogatory No. 44a or 44b is answered in the affirmative, identify all interconnection arrangements which are based on a written contractual agreement, other than those identified in Sprint-United/Centel's response to Staff's Interrogatory No. 45.

Answer: The Companies have entered into an agreement for local interconnection (among other things) with Intermedia Communications, Inc., a copy of which has been provided as part of the answer to interrogatory number 2.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 47
PAGE 1 OF 1

47. What are the appropriate technical and financial billing arrangements which should govern interconnection between Continental and Sprint-United/Centel for the delivery of calls originated and/or terminated from interexchange carriers not directly connected to Continental's Network?

Answer: Sprint proposes that this type of intermediary function can be provided based on tandem switching and transport rate elements similar to the local transport rate elements already approved by this Commission. The tandem switching rate element should be based on full recovery of the access tandem investment rather than the 20% recovery used for the interLATA access tariff tandem switching rate element. The difference being that in the access tariff, the other 80% of the investment was recovered in the RIC. However, since the proposed local interconnection charges exclude the RIC and CCL rate elements, full recovery should be included in the tandem switching rate applicable to local interconnection.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 48
PAGE 1 OF 1

48. What are the appropriate technical and financial requirements for the exchange of intraLATA 800 traffic which originates from a Continental customer and terminates to an 800 number served by Sprint-United/Centel?

Answer: The ALEC, after completing an 800 query function, would route the calls to Spring United/Centel via interconnection facilities. The ALEC would record the call and forward the record to a clearinghouse which forwards the record to Spring United/Centel for billing. Spring United/Centel would compensate the ALEC for originating access charges. A reciprocal arrangement should also be applicable for Sprint United/Centel originated calls terminating to the ALEC. Sprint United/Centel will compensate ALECs for the origination of 800 traffic terminated to the Sprint companies pursuant to tariffed originating switched access charges, excluding the database query. The ALECs will need to provide the appropriate records necessary for Sprint United/Centel to bill its customers and compensate the ALECs. The records should be provided in the standard industry format (EMR). Sprint United/Centel will compensate the ALECs based on its tariffed rates for this function. At such time as an ALEC elects to provide 800 services, the ALEC will reciprocate this arrangement.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 49
PAGE 1 OF 1

49. What are the appropriate technical arrangements for the interconnection of Continental's network to Sprint-United/Centel 911 provisioning network such that Continental's customers are ensured the same level of 911 service as they would receive as a customer of Sprint-United/Centel?

Answer: For basic 911 service, Sprint United/Centel will share emergency number data with the ALECs for those municipalities that subscribe to basic 911 services. For Enhanced 911 (E911) service, Sprint United/Centel will offer a daily update to the companies' data bases of ALECs' emergency information when provided to Sprint United/Centel. Sprint United/Centel will work with the ALECs to define record layouts, media requirements and procedures for the process. The ALECs will be provided access to Sprint United/Centel E911 tandem switches for routing their customers' E911 calls to the various emergency agencies.

To the extent that administering and providing E911 access facilities to ALECs increases Sprint United/Centel's costs, such costs should be recovered from the ALECs. However, those costs should only be recovered from ALECs to the same extent that they are recovered from other LECs for the same service.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 50
PAGE 1 OF 1

50. What procedures should be in place for the timely exchange and updating of Continental customer information for inclusion in appropriate E911 databases?

Answer: Daily updates would be required from ALECs in order to maintain the accuracy of the 911 data-base information. Sprint United/Cantel will work with the ALECs to define the requirements for records, and other database related procedures.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 51
PAGE 1 OF 1

51. What are the appropriate technical requirements for operator traffic flowing between Continental's operator services provider and Sprint-United/Cantel operator services provider including busy line verification and emergency interrupt services?

Answer: Sprint United/Cantel and the ALECs shall mutually provide each other busy line verification and emergency interrupt services pursuant to tariff. It will be necessary to establish dedicated trunk groups between each company's operator services system.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 52
PAGE 1 OF 1

52. Under what terms and conditions should Sprint-United/Centel be required to list Continental's customers in its directory assistance database?

Answer: Sprint United/Centel will include ALECs' customer information in its directory assistance (DA) database and provide DA operator services on the same terms and conditions as those services are provided to other LECs and IXCs. Sprint United/Centel will work cooperatively with the ALECs on issues concerning timeliness, format and listing information content.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 53
PAGE 1 OF 1

53. Under what terms and conditions should Sprint-United/Centel be required to list Continental's customers in its universal white and yellow pages directories and to publish and distribute these directories to Continental's customers?

Answer: The cost for directories should be shared on a pro rata basis by Sprint United/Centel and the ALECs for the basic directory printing and distribution services. In addition, Sprint United/Centel pays its affiliated directory company for any informational pages Sprint United/Centel requires over a base number of pages. If the ALECs wish to provide customer information pages to Sprint United/Centel for inclusion in the directory, the ALECs should pay whatever it would cost Spring United/Centel to have such pages included. Sprint United/Centel should not be required to incur additional costs on behalf of ALECs and be expected to absorb those costs. While it is in Sprint United/Centel's best interest to offer the best directory products possible, it is equally as valuable and important to the ALECs.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 54
PAGE 1 OF 1

54. What arrangements are necessary to ensure that Continental can bill and clear credit card, collect, third party calls and audiotext calls?

Answer: Appropriate interconnection facilities to the Access Tandem TOPS Center will be required. Sprint United/Centel will work with the ALECs to define the interconnection activities required. Billing would be handled via tariff or contract rates on a mutual compensation basis.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 55
PAGE 1 OF 1

55. What arrangements are necessary to ensure the provision of CLASS/LASS services between interconnected networks?

Answer: Sprint United/Centel will provide Common Channel Signaling (CCS) on a reciprocal basis, where available in conjunction with all traffic in order to enable full interoperability of CLASS features and functions.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 56
PAGE 1 OF 1

56. What are the appropriate arrangements for physical interconnection between Continental and Sprint-United/Centel, including trunking and signalling arrangements?

Answer: Sprint United/Centel is willing to review engineering requirements on a quarterly basis and establish forecasts for trunk utilization. New trunk groups will be implemented as dictated by engineering requirements for both Sprint United/Centel and the ALEC.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 57
PAGE 1 OF 1

57. To the extent not addressed in the number portability docket, Docket No. 950737-TP, what are the appropriate financial and operational arrangements for interexchange calls terminated to a number that has been "ported" to the respective ALEC?

Answer: For terminating toll traffic ported to the ALEC, Sprint United/Centel will bill the IXC tandem switching, the residual interconnection charge and a portion of the transport, and the ALEC should bill the IXC local switching, the carrier common line and a portion of the transport. If Sprint United/Centel is unable to provide the necessary access records to permit the ALECs to bill the IXCs directly for terminating access to ported numbers, then Sprint United/Centel will work cooperatively to develop a surrogate method to approximate the access minutes and revenues, and develop a settlement process based on the above distribution. If intraLATA calls are delivered to the other party via a ported number, the originating party will pay the terminating party.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 58
PAGE 1 OF 1

58. What arrangements, if any, are necessary to address other operational issues?

Answer: Operational issues, such as repair service arrangements, are most appropriately resolved through the negotiation process. Operational issues will be different for each ALEC and can best be addressed as the parties develop more specific operational details and procedures and actual points of interconnection. Should issues arise between the parties that cannot be resolved, the existing complaint procedures are the appropriate means for resolution. Sprint United/Centel will address them in this manner.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 59
PAGE 1 OF 1

59. What arrangements, if any, are appropriate for the assignment of NXX codes to the respective ALECs?

Answer: Numbering policy must be broadly developed and administered in a competitively neutral manner. The LEC must not be able to control the administration and assignment of numbering resources. NXX assignments must be handled in a neutral and nondiscriminatory manner.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 60
PAGE 1 OF 1

60. a. Please provide, on a per-minute basis, the current long-run incremental cost of originating a call for local interconnection purposes.

b. Please provide, on a per-minute basis, the current long-run incremental cost of terminating a call for local interconnection purposes.

Answer: Please see the confidential answer to Interrogatory No. 20, above.

UNITED/CENTEL
DOCKET NO. 950985-TP
STAFF'S SECOND SET
INTERROGATORY NO. 61
PAGE 1 OF 1

61. Explain, in detail, how the cost study in response to Staff Interrogatory No. 60a and 60b was conducted.

Answer: Please see answer to Interrogatory No. 21, above.

VERIFICATION

State of Florida
County of Orange:

I, F. B. Poag, Director-Tariffs & Regulatory Management, for United Telephone Company of Florida, have read the foregoing Answers to Staff's Second Set of Interrogatories in Docket No. 950985-TP. I am informed and to the best of my knowledge believe the information contained in the Responses to be true and correct.

F. B. Poag

Sworn to and subscribed before me this

26th day of FEBRUARY.

Affiant is personally known to me.

Pamela Campbell

Notary Public

My Commission Expires:

PAMELA CAMPBELL
Notary Public - State of Florida
My Commission Expires Dec 28, 1999
Commission # CC 404464

62
~~16~~. Provide diagrams showing each way that you can provide local interconnection to ALECs. Label the network components.

Answer: Please see attached diagrams.

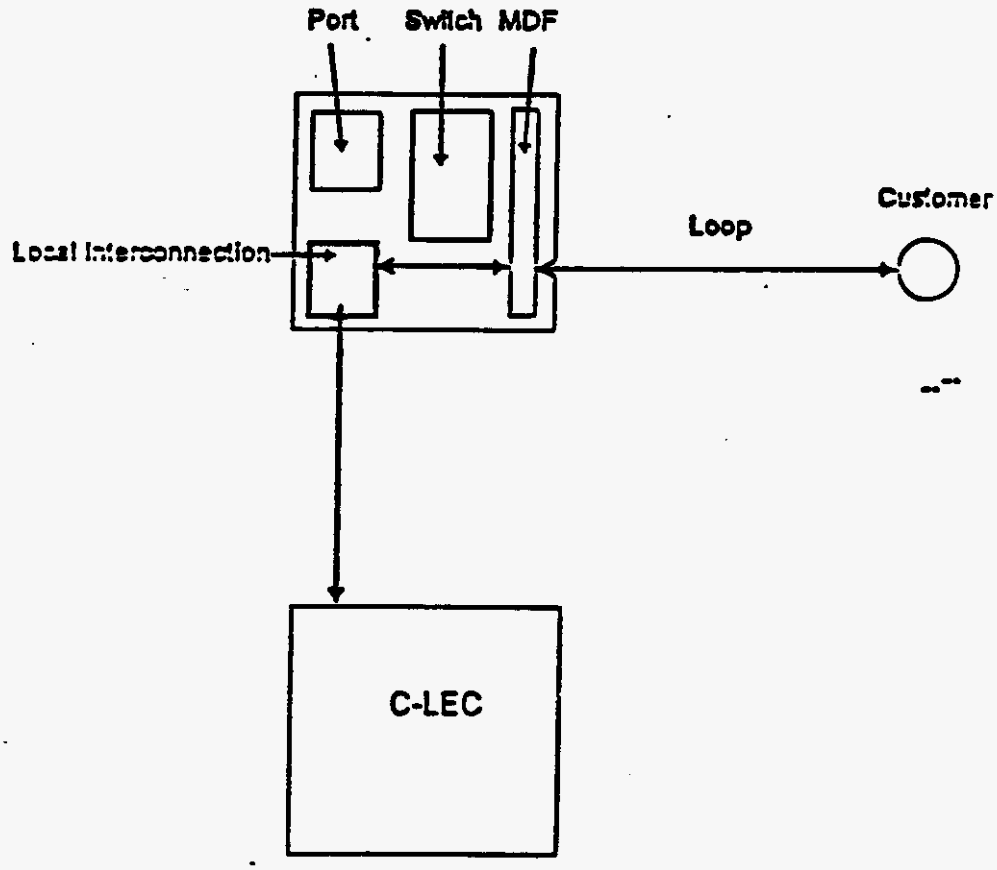
INTERROGATORY NO. 1562

LINE SIDE UNBUNDLING

LOCAL COMPETITION

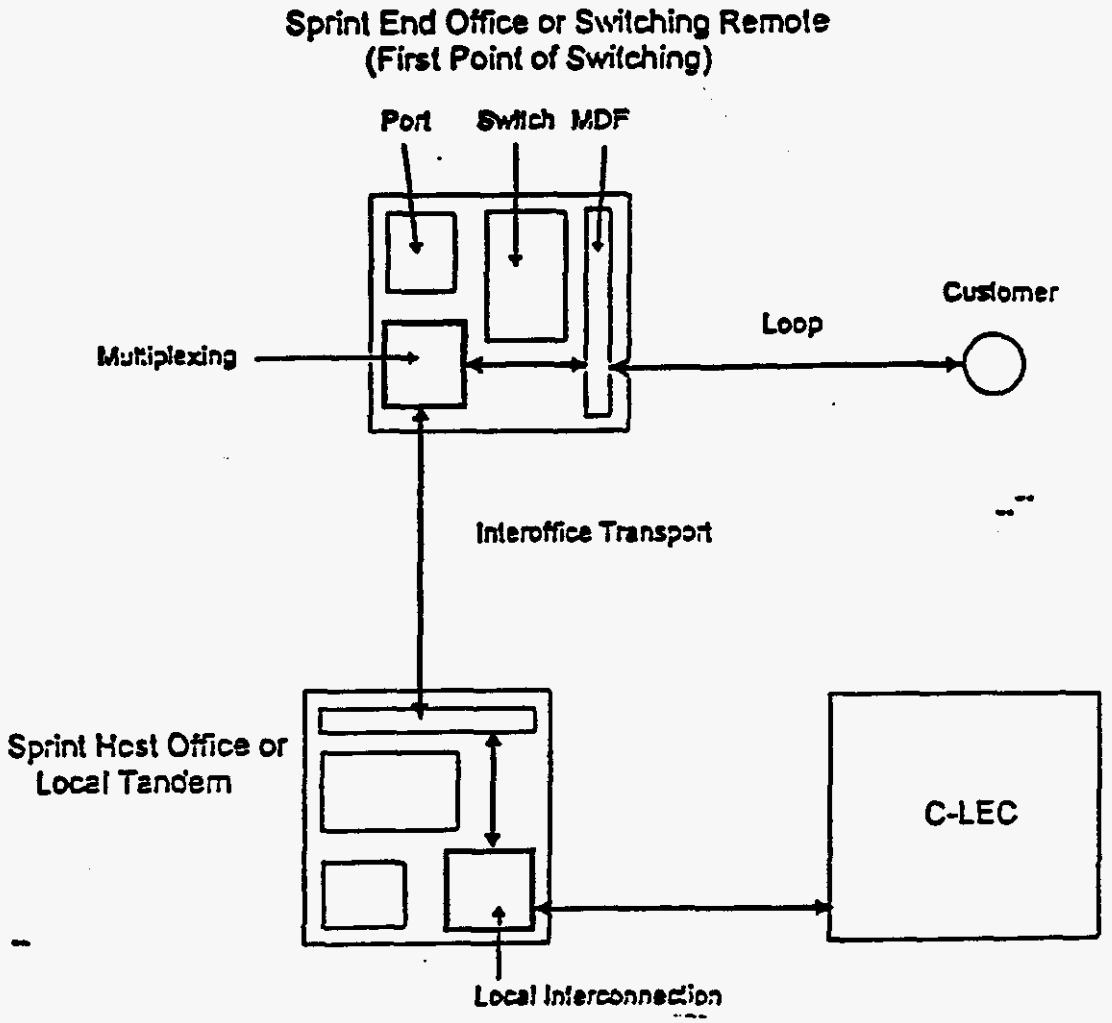
C-LEC COLLOCATES AT SPRINT END OFFICE AND PURCHASES AN UNBUNDLED LOOP

United/Central 5
Docket No. 950985-TP
Staff's First Set
Interrogatory No. 1562

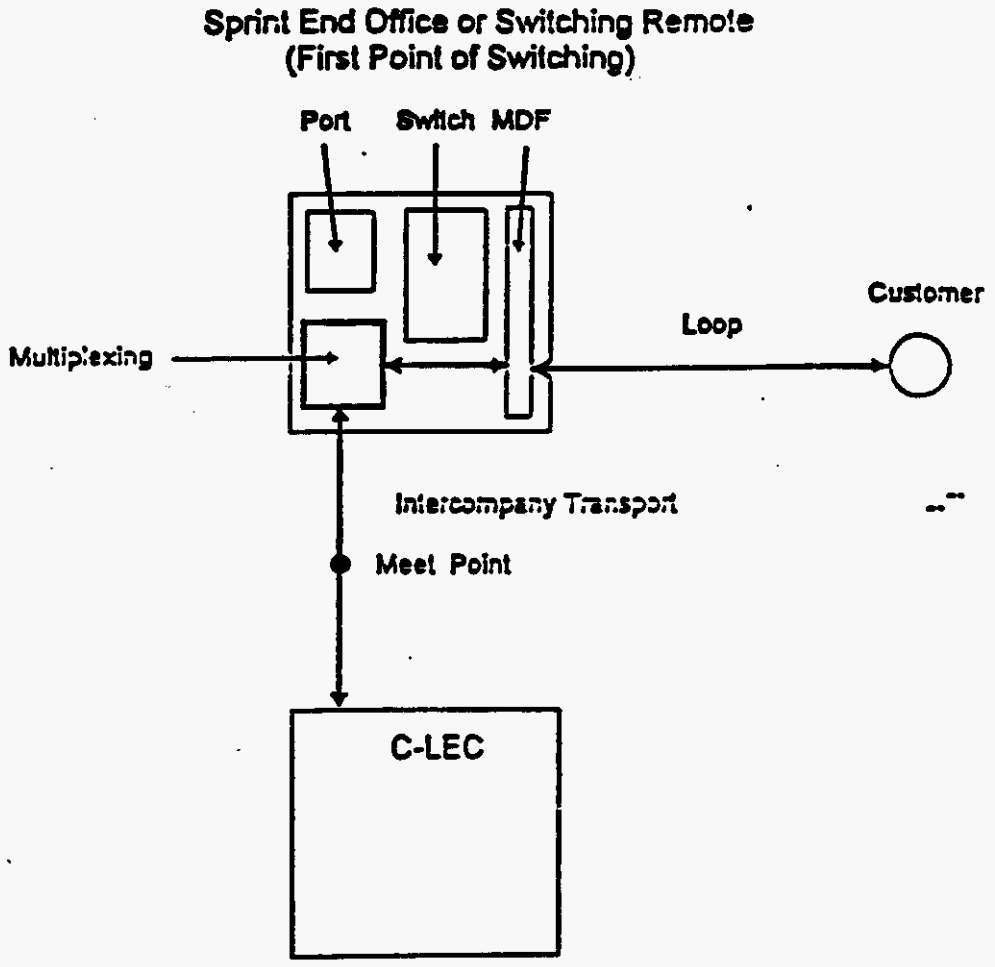


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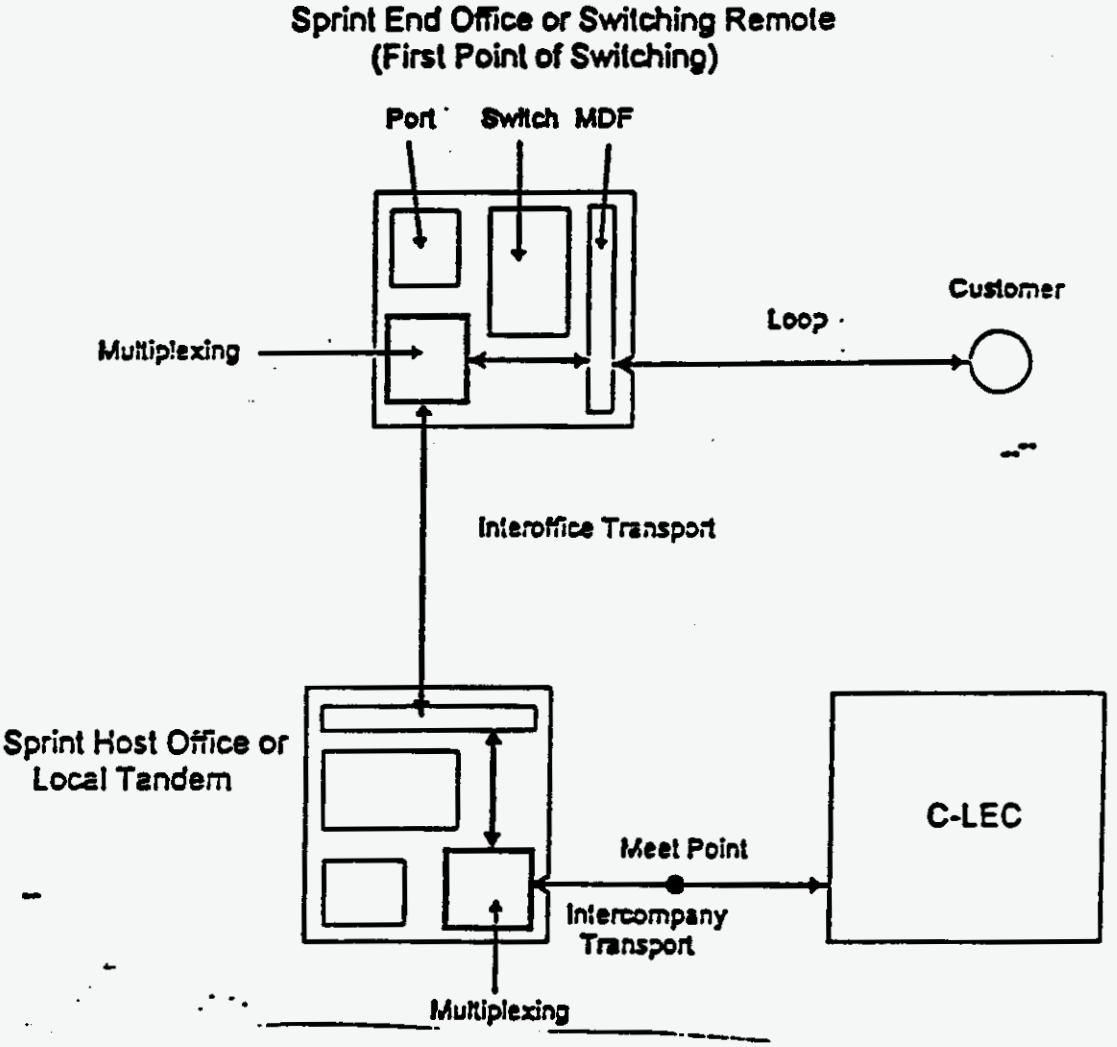
C-LEC COLLOCATES AT SPRINT HOST OFFICE AND PURCHASES AN UNBUNDLED LOOP FROM A SUBTENDING REMOTE SWITCH



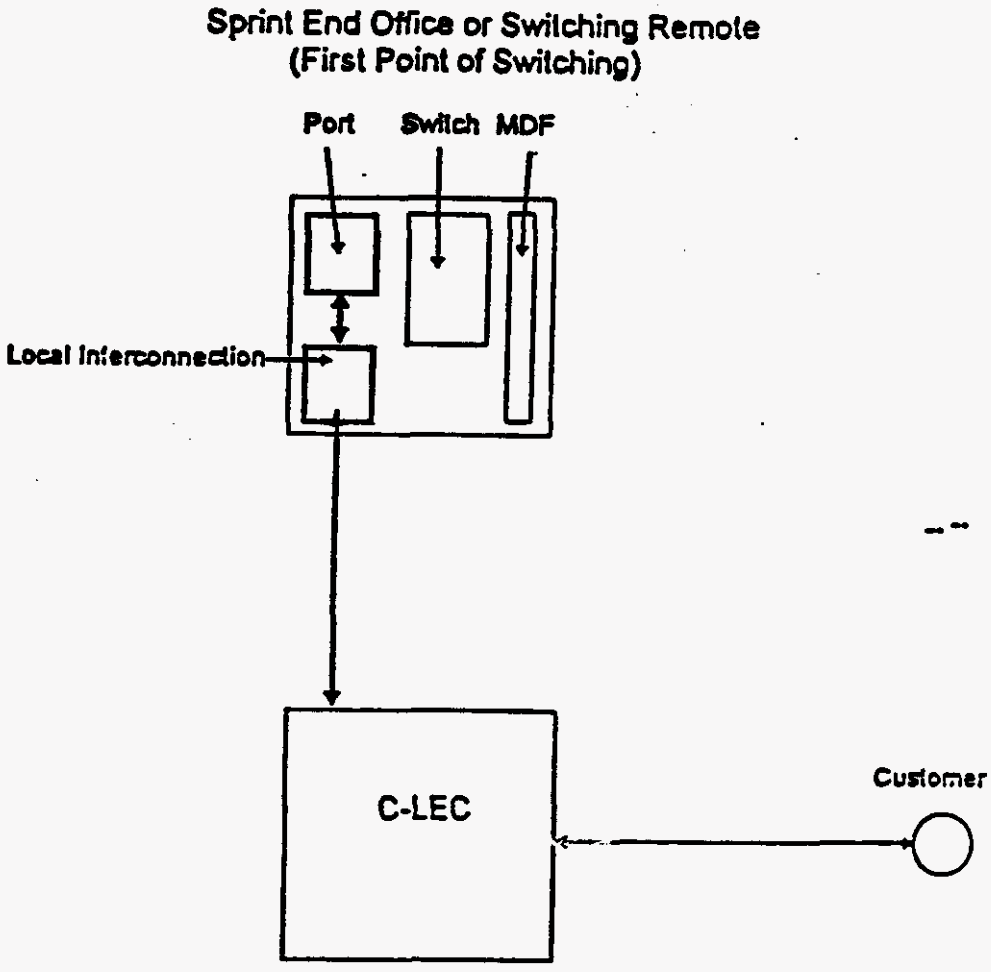
C-LEC HAS MEET POINT INTERCONNECTION ARRANGEMENT WITH SPRINT END OFFICE AND PURCHASES AN UNBUNDLED LOOP



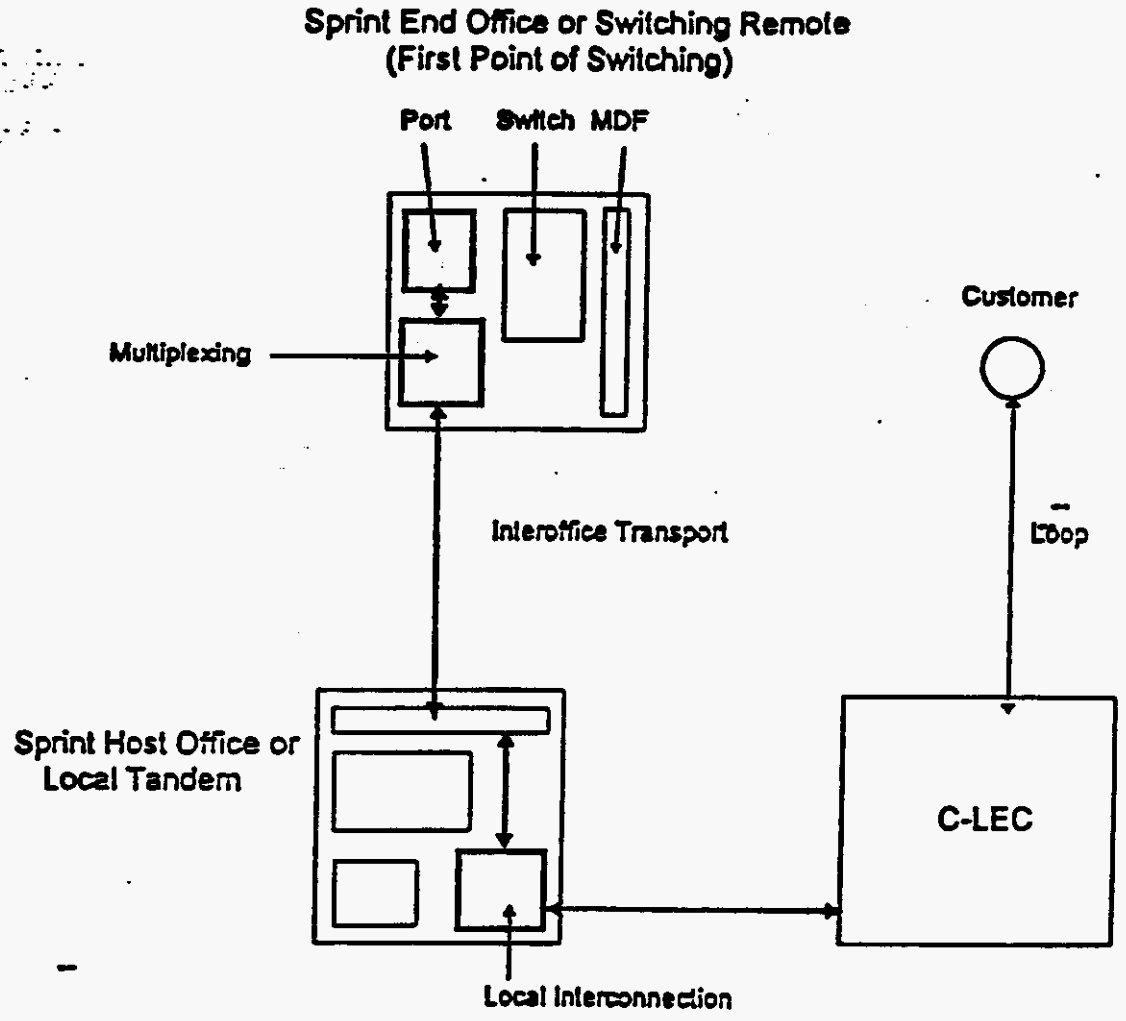
C-LEC HAS MEET POINT INTERCONNECTION ARRANGEMENT WITH SPRINT HOST OFFICE AND PURCHASES AN UNBUNDLED LOOP FROM A SUBTENDING REMOTE SWITCH



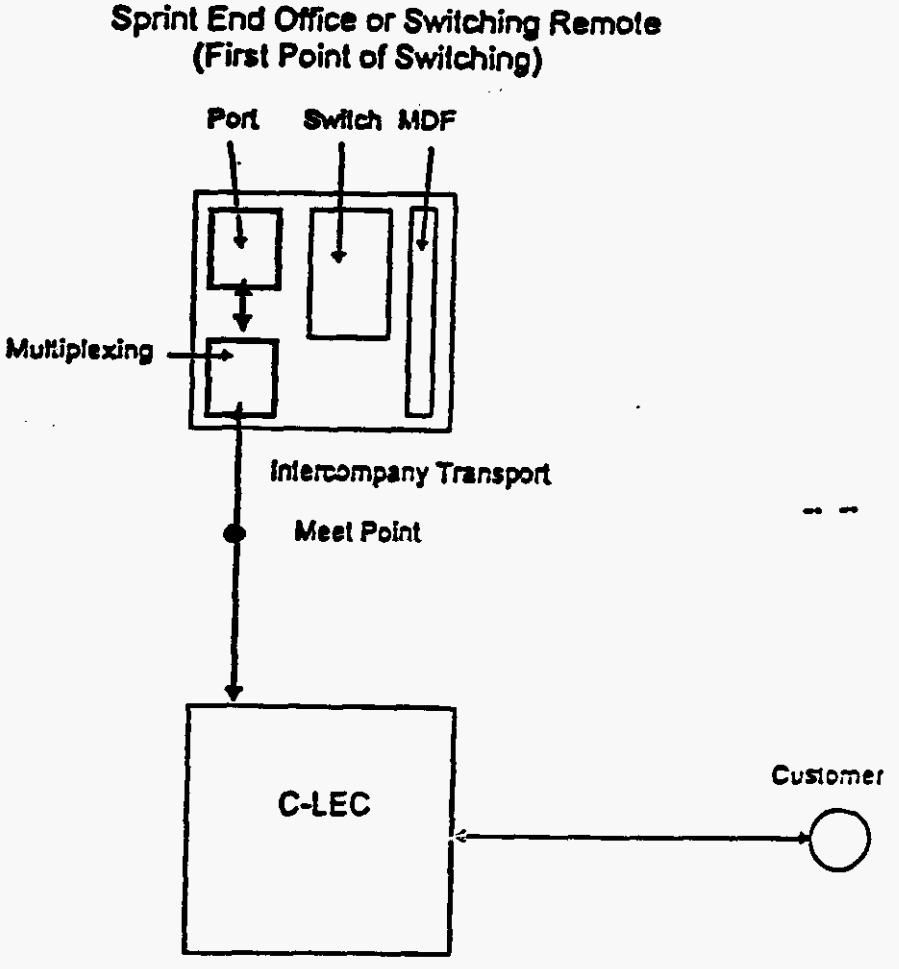
C-LEC COLLOCATES AT SPRINT END OFFICE AND PURCHASES AN UNBUNDLED PORT



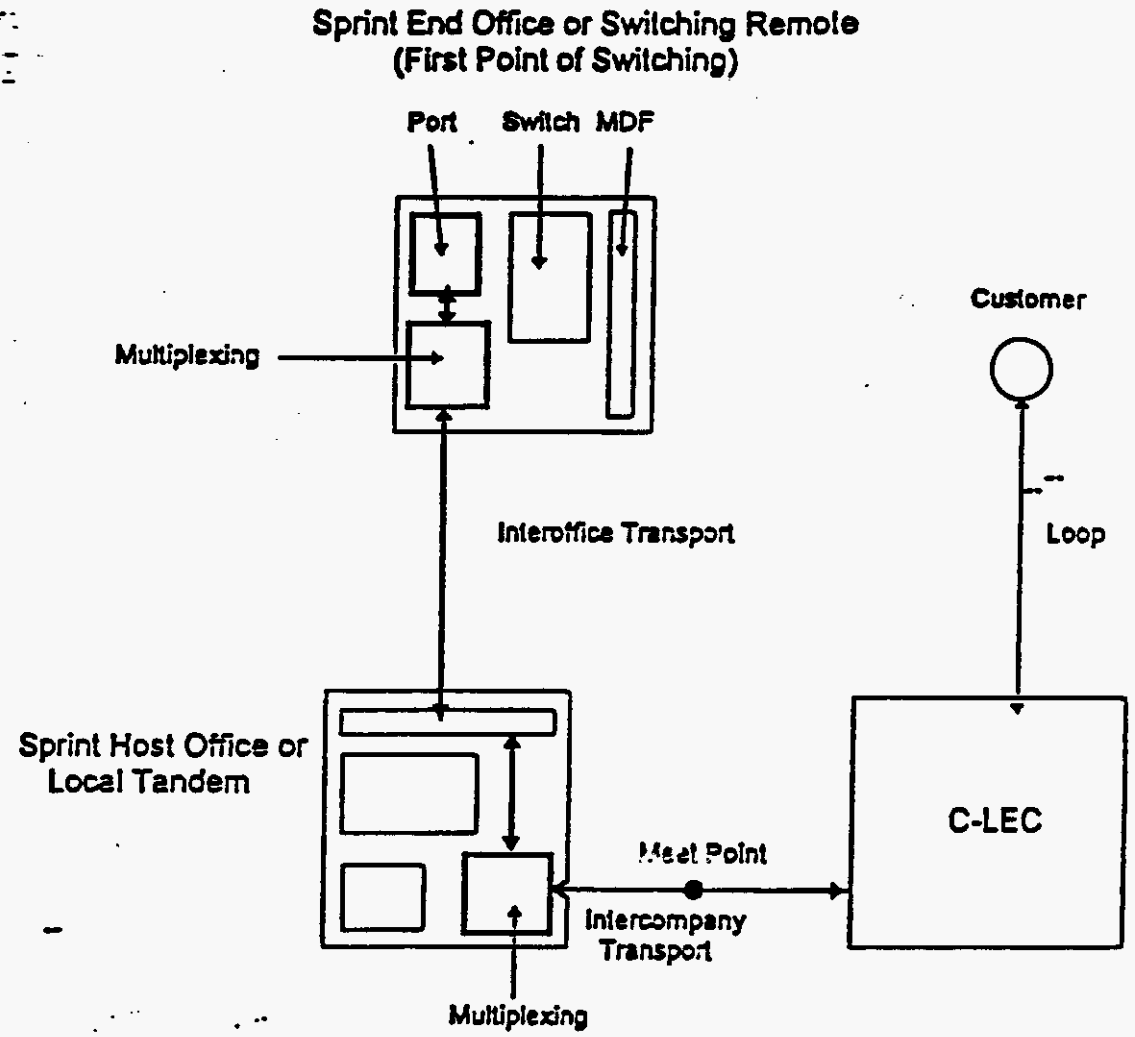
C-LEC COLLOCATES AT SPRINT HOST OFFICE AND PURCHASES AN UNBUNDLED PORT FROM A SUBTENDING REMOTE SWITCH



C-LEC HAS MEET POINT INTERCONNECTION ARRANGEMENT WITH SPRINT END OFFICE AND PURCHASES AN UNBUNDLED PORT



C-LEC HAS MEET POINT INTERCONNECTION ARRANGEMENT WITH SPRINT HOST OFFICE AND PURCHASES AN UNBUNDLED PORT FROM A SUBTENDING REMOTE SWITCH



19 63. a. For the flat rate port charge arrangement, provide a diagram, identify each rate element that would apply, and indicate where it is located in the network.

b. Provide the long run incremental cost for each of the rate elements identified in part a.

Answer:

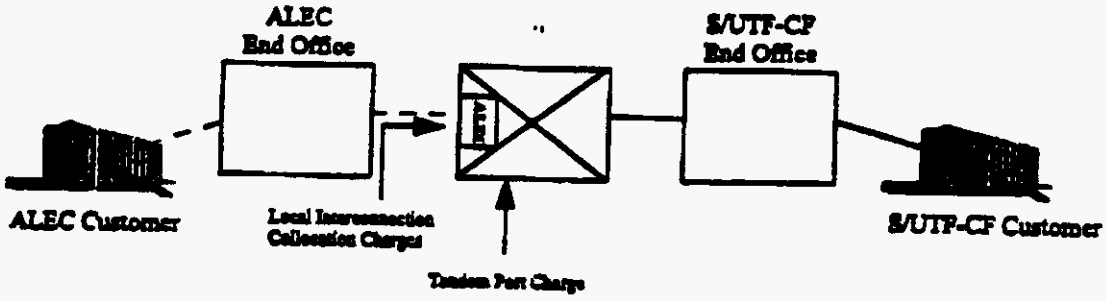
a. The actual underlying rate elements are the same as the per minute of use rate elements. However, the common transport should be $.0004 to reflect the 10 mile average distance between the access tandems and subtending end offices. Thus, the tandem port rate is the sum of the per minute rates, with the switched common transport element multiplied by ten (10), multiplied by the projected 216,000 MOU before discounts.

The Entrance Facility is an optional form of interconnection and is not included in the development of the port charges.

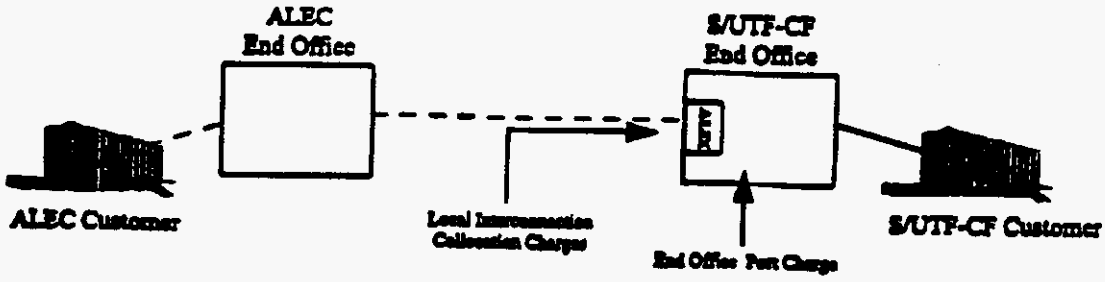
b. Please see answer to Interrogatory No. 20c.

Assuming collocation, presented below are 1) Tandem Port diagram with charges 2) End Office Port diagram with charges for local interconnection.

1) Tandem Port



2) End Office Port



64
20. a. For the per minute of use charge arrangement, provide a diagram, identify each rate element that would apply, and indicate where it is located in the network.

b. Identify the appropriate rate level associated with each rate element identified in part a that Centel and United would propose to charge an ALEC for local interconnection under the per minute of use charge arrangement.

c. Provide the long run incremental cost for each of the rate elements identified in part a.

Answer:

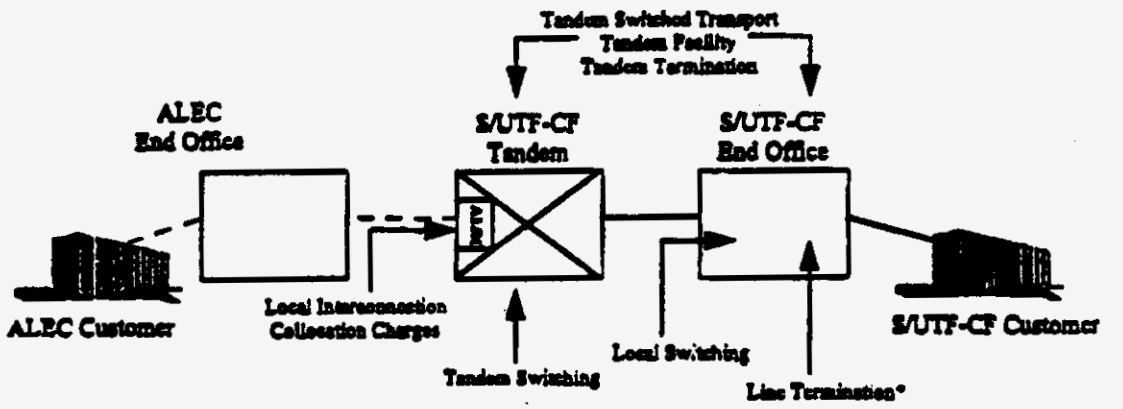
a. Assuming collocation, attached are (1) Tandem Minute of use diagram with charges, and (2) End Office minutes of use diagram with charges for local interconnection.

b. The answer to this portion of this interrogatory is confidential and will be handled as indicated in the introduction to these answers.

c. The answer to this portion of this interrogatory is confidential and will be handled as indicated in the introduction to these answers.

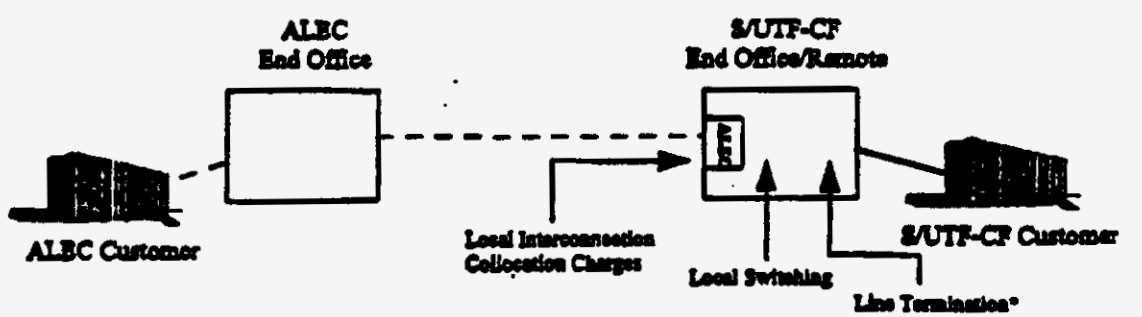
Assuming collocation, presented below are 1) Tandem minute of use diagram with charges 2) End Office minutes of use diagram with charges for local interconnection.

1) Tandem minute of use



* Line Termination is associated with the Line Card that is either physically connected to the switch or is placed in the field.

2) End Office minute of use



* Line Termination is associated with the Line Card that is either physically connected to the switch or is placed in the field.

65. Refer to page 18, lines 1-11 of Mr. Poag's direct testimony.

a. How is switched access and type 2A being recorded for United and Centel?

b. What will the scheduled installations referred to on these pages allow United and Centel to do?

c. When will Centel and United be able to record at all of the Access tandems, local tandems and end offices?

Answer:

a. Access billing is recorded at the point of entry into the Access Tandem of the end office for traffic delivered from the IXCs. For 2A CELLULAR a record is generated in one direction only (incoming from the cellular) via a Trunk Group with a main bill number.

b. The software additions at the Access Tandems will permit recording of minutes of use in both directions. Additional call and structure codes will be generated which will provide further detail on call jurisdiction (such as interLATA).

c. At this time, Sprint-United/Centel plan to load the required billing software in the access tandems, and this should be completed by April 14, 1996. There are no current plans to implement similar software in local tandems or end offices.

66.
22. **Refer to page 3 through 6 of Mr. Poag's direct testimony. You state that the costs for local interconnection will not be fully recovered under a bill and keep arrangement. Identify and quantify the "costs" you will not be able to recover under a bill and keep arrangement for local interconnection. State all assumptions.**

Answer: The costs are those costs associated with terminating a call and have been identified in the response to Interrogatory No. 20c. The actual quantification would be dependent on the number of calls terminated to the Companies and whether they were terminated at an access tandem or an end office.

utd\984-stf.ans

VERIFICATION

STATE OF FLORIDA
COUNTY OF LEON

I, F. BEN POAG, Director-Tariff & Regulatory for United Telephone Company of Florida, have read the foregoing Answers of Central Telephone Company of Florida and United Telephone Company of Florida to the foregoing Interrogatories (Nos. 1 - 22) in Docket No. 950984-TP. I am informed and to the best of my knowledge believe the information contained in the Answers to be true and correct.

F. BEN POAG

Sworn to and subscribed before me this 6th day of ~~February~~ March, 1996.

Affiant is personally known to me.

Notary Public

My Commission Expires:

CHRISTINE S. URIAL
MY COMMISSION # CC 351710
EXPIRES: January 24, 1997
Bonded Thru Notary Public Underwriters

Late-Filed Deposition Exhibit
F. Ben Poag
Docket No. 950985-TL
Filed: 3/7/96
Page 1 of 1

Link Categories (Loop)	Section	Tariff Service	United Rate	Centel Rate
2 wire analog voice grade	E7.5.3	Voice-Local Channel	$ 19.05	$ 19.05
4 wire analog voice grade	E7.5.3	Voice-Local Channel	$ 28.75	$ 28.70
2 wire ISDN (BRI) digital grade*	E7.5.5	DDAS (56Kbps) Local Channel	$ 62.20	$ 62.20
2 wire ISDN (BRI) digital grade-Extension	A10-P.18	ISDN BRI Extension (Business)	$ 25.00	N/A
4 wire DS-1 digital grade	E7.5.6	1.544 Mbps-Local Channel	$112.75	$112.75

* ISDN 2 wire loop is not a separate rate element (there is no equivalent "Local Channel" charge). DDAS (56Kbps) seems to be the most appropriate surrogate for this charge because (12) both require a clean loop (no bridge tap or load coil) and (2) 56Kbps Local Channel is the most close in terms of bandwidth.

EXHIBIT NO. _____

DOCKET NO: 950985-TP

WITNESS: F. BEN POAG

PARTY: UNITED/CENTEL

DESCRIPTION:

UNITED/CENTEL'S RESPONSES TO TIME WARNER'S 1ST SET OF INTERROGATORIES NOS. 1-20.

PROFFERING PARTY: STAFF

I.D. # FBP-3

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO 40
COMPANY/WITNESS: Poag
DATE: 3/13/96

Copy

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Resolution of Petition to Establish Non Discriminatory Rates, Terms, and Conditions for Interconnection Involving Local Exchange Companies and Alternative Local Exchange Companies pursuant to Section 364.162, Florida Statutes	DOCKET NO. 950985-TP DATED: 3/4/96

CENTRAL TELEPHONE COMPANY OF FLORIDA AND UNITED TELEPHONE COMPANY OF FLORIDA'S ANSWERS TO TIME WARNER'S FIRST SET OF INTERROGATORIES

United Telephone Company of Florida ("Sprint-United") and Central Telephone Company of Florida ("Sprint-Centel") (collectively "Sprint-United/Centel" or the "Companies"), pursuant to Rule 25-22.034, Florida Administrative Code, Florida Rule of Civil Procedure 1.340, hereby submit the following Answers to Time Warner's First Set of Interrogatories to United Telephone Company of Florida and Central Telephone Company of Florida, served by hand delivery on February 12, 1996 ("Time Warner's First Set").

Objections

All of the general and specific objections and the motion for protective order included in the Companies' Objections to Time Warner's First Set and Motion for Protective Order, which was filed and served on February 22, 1996, are hereby incorporated in these answers as though fully set forth herein. The Companies are responding to the portions of Time Warner's

First Set to which they have no specific objection, and in so doing do not intend to waive any of the general or specific objections raised in their February 22, 1996 filing. For ease of reference, the Companies have repeated their specific objections in these answers.

Confidential Information

As noted in the Companies objections, certain of the answers to the interrogatories contained in Time Warner's First Set contain information the Companies believe to be proprietary confidential business information. Those answers are being provided to counsel for Time Warner in a separate document pursuant to the non-disclosure agreement between the Companies and Time Warner. This non-confidential version of the answers will indicate those instances in which confidential information has been requested and will direct Time Warner to the confidential version of the Companies' answers.

1. **On how many routes does Sprint-United/Centel have local interconnection agreements with other local exchange companies in Florida?**

   Answer: Together, Sprint-United/Centel have 116 EAS routes with other LECs. United has 72 and Centel has 44.

2. On how many of the routes included in the response to interrogatory 1. is the traffic exchanged on a bill and keep basis? Provide a list of the routes and the other LEC for each route.

Answer: There are no financial arrangements between Sprint-United/Centel and other Florida LECs for terminating EAS, local message rate or measured rate local service on our respective networks. A list of the EAS routes and the "other LECs" is attached.

SPRINT – UNITED

EAS ROUTES WITH OTHER LECS

UNITED EXCHANGE	TERMINATING EXCHANGE NON-UNITED	TERMINATING EXCHANGE SERVING LEC
BELLEVIEW	CITRA	ALLTEL
FOREST	CITRA	ALLTEL
OCALA	CITRA	ALLTEL
OCKLAWAHA	CITRA	ALLTEL
SALT SPRINGS	CITRA	ALLTEL
SILVER SPRINGS SHORES	CITRA	ALLTEL
BELLEVIEW	McINTOSH	ALLTEL
FOREST	McINTOSH	ALLTEL
OCALA	McINTOSH	ALLTEL
OCKLAWAHA	McINTOSH	ALLTEL
SALT SPRINGS	McINTOSH	ALLTEL
SILVER SPRINGS SHORES	McINTOSH	ALLTEL
BELLEVIEW	ORANGE SPRINGS	ALLTEL
FOREST	ORANGE SPRINGS	ALLTEL
OCALA	ORANGE SPRINGS	ALLTEL
OCKLAWAHA	ORANGE SPRINGS	ALLTEL
SALT SPRINGS	ORANGE SPRINGS	ALLTEL
SILVER SPRINGS SHORES	ORANGE SPRINGS	ALLTEL
WILLISTON	ARCHER	BELL
WILLISTON	BRONSON	BELL
DADE CITY	BROOKSVILLE	BELL
SAN ANTONIO	BROOKSVILLE	BELL
TRILACOOCHEE	BROOKSVILLE	BELL
ORANGE CITY	DEBARY	BELL
ORANGE CITY	DELAND	BELL
ORANGE CITY	DELEON SPRINGS	BELL
BELLEVIEW	DUNNELON	BELL
BEVERLY HILLS	DUNNELON	BELL
FOREST	DUNNELON	BELL
OCALA	DUNNELON	BELL
OCKLAWAHA	DUNNELON	BELL
SALT SPRINGS	DUNNELON	BELL
SILVER SPRINGS SHORES	DUNNELON	BELL

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SPRINT – UNITED

EAS ROUTES WITH OTHER LECS

UNITED EXCHANGE	TERMINATING EXCHANGE NON-UNITED	TERMINATING EXCHANGE SERVING LEC
APOPKA	EAST ORANGE	BELL
MONTVERDE	EAST ORANGE	BELL
REEDY CREEK	EAST ORANGE	BELL
WINDERMERE	EAST ORANGE	BELL
WINTER GARDEN	EAST ORANGE	BELL
WINTER PARK	EAST ORANGE	BELL
WILLISTON	GAINESVILLE	BELL
WINTER PARK	GENEVA	BELL
APOPKA	ORLANDO	BELL
CLERMONT	ORLANDO	BELL
KISSIMMEE	ORLANDO	BELL
MONTVERDE	ORLANDO	BELL
REEDY CREEK	ORLANDO	BELL
ST. CLOUD	ORLANDO	BELL
WEST KISSIMMEE	ORLANDO	BELL
WINDERMERE	ORLANDO	BELL
WINTER GARDEN	ORLANDO	BELL
WINTER PARK	ORLANDO	BELL
WINTER PARK	OVIEDO	BELL
ORANGE CITY	SANFORD	BELL
WINTER PARK	SANFORD	BELL
CRYSTAL RIVER	YANKEETOWN	BELL
FORT MEADE	BARTOW	GTE
CAPE HAZE	ENGLEWOOD	GTE
KISSIMMEE	HAINES CITY	GTE
WEST KISSIMMEE	HAINES CITY	GTE
FORT MEADE	LAKELAND	GTE
PORT CHARLOTTE	NORTH PORT CHARLOTTE	GTE
SAN ANTONIO	ZEPHYRHILLS	GTE
DADE CITY	ZEPHYRHILLS	GTE
TRILACOOCHEE	ZEPHYRHILLS	GTE

SPRINT – CENTEL

EAS ROUTES WITH OTHER LECS

CENTEL EXCHANGE	TERMINATING EXCHANGE NON-UNITED	TERMINATING EXCHANGE SERVING LEC
LAWTEY	BROOKER	ALLTEL
STARKE	BROOKER	ALLTEL
STARKE	LAKE BUTLER	ALLTEL
STARKE	RAIFORD	ALLTEL
KINGSLEY LAKE	RAIFORD	ALLTEL
LAWTEY	RAIFORD	ALLTEL
STARKE	WALDO	ALLTEL
LAWTEY	WALDO	ALLTEL
BONIFAY	CHIPLEY	BELL
COTTONDALE	CHIPLEY	BELL
ALFORD	GRACEVILLE	BELL
BONIFAY	GRACEVILLE	BELL
COTTONDALE	GRACEVILLE	BELL
GRAND RIDGE	GRACEVILLE	BELL
GREENWOOD	GRACEVILLE	BELL
MALONE	GRACEVILLE	BELL
MARIANNA	GRACEVILLE	BELL
REYNOLDS HILL	GRACEVILLE	BELL
SNEADS	GRACEVILLE	BELL
WESTVILLE	GRACEVILLE	BELL
TALLAHASSEE	HAVANA	BELL
STARKE	KEYSTONE HEIGHTS	BELL
FT. WALTON BEACH	NAVARRE	BELL
BONIFAY	VERNON	BELL
WESTVILLE	VERNON	BELL

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SPRINT – CENTEL

EAS ROUTES WITH OTHER LECS

CENTEL EXCHANGE	TERMINATING EXCHANGE NON–UNITED	TERMINATING EXCHANGE SERVING LEC
CRESTIEW	LAUREL HILL	FLORALA
GLENDALE	PAXTON	FLORALA
DEFUNIAK SPRINGS	PAXTON	FLORALA
TALLAHASSEE	GREENSBORO	QUINCY
TALLAHASSEE	GRETNA	QUINCY
TALLAHASSEE	QUINCY	QUINCY
CRAWFORDVILLE	ALLIGATOR POINT	ST. JOSEPH
ST. MARKS	ALLIGATOR POINT	ST. JOSEPH
SOPCHOPPY	ALLIGATOR POINT	ST. JOSEPH
PANACEA	ALLIGATOR POINT	ST. JOSEPH
TALLAHASSEE	ALLIGATOR POINT	ST. JOSEPH
MARIANNA	ALTHA	ST. JOSEPH
TALLAHASSEE	BRISTOL	ST. JOSEPH
CRAWFORDVILLE	CARRABELLE	ST. JOSEPH
TALLAHASSEE	CARRABELLE	ST. JOSEPH
SOPCHOPPY	CARRABELLE	ST. JOSEPH
TALLAHASSEE	CHATTAHOOCHEE	ST. JOSEPH
SNEADS	CHATTAHOOCHEE	ST. JOSEPH
TALLAHASSEE	HOSFORD	ST. JOSEPH

3. **Provide a description of the interconnection compensation arrangement for each of the routes in the response to interrogatory 1. that is not bill and keep. In this description, include a discussion about where the networks interconnect (e.g. collocation, midspan meet, etc.), how the determination of the amount of money to be paid to each company is made (provide the formula if there is one), how frequently payments are made, and the total amount paid by each company in 1995.**

Answer: Not applicable. Please see the Companies' response to Interrogatory No. 2.

A. Local Interconnection - Docket No. 950985-TP

Section 364.16, Florida Statutes, requires, among other things, that each incumbent local exchange telecommunications company (LEC) provide access to and interconnection with its telecommunications facilities to any other provider of local exchange telecommunications services requesting such access and interconnection at non-discriminatory prices, rates, terms, and conditions established by the procedures set forth in Section 364.162, Florida Statutes. Section 364.162, Florida Statutes, provides that an alternative local exchange telecommunications company (ALEC) shall have until August 31, 1995, or sixty (60) days, to negotiate with the LEC mutually acceptable prices, terms and conditions of interconnection and for the resale of LEC services and facilities. The statute also provides that if the parties are not able to negotiate a price by August 31, 1995, or within sixty days, either party may petition the Commission to establish non-discriminatory rates, terms and conditions of interconnection and for the resale of LEC services and facilities. Whether set by negotiation or by the Commission, interconnection and resale prices, rates, terms and conditions shall be filed with the Commission before their effective date.

The parties were unable to negotiate mutually acceptable prices, terms and conditions of interconnection by August 31, 1995, or within sixty days. After further negotiations, however, the undersigned parties now agree to the following interim prices, terms, and conditions for interconnection and the exchange of traffic with Sprint United-Florida/Centel-Florida (hereinafter referred to as S-UTF/CF) through December 31, 1997:

1. "Local interconnection" is defined as including the delivery of local traffic to be terminated on each company's local network, the LEC unbundled network features, functions and capabilities contained in Attachment E, and temporary telephone number portability to be implemented pursuant to Section 364.16(4), Florida Statutes. While the parties have endeavored in good faith to resolve the issues relating to local interconnection, the parties recognize that they are unable to foresee and account for every issue that may arise as this Stipulation and Agreement is implemented. Thus, to the extent that the prices, terms and conditions for local interconnection are not

specifically established herein, the additional prices, terms and conditions shall be established pursuant to negotiation or set by the Commission, upon request, as required by to Section 364.161(6), Florida Statutes. If the Commission does not render its vote within 120 days, then the parties agree that the Commission's decision will be retroactive to the 120th day after a petition is filed.

2. The delivery of local traffic between the undersigned ALEC and S-UTF/CF shall be reciprocal and compensation will be mutual. S-UTF/CF makes available two forms of interconnection: a flat-rated port charge arrangement (hereinafter referred to as Option A) or a per minute of use charge (hereinafter referred to as Option B). The Option chosen by the ALEC will remain in effect for the duration of the agreement.

   a. If Option A is elected, the ALEC purchases the capacity of a DS1 for terminating traffic to S-UTF/CF. Similarly, S-UTF/CF would purchase the capacity of a DS1 from the ALEC. Depending on the ALEC's network requirements and traffic patterns, the ALEC could purchase the DS1 capacity at S-UTF/CF's access tandem, local tandem or at an end office. The flat-rated port charge, Option A, is based on a fixed monthly charge for a DS1 interconnection at a tandem or an individual end office. Both the tandem and the end office port charges are developed based on the access charge rate elements. The tandem port rates include the additional switching and transport functions associated with a tandem. Also, recognizing that trunking efficiencies increase with the number of ports, a price reduction on the first three ports of 50%, 30% and 10%, respectively, is provided. This price reduction is only applicable for the first three ports in each LATA. The rates for end office and tandem connection are shown in Attachment A.

   b. If Option B is elected, the parties will compensate each other using S-UTF/CF's terminating local switched access rates as provided in Attachment B for terminating local traffic on each other's network. If it is mutually agreed that the administrative costs associated with Option B are greater than the net monies exchanged, the

parties will exchange local traffic on an in kind basis; foregoing compensation in the form of cash or cash equivalent.

c. S-UTF/CF is required to reduce its intrastate switched access rates by 5% in October, 1996 per Section 364.163(6), Florida Statutes. S-UTF/CF will propose to apply the 5% reduction to the line termination rate and to spread the balance of the line termination rate element revenues proportionately to the originating and terminating carrier common line rate elements effective October 1, 1996. The resulting rate reduction will be applicable to both Option A and Option B rates.

3. When Option B is chosen, in order to mitigate the potential adverse impact on a local exchange provider which might occur because of an imbalance of terminating local traffic between the local exchange providers, and to reflect the fact that terminating costs are associated with peak period demand, a local exchange provider shall not be required to compensate another local exchange provider for more than up to one-hundred-five percent (105%) of the total minutes of use of the local exchange provider with the lower minutes of use in the same month. This cap shall apply to the total local minutes of use calculated on a company-wide basis in the State of Florida. For example, if in a given month S-UTF/CF has 10,000 minutes of local traffic terminated on an ALEC's local exchange network and the ALEC has 15,000 minutes of local traffic terminated on S-UTF/CF's local exchange network, the ALEC would be required to compensate S-UTF/CF for local interconnection on the basis of 10,500 terminating minutes (10,000 mins. X 105% = 10,500 mins.) and S-UTF/CF would compensate the ALEC for 10,000 terminating minutes. Seven additional examples are contained on Attachment C which is incorporated herein by reference. If each local provider does not have the appropriate software to measure terminating traffic then each local provider will report to the other provider the amount of local traffic terminated. Interconnecting facilities shall conform, at the minimum, to the telecommunications industry standard of

DS1 (Bellcore Standard No. TR-NWT-00499). STP (signal transfer point) SS7 (Signalling System 7) connectivity is also required.

The parties recognize that various aspects of the interconnection process including physical interconnection arrangements (i.e., collocation, midspan meet) technical requirements, trouble reporting and resolution, billing processes, resolution of operating issues, provisioning, ordering, deadlines, performance standards, recording of traffic, including start and stop time, reporting and payment, dispute resolutions, rounding measurements, financial penalties for late payments, and the provision of inter-carrier clearinghouse functions are not resolved in this document, and the parties agree to cooperatively work toward resolution of these issues. Either party may petition the PSC for resolution should unresolved issues remain 90 days from the effective date of this agreement. If the Commission does not render its vote within 120 days of the petition, then the parties agree that the Commission's decision will be retroactive to the 120th day after a petition is filed.

4. The parties stipulate and agree that the exchange of traffic on S-UTF/CF's Extended Area Service, Extended Calling Service and other local calling routes shall be considered local traffic. The parties will therefore compensate each other for such traffic pursuant to paragraphs 2 and 3 above.

5. S-UTF/CF shall work with the numbering administrator and the ALEC to the extent possible to see that the ALECs have a sufficient quantity of numbering resources so that S-UTF/CF can tell whether a call from S-UTF/CF customer to an ALEC's customer is local or toll. Whenever S-UTF/CF delivers traffic to an ALEC for termination on the ALEC's network, if S-UTF/CF cannot determine whether the traffic will be local or toll because of the manner in which the ALEC uses NXX codes, S-UTF/CF will not compensate the ALEC for local interconnection but will, instead, charge the ALEC originating intrastate network access service charges unless the ALEC can provide S-UTF/CF with sufficient information to make a determination as to whether the traffic is

local or toll. In the event that the ALEC cannot determine whether traffic delivered to S-UTF/CF is local or toll, then the same provision shall apply.

6. Either S-UTF/CF or an ALEC will provide intermediary tandem switching and transport to connect the end user of a local exchange provider to the end user of another ALEC, a LEC other than S-UTF/CF, another telecommunications company (e.g., pay telephone provider, operator services provider) or a wireless telecommunications service provider for the purpose of making a local call. The local exchange provider performing this intermediary function will bill a $0.002 per minute charge over and above its appropriate local interconnection rate elements on Attachment B.

7. When S-UTF/CF or an ALEC provides intermediary functions for network access, i.e., between an IXC and an ALEC, the ALEC and S-UTF/CF will each provide their own network access service elements on a meet-point basis. Each carrier will bill its own access service rate elements to the IXC. S-UTF/CF or the ALEC may bill the residual interconnection charge ("RIC") to the IXC when either provides the intermediary tandem function.

8. The delivery of intrastate toll traffic between the undersigned ALEC and S-UTF/CF shall also be reciprocal and compensation will be mutual. The undersigned ALEC and S-UTF/CF shall pay each other identical rates for terminating the same type of traffic on each other's network. The parties will pay each other S-UTF/CF's intrastate switched network access service rate elements on a per minute of use basis for originating and terminating intrastate toll traffic as appropriate. For example, when an ALEC customer places a toll call to a S-UTF/CF customer and the ALEC serves as the toll carrier, S-UTF/CF will charge the ALEC terminating network access charges, the price of which will vary depending upon whether the call goes through a S-UTF/CF tandem or is directly routed to the S-UTF/CF end office. If the ALEC is serving as the S-UTF/CF customer's presubscribed IXC, or the S-UTF/CF customer uses the ALEC on a 10XXX basis, the S-UTF/CF will charge the ALEC the appropriate originating network access

charges. Likewise, if S-UTF/CF is serving as the ALEC customer's presubscribed IXC, or the ALEC customer uses S-UTF/CF on a 10XXX basis, the ALEC will bill S-UTF/CF the appropriate originating network access charges. Examples of these network access rate elements and prices are identified on Attachment D which is incorporated herein by reference.

Because the undersigned parties lack sufficient data with respect to the volumes of local terminating traffic being delivered to each LEC and ALEC, the prices, terms and conditions of local interconnection agreed to herein are deemed transitional in nature. The parties deem them acceptable only in the interests of compromise to enable the introduction of local exchange competition to Florida's consumers.

The undersigned parties stipulate and agree that because the local interconnection and traffic arrangements agreed to herein are considered transitional, the agreements shall be renegotiated with the new provisions becoming effective after January 1, 1998. Accordingly, by no later than June 1, 1997, the undersigned parties shall commence negotiations with regard to their terms, conditions and prices of interconnection arrangements to be effective beginning January 1, 1998. If the parties are unable to satisfactorily negotiate new interconnection terms, conditions and prices within 90 days of commencing negotiations, any party may petition the Commission to establish appropriate interconnection arrangements. The parties will encourage the Commission to issue its order by no later than December 31, 1997. In the event the Commission does not issue its order prior to January 1, 1998, or if the parties continue to negotiate the interconnection arrangements beyond January 1, 1998, the parties stipulate and agree that the terms, conditions and prices ultimately ordered by the Commission, or negotiated by the parties, will be effective retroactive to January 1, 1998. Until the revised interconnection arrangements become effective, the parties shall continue to exchange traffic on a reciprocal basis pursuant to the terms of this Stipulation and Agreement.

B. Unbundling and Resale of Local Exchange Telecommunications Company Network Features, Functions and Capabilities Docket No. 950984-TP

Section 364.161, Florida Statutes, requires each LEC, upon request, to unbundle each of its network features, functions and capabilities, including access to signaling data bases, systems and routing process, and offer them to any other telecommunications provider requesting such features, functions or capabilities for resale to the extent technically and economically feasible and at prices that are not below cost. The statute also requires that the parties first negotiate the terms, conditions and prices of any feasible unbundling request. If the parties cannot reach a satisfactory resolution within 60 days, either party may petition the Commission to arbitrate the dispute and the Commission shall make a determination within 120 days.

The undersigned parties have now satisfactorily resolved the terms, conditions and prices of these network features, functions and capabilities that are technically and economically feasible of unbundling as set forth in Attachment E, which is incorporated herein by reference. It is understood by the parties that the list of network features, functions and capabilities is not exhaustive and the parties commit to cooperate in the negotiation of additional network features, functions and capabilities as the parties' future needs require.

The parties acknowledge that the provisions of Chapter 364, Florida Statutes, relating to the unbundling and resale of facilities and services, reflect a thoughtfully crafted and well-balanced approach to the introduction of local exchange competition, and the parties therefore commit that these provisions will be fairly and equitably implemented and adhered to in order to effectuate and remain consistent with legislative intent. The parties recognize that the application of current tariffed prices for resale purposes will not be inconsistent with this commitment. The parties agree that the issue of imputation of LEC unbundled service prices into its retail rates is not addressed by the Stipulation and Agreement, and that the ALECs reserve their right to further address imputation for these services, including unbundled local loops.

C. Universal Service/Carrier of Last Resort - Docket No. 950696-TP

The parties agree that Section 364.025, Florida Statutes, contains a Legislative finding that each telecommunications company should contribute its fair share to the support of the local exchange telecommunications company's universal service/carrier of last resort ("US/COLR") obligations. For a transitional period, the Commission is required to establish an interim US/COLR mechanism for maintaining universal service and funding carrier of last resort obligations, pending the implementation of a permanent mechanism. This interim mechanism is to be implemented by January 1, 1996 and applied in a manner that ensures that each alternative local exchange company contributes its fair share to the support of the local exchange telecommunications company's US/COLR obligations. The interim mechanism shall reflect a fair share of the LEC's recovery of investment made in fulfilling its COLR obligations and the maintenance of universal service objectives. The statute further provides that the Commission shall ensure that the interim mechanism, which is to remain in effect, if necessary, until the implementation of a permanent mechanism, but not later than January 1, 2000, ensures the maintenance of universal service through a carrier of last resort, but does not impede the development of residential consumer choice or create an unreasonable barrier to competition.

The undersigned parties stipulate and agree that S-UTF/CF will guarantee the provision of universal service as the carrier-of-last-resort throughout its territory until January 1, 1998, without pursuing ALEC contributions through the interim mechanism. Notwithstanding the foregoing, if S-UTF/CF subsequently believes that competition is in any way undermining its ability to provide universal service during the duration of this agreement if may petition the Commission to commence a proceeding to quantify the amount of support, if any, needed to maintain universal service. The amount of support needed, if any, and related issues are matters of proof on a case-by-case basis. Moreover, the parties in no way waive their right to petition the Commission pursuant to Section 364.025(3), Florida Statutes.

D. Temporary Number Portability - Docket No. 950797-TP

With regard to the rates and charges to be paid for remote call forwarding between carriers, which is the temporary telephone number portability solution approved for implementation January 1, 1996, the undersigned parties agree to pay recurring rates as follows: $1.25 per line per month per residential customer for one path and $1.25 per line per month per business customer for one path. For additional paths, the undersigned parties agree to pay $.50 per month, per additional path per residential customer and $.50 per month, per additional path per business customer, with no additional non-recurring charge if the additional path is ordered at the same time as the first path. The undersigned parties further agree to pay a non-recurring charge of no more than $25.00 per order for multiple residential or business lines placed on the same order in a single exchange.

The temporary number portability charges listed above shall also apply whenever a S-UTF/CF customer switches to an ALEC and changes her location within the same S-UTF/CF central office. The same charges will apply when an ALEC customer switches to S-UTF/CF and changes her location within the same ALEC central office.

For that terminating toll traffic ported to the ALEC, S-UTF/CF will bill the IXC tandem switching, the residual interconnection charge and a portion of the transport, and the ALEC will bill the IXC local switching, the carrier common line and a portion of the transport. If S-UTF/CF is unable to provide the necessary access records to permit the ALECs to bill the IXCs directly for terminating access to ported numbers, then the parties agree to work cooperatively to develop a surrogate method to approximate the access minutes and revenues, and a settlement process based on the above distribution. If intraLATA calls are delivered to the other party via a ported number, the originating party will pay the terminating party.

E. Resolution of Disputes

The undersigned parties agree that if any dispute arises as to the interpretation of any provision of this Stipulation and Agreement or as to the proper implementation of any of the matters agreed to in this Stipulation and Agreement the parties will petition the Commission for a resolution of the dispute.

However, each undersigned party reserves any rights it may have to seek judicial review of any ruling made by the Commission concerning this Stipulation and Agreement.

F. Duration

This Stipulation and Agreement takes effect when signed by the parties and remains in effect until each of the matters and issues addressed by the undersigned parties or as modified by mutual consent of the parties but will terminate December 31, 1997.

G. Representations

Each person signing this Stipulation and Agreement represents that he or she has the requisite authority to bind the party on whose behalf the person is signing. By signing this Stipulation and Agreement, each undersigned party represents that it agrees to each of the stipulations and agreements set forth herein. In the event there are parties to the aforementioned dockets that do not sign this Stipulation and Agreement, the comprehensive resolution of the issues set forth in this Stipulation and Agreement shall, nonetheless, be binding upon the undersigned parties. Each undersigned party commits to use its best efforts to persuade the Commission, prior to and during the hearings scheduled in the aforementioned dockets, to accept the stipulations agreed to by the undersigned parties.

H. Limitation of Use

The undersigned parties understand and agree that this Stipulation and Agreement was entered into to resolve issues and matters which are unique to the State of Florida because of regulatory precedent and legislative requirements. The undersigned parties therefore agree that none of the agreements and stipulations contained herein shall be proffered by an undersigned party in another jurisdiction as evidence of any concession or as a waiver of any position taken by another undersigned party in that jurisdiction or for any other purpose.

I. Waivers

Any failure by any undersigned party to insist upon the strict performance by any other entity of any of the provisions of this Stipulation and Agreement shall not be deemed a waiver of any of the provisions of this Stipulation and Agreement, and each undersigned party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Stipulation and Agreement

J. Billing

To the extent either party is unable to implement the exact terms of this agreement as a result of technical difficulties, a reasonable surrogate will be developed for billing until such time as an actual bill can be implemented or the parties agree that the billing is sufficient for the term of this agreement.

K. Governing Law

This Stipulation and Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Florida, without regard to its conflict of laws principles.

L. Purposes

The undersigned parties acknowledge that this Stipulation and Agreement is being entered into for the purposes of facilitating the introduction of local exchange competition; complying with the requirements of Florida Chapter Law 95-403 with respect to negotiating the matters at issue in Docket Nos. 950737-TP and 950985-TP. Neither this Stipulation and Agreement nor any action taken to reach, effectuate or further this Stipulation and Agreement may be construed as, or may be used as an admission by or against any party.

M. Arm's Length Negotiations

This Stipulation and Agreement was executed after arm's length negotiations between the undersigned parties and reflects the conclusion of the undersigned that this Stipulation and Agreement is in the best interests of all the undersigned parties.

N. Joint Drafting

The undersigned parties participated jointly in the drafting of this Stipulation and Agreement, and therefore the terms of this Stipulation and Agreement are not intended to be construed against any undersigned party by virtue of draftsmanship.

O. Single Instrument

This Stipulation and Agreement may be executed in several counterparts, each of which, when executed, shall constitute an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, this Stipulation and Agreement has been executed as of the 9th day of February, 1996, by the undersigned representatives for the parties hereto.

Florida Cable Telecommunications Association, Inc.

By:_____
Authorized Representative

Sprint United Telephone-Florida/Centel-Florida

By:_____
Authorized Representative

Continental Cablevision, Inc.

By:_____
Authorized Representative

Time Warner AXS/Digital Media Partners

By:_____
Authorized Representative

Intermedia Communications, Inc.

By:_____
Authorized Representative

February 1,, 1996
2:30 PM

ATTACHMENT A

OPTION A

SPRINT UNITED TELEPHONE-FLORIDA/CENTEL-FLORIDA

LOCAL INTERCONNECTION PORT CHARGES

RATE ELEMENTS AND RATE LEVELS

Port	Tandem	End Office	Discount
1	$2137	$2016	50%
2	$2992	$2822	30%
3	$3847	$3629	10%
4 +	$4275	$4032	0%

Example:

1. If S-UTF/CF purchases one port at an ALEC end office and the ALEC purchases one port at a S-UTF/CF end office, each company would pay the other $2,016. A net difference of $0.00.

2. If S-UTF/CF purchases one port at an ALEC end office and the ALEC purchases one port at a S-UTF/CF tandem, then S-UTF/CF would pay the ALEC $2,016 and the ALEC would pay S-UTF/CF $2,137. A net difference of $121.00.

Note: S-UTF/CF will purchase a port to the ALEC for each local interconnection port purchased by the ALEC.

February 1,, 1996
2:30 PM

ATTACHMENT B

OPTION B

SPRINT UNITED TELEPHONE-FLORIDA/CENTEL-FLORIDA

LOCAL INTERCONNECTION

RATE ELEMENTS AND RATE LEVELS

Rate Elements	Rate Levels as of[2] February 6, 1996	
Transport[1]	Tandem	End Office
DS1 Local Channel - Entrance Facility[3]	0.00097	0.00097
Switched Common Transport		
per minute of use per mile	0.00004	
Facilities Termination per MOU	0.00020	
Tandem Switching	0.00088	
Local Switching	0.00980	0.00980
Line Termination	0.00790	0.00790
	0.01979	0.01867

[1] Assumptions:
- Tandem Connection with Common Transport
- No Collocation
- DS1 local channel @ 9000 minutes per month and 24 voice grade equivalents

[2] S-UTF/CF's switched access rates, reflecting local transport restructure, have been approved with a February 6, 1996 effective date.

[3] Entrance facility is optional; interconnect may also be ordered on a meet-point or virtual collocation basis in which case the special access or collocation tariffs would be applicable, respectively.

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February 1,, 1996
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ATTACHMENT C

OPTION B

EXAMPLE OF "5% CAP"[1]

Case 1:

S-UTF/CF terminates 10,000 min. to ALEC X

ALEC X terminates 15,000 min. to S-UTF/CF

ALEC X bills S-UTF/CF for 10,000 min.

S-UTF/CF bills ALEC X for 10,500 min. (10,000 + 5%)

Case 2:

S-UTF/CF terminates 15,000 min. to ALEC X

ALEC X terminates 10,000 min. to S-UTF/CF

ALEC X bill S-UTF/CF for 10,500 min. (10,000 + 5%)

S-UTF/CF bills ALEC X for 10,000 min.

Case 3:

S-UTF/CF terminates zero min. to ALEC X

ALEC X terminates 10,000 min. to S-UTF/CF

ALEC X bills S-UTF/CF zero

S-UTF/CF bills ALEC X zero

Case 4:

S-UTF/CF terminates 10,000 min. to ALEC X

ALEC X terminates zero min. to S-UTF/CF

ALEC X bills S-UTF/CF zero

S-UTF/CF bills ALEC X zero

Case 5:

S-UTF/CF terminates 10,000 min. to ALEC X

ALEC X terminates 10,200 min. to S-UTF/CF

ALEC X bills S-UTF/CF for 10,000 min.

S-UTF/CF bills ALEC X for 10,200 min. (difference is less than cap)

Case 6:

S-UTF/CF terminates 10,200 min. to ALEC X	ALEC X bills S-UTF/CF for 10,200 min. (Difference is less than cap)
ALEC X terminates 10,000 min. to S-UTF/CF	S-UTF/CF bills ALEC X for 10,000 min.

Case 7:

S-UTF/CF and ALEC X both terminate 10,000 min. to each other	ALEC X and S-UTF/CF both bill each other 10,000 min.

[1] For Case 1 and Case 2 in recognition that the composition of terminating minutes could include minutes charged at an end office rate and minutes charged a tandem differential the local exchange provider who utilizes the formula for purposes of the amount of minutes to base this payment on shall calculate their payment based on the same proportion of end office minutes and tandem minutes for their total minutes in that month. For example (using Case 1):

S-UTF/CF terminates 10,000 min. to ALEC X at the end office	ALEC X bills S-UTF/CF for 10,000 min.
ALEC X terminates 15,000 min. to S-UTF/CF, 9,000 (60%) at end office rate and 6,000 (40%) at tandem rate	S-UTF/CF bills ALEC X for 10,500 min. (10,000 + 5%), 6,300 (60%) at end office rate and 4,200 (40%) at tandem rate

ATTACHMENT D

SPRINT UNITED TELEPHONE-FLORIDA/CENTEL-FLORIDA

INTRASTATE SWITCHED ACCESS

RATE ELEMENTS AND RATE LEVELS

Rate Elements	Rate Levels as of[2] February 6, 1996	
	UTF	CF
Carrier Common Line		
Originating	$0.02580	$0.030400
Terminating	$0.03360	$0.038200
Transport[1]		
DS1 Local Channel - Entrance Facility	$0.000970	$0.000970
Residual Interconnection	$0.013997	$0.021037
Switched Common Transport per minute of use per mile	$0.00004	$0.000040
Facilities Termination per MOU	$0.000200	$0.000200
Access Tandem Switching		
Premium	$0.000880	$0.000880
Transitional	$0.000877	$0.000877
Local Switching	$0.009800	$0.009800
Line Termination	$0.007900	$0.007900

[1] Assumptions:
- Tandem Connection with Common Transport
- No Collocation
- DS1 local channel @ 9000 minutes per month and 24 voice grade equivalents

[2] S-UTF/CF's switched access rates, reflecting local transport restructure, have been approved with a February 6, 1996 effective date.

February 1,, 1996
2:30 PM

ATTACHMENT E

UNBUNDLED NETWORK FEATURES, FUNCTIONS AND CAPABILITIES

The parties to the Stipulation and Agreement have negotiated the following additional terms, conditions and prices relating to unbundled network features, functions and capabilities:

(1) Access to 911/E911 Emergency Network.

For basic 911 service, S-UTF/CF will provide a list consisting of each municipality in Florida that subscribes to Basic 911 service. The list will also provide the E911 conversion date and for network routing purposes a ten-digit directory number representing the appropriate emergency answering position for each municipality subscribing to 911 service. Each ALEC will arrange to accept 911 calls from its customers in municipalities that subscribe to Basic 911 service and translate the 911 call to the appropriate 10-digit directory number as stated on the list provided by S-UTF/CF and route that call to S-UTF/CF at the appropriate tandem or end office. When a municipality converts to E911 service, the ALEC shall discontinue the Basic 911 procedures and begin the E911 procedures.

For E911 service, the ALEC will connect the necessary trunks to the appropriate E911 tandem, including the designated secondary tandem. If a municipality has converted to E911 service, the ALEC will forward 911 calls to the appropriate E911 primary tandem, along with ANI, based upon the current E911 end office to tandem homing arrangement as provided by S-UTF/CF. If the primary tandem trunks are not available, the ALEC will alternate route the call to the designated secondary E911 tandem. If the secondary tandem trunk are not available, the ALEC will alternate route the call to the appropriate Traffic Operator Position System (TOPS) tandem.

In order to ensure the proper working of the system, along with accurate customer data, the ALEC will provide daily updates to the E911 data-base. S-UTF/CF will work cooperatively with the ALEC to define record layouts, media requirements, and procedures for this process.

In some instances S-UTF/CF is responsible for maintenance of the E911 data-base and is compensated for performing these functions by either the municipality or the ALEC - for maintaining the ALEC's information. In no event, however, shall S-UTF/CF be entitled to compensation from both parties for the same function.

(2) Directory Listings and Directory Distribution.

S-UTF/CF will arrange for ALECs' customers' primary listings to be included in the white page (residence and business listings) and yellow page (business listings) directories as long as the ALEC provides information to S-UTF/CF in a manner compatible with S-UTF/CF's operational system. S-UTF/CF will coordinate the printing of all customers' information in the white and yellow pages directories on the same terms and conditions and at the same compensation level as S-UTF/CF pays its publisher(s) to have its directories compiled, printed and distributed. S-UTF/CF will work cooperatively with the ALEC on issues concerning lead time, timeliness, format, and the content of listing information.

(3) Directory Assistance Services

S-UTF/CF will arrange for ALECs to have three options for the provision of directory assistance service. First, S-UTF/CF will provide a resale option, where the ALEC would utilize S-UTF/CF's directory assistance service for the ALEC's customers. Second, S-

UTF/CF will provide a database purchase option. Third, S-UTF/CF will provide ALECs with a database access option, when it is technically feasible for S-UTF/CF.

(4) IntraLATA 800 Traffic

S-UTF/CF will compensate ALECs for the origination of 800 traffic terminated to S-UTF/CF pursuant to the ALEC's originating switched access charges. At such time as an ALEC elects to provide 800 services, the ALEC will compensate S-UTF/CF at S-UTF/CF's originating access charges for intraLATA 800 traffic terminated to the ALEC. The originating company will record the call and forward the appropriate billing information in a standard ASR/EMR format.

(5) Busy Line Verification/Emergency Interrupt Services.

S-UTF/CF and the ALECs shall mutually provide each other busy line verification and emergency interrupt services pursuant to tariff.

(6) Network Design and Management

S-UTF/CF and the ALECs will work cooperatively to install and maintain reliable interconnected telecommunications networks. A cooperative effort will include, but not be limited to, the exchange of appropriate information concerning network changes that impact services to the local service provider, maintenance contact numbers and escalation procedures. The interconnection of all networks will be based upon accepted industry/national guidelines for transmission standards and traffic blocking criteria. S-UTF/CF and the ALECs will work cooperatively to apply sound network management principles by invoking appropriate network management controls; i.e., call gapping, to alleviate or prevent network congestion. It is S-UTF/CF's intention not to charge rearrangement, reconfiguration, disconnect, or other non-recurring fees associated with the initial reconfiguration of each carrier's interconnection arrangements. However,

each ALEC's interconnection reconfigurations will have to be considered individually as to the application of a charge.

(7) CLASS Interoperability.

S-UTF/CF and the ALECs will provide LEC-to-LEC Common Channel Signalling (CCS) to one another, where available, in conjunction with all traffic in order to enable full interoperability of CLASS features and functions. All CCS signalling parameters will be provided including automatic number identification (ANI), originating line information (OLI), calling party category, charge number, etc. All privacy indicators will be honored, and S-UTF/CF and the ALECs will cooperate on the exchange of Transactional Capabilities Application Part (TCAP) messages to facilitate full inter-operability of CCS-based features between their respective networks.

(8) Network Expansion.

For network expansion, S-UTF/CF and the ALECs will review engineering requirements on a quarterly basis and establish forecasts for trunk utilization. New trunk groups will be implemented as dictated by engineering requirements for both S-UTF/CF and the ALEC. S-UTF/CF and the ALEC are required to provide each other the proper call information (i.e., originated call party number and destination call party number, CIC, OZZ, etc.) to enable each company to bill accordingly.

(9) Signaling.

In addition to CLASS interoperability, as discussed above, S-UTF/CF will offer use of its signaling network on an unbundled basis at tariffed rates. Signaling functionality will be available with both A-link and B-link connectivity.

(10) **Local Loop.**

The price of S-UTF/CF 's unbundled local loop will be the price set forth in S-UTF/CF's Special Access Tariff.

6. **Does Sprint-United/Centel have orders (either pending or completed) from any Florida ALECs for collocation in any of Sprint-United/Centel's central offices?**

Answer: Yes.

7. If the response to interrogatory 6. is affirmative, list the location and central office code of each Sprint-United/Centel central office in which an ALEC has ordered collocation, along with the name of the ALEC.

Objection: In addition to the general objections stated above, the Companies object to this question on grounds that it calls for information that the Companies believe is proprietary confidential business information. Without waiving this objection, the Companies will provide the answer to TW pursuant to a mutually acceptable Non-Disclosure Agreement executed between the TW and the Companies.

Answer: The Companies will answer this question as it relates to Time Warner, but have not gotten permission from any other ALEC to disclose the locations at which the other ALECs have requested interconnection. Please see the confidential version of these answers for the answer as it relates to Time Warner.

8. If the response to interrogatory 6. is affirmative, do or will any of those ALECs who have ordered collocation with Sprint-United/Centel connect with any IXC in the office in which the ALEC is collocated?

Answer: Sprint-United/Centel's tariffs do not allow companies collocated within their central offices to interconnect with each other without going through Sprint-United/Centel's facilities.

9. **If the response to interrogatory 8. is affirmative, provide the name of the ALEC and the IXC who do or will connect inside of Sprint-United/Centel's central office, along with the location and central office code of each Sprint-United/Centel's central office in which they connect.**

Answer: See answer to number 8.

10. If the response to interrogatory 8. is affirmative, describe the type of interconnection (e.g., through the tandem switch, purchase Sprint-United/Centel's zero mile dedicated transport, direct connect without paying the zero mile dedicated transport charge, etc.).

Answer: The available methods for interconnection with Sprint-United/Centel's network are published in their tariffs.

11. **Have any ALECs/AAVs requested collocation at a Sprint-United/Centel central office in Florida and been refused collocation?**

Answer: No.

12. If the response to interrogatory 11. is affirmative, provide the date of the request, the entity making the request, the date the request was formally refused by Sprint-United/Centel, and the reason for the refusal.

Answer: Not applicable.

13. **If the response to interrogatory 11. is affirmative, in any of the Sprint-United/Centel Florida central offices where the request of an ALEC/AAV was refused, are any other ALECs/AAVs or IXCs collocated?**

Answer: Not applicable.

14. **If the response to interrogatory 13. is affirmative, provide the name of the entity(ies) collocated, the date they requested collocation, and the date collocation was implemented.**

Answer: Not applicable.

15. What is the relationship between Sprint-United/Centel Telephone and Sprint Metro?

Answer: Sprint/United Telephone-Florida and Sprint/Centel-Florida are subsidiaries of Sprint Corporation. Sprint Metropolitan Networks, Inc. (SMNI) is a subsidiary of Florida Telephone Corporation which is a subsidiary of Sprint Corporation. Sprint/United Telephone-Florida, Sprint/Centel-Florida and SMNI are affiliates.

16. Do Sprint-United/Centel facilities directly or indirectly interconnect with Sprint Metro facilities?

Answer: Sprint Metro has requested to collocate with United under the terms of United's published tariffs.

04

17. **What is the nature of interconnection arrangements between Sprint-United/Centel and Sprint Metro? Please describe in detail.**

Answer: Please see the answer to number 16.

18. Do Sprint-United/Centel sales personnel represent Sprint Metro products and service to customers inside or outside the franchise areas of Sprint-United/Centel?

Answer: Yes.

19. For the purpose of interconnecting to long distance carriers, does Sprint Metro utilize Sprint-United/Centel transmission facilities?

Answer: No.

20. Have Sprint-United/Centel or their agents sold or represented Sprint-United/Centel products and services to customers of Sprint Metro or over Sprint Metro Facilities?

Answer: No.

jjw\utd\985-tw.ans

VERIFICATION

STATE OF FLORIDA
COUNTY OF LEON

I, F. BEN POAG, Director-Tariff & Regulatory for United Telephone Company of Florida, have read the foregoing Responses of Central Telephone Company of Florida and United Telephone Company of Florida to the foregoing Interrogatories (Nos. 1 - 14) in Docket No. 950985-TP. I am informed and to the best of my knowledge believe the information contained in the Answers to be true and correct.

To Be Provided

_____
F. BEN POAG

Sworn to and subscribed before me this
_____ day of February, 1996.

Affiant is personally known to me.

_____
Notary Public

My Commission Expires:

VERIFICATION

State of Florida
County of Orange:

I, Brooks B. Albery, Director-Carrier Markets, for United Telephone Company of Florida, have read the foregoing Answers to Time Warner AxS of Florida, L.P. and Digital Media Partners First Set of Interrogatories in Docket No. 950985-TP, Nos. 15-20. I am informed and to the best of my knowledge believe the information contained in the Responses to be true and correct.

Sworn to and subscribed before me this

4th day of March, 1996.

Affiant is personally known to me.

Pamela Campbell

Notary Public

My Commission Expires:

PAMELA CAMPBELL
Notary Public - State of Florida
My Commission Expires Dec 28, 1999
Commission # CC 506464

049

EXHIBIT NO. _____

DOCKET NO: 950985-TP

WITNESS: F. BEN POAG

PARTY: UNITED/CENTEL

DESCRIPTION:

UNITED/CENTEL'S RESPONSES TO MFS-FL'S 1ST SET OF INTERROGATORIES NOS. 1-74.

PROFFERING PARTY: STAFF

I.D. # FBP-4

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO 46
COMPANY/ WITNESS: Poag
DATE: 3/13/96

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Resolution of Petition to Establish Non Discriminatory Rates, Terms, and Conditions for Interconnection Involving Local Exchange Companies and Alternative Local Exchange Companies pursuant to Section 364.162, Florida Statutes	DOCKET NO. 950985-TP Filed: 02/20/96

CENTRAL TELEPHONE COMPANY OF FLORIDA AND UNITED TELEPHONE COMPANY OF FLORIDA'S ANSWERS TO MFS OF FLORIDA, INC.'S FIRST SET OF INTERROGATORIES

United Telephone Company of Florida ("Sprint-United") and Central Telephone Company of Florida ("Sprint-Centel") (collectively "Sprint-United/Centel" or the "Companies"), pursuant to Rule 25-22.034, Florida Administrative Code, Florida Rule of Civil Procedure 1.340, hereby submits the following Answers to MFS of Florida's First Set of Interrogatories to United Telephone Company of Florida and Central Telephone Company of Florida, served by overnight delivery on January 31, 1996, and received by Sprint-United/Centel on February 1, 1996 ("MFS's First Set").

Objections

All of the general and specific objections and the motion for protective order included in the Companies' Objections to MFS's First Set and Motion for Protective Order, which was filed and served on February 9, 1996, are hereby incorporated in these answers as though fully set forth herein. The Companies are

responding to the portions of MFS's First Set to which they have no specific objection, and in so doing do not intend to waive any of the general or specific objections raised in their February 9, 1996 filing. For ease of reference, the Companies have repeated their specific objections in these answers.

Confidential Information

As noted in the Companies objections, certain of the answers to the interrogatories contained in MFS's First Set contain information the Companies believe to be proprietary confidential business information. Those answers are being provided to counsel for MFS in a separate document pursuant to the non-disclosure agreement between the Companies and MFS. This non-confidential version of the answers will indicate those instances in which confidential information has been requested and will direct MFS to the confidential version of the Companies' answers.

1. **What is Sprint-United/Centel's average revenue per minute for intrastate Feature Group D access for each of the following types of calls (note: if specific revenue figures for Feature Group D are not available, then provide revenue per minute for all switched access services):**

   a. intraLATA access in each LATA?

   b. interLATA access in each LATA?

   Answer: For January 1996, the originating and terminating average rate per minute of use for intrastate access is $.064141. This is a combination of intraLATA and interLATA minutes of use. Detail by interLATA and intraLATA is not available for the full month of January or historical time periods.

2. Does Sprint-United/Centel currently utilize different tandem switching systems in Florida for local traffic than for switched access traffic? If the answer to this question is affirmative, then respond to the following:

a. Does Sprint-United/Centel currently provide any other common carriers with interconnection to its local tandem switches?

b. If so, which common carriers are provided such interconnection and under what rates, terms, and conditions?

Objection: In addition to the general objections stated above, the Companies object to part (b) of this question on grounds that it calls for information that the Companies believe is proprietary confidential business information. Without waiving this objection, the Companies will provide the answer to MFS pursuant to a mutually acceptable Non-Disclosure Agreement executed between the MFS and the Companies.

Answer: Yes, Sprint-United/Centel operate local tandems as well as access tandems.

a. The rates, terms and conditions for common carriers, such as cellular and paging companies, interconnecting with Sprint-United/Centel's local tandems are provided in the appropriate tariffs. The list of carriers will be produced pursuant to a mutually acceptable non-disclosure agreement. Agreements covering local calling between the Companies and other LECs are provided in response to interrogatory number 67.

b. See objection.

3. **Will billing be required for local calls as between local exchange carriers ("LECs") and alternative local exchange carriers ("ALECs") under a system of bill and keep?**

Answer: No.

4. **If the capability exists to measure terminating local exchange traffic, and bill and keep were implemented today, would Sprint-United/Centel and other carriers have the ability to distinguish between local and other types of calls?**

Answer: Generally no.

5. **When did Sprint-United/Centel file its last cost study with the Florida Public Service Commission? Please provide this cost study.**

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to the last sentence of this interrogatory on grounds that it is presented as a request for production of documents, not an interrogatory, and cannot be answered under oath as required by Florida Rule of Civil Procedure 1.340. Additionally, the Companies object to the last sentence of this question on grounds that it calls for information that the Companies believe is proprietary confidential business information.

Answer: The Local Transport Restructure cost study, which was filed in September 1995 in support of the LTR tariff filing, is the most current switched access cost study that has been filed with the FPSC. A summary of the results of this study will be provided to MFS in the confidential version of these answers.

6. **Please fully describe Sprint-United/Centel's currently approved cost study methodology.**

Answer: Cost study methodologies will vary depending on the purpose of the study. For cross-subsidization, Section 364.338(1), Florida Statutes, requires the following: "The cost standard for determining cross-subsidization is whether the total revenue from a non-basic service is less than the total long run incremental cost of the service. Total long run incremental cost means service-specific volume and non-volume sensitive costs."

7. **With regard to the costs referred to in question 5 above:**

   a. **Please show the long run incremental cost, or other cost calculations developed, of carrier switched access for the originating end of the call, the terminating end of the call and for a call switched on both ends.**

   b. **Please provide the long run incremental cost or, if long run incremental costs are not calculated, other costs in Interrogatory 7(a) above desegregated by rate elements to the degree those costs were developed separately, e.g., the cost of switching and transport.**

Objection: In addition to the general objections stated above, the Companies object to this question on grounds that it calls for information that the Companies believe is proprietary confidential business information. Without waiving this objection, the Companies will provide the answer to MFS pursuant to a mutually acceptable Non-Disclosure Agreement executed between the MFS and the Companies.

Answer: Please refer to the answer to interrogatory number 5, above.

8. **Does Sprint-United/Centel have separate business units that are responsible for publishing the White and Yellow Page directories?**

   a. **Please describe the relationship of the White and Yellow Page business unit(s) to the rest of the company.**

   b. **Does Sprint-United/Centel, as a local exchange carrier, pay the White and/or Yellow Page business unit(s) for placing information in the informational pages of the White and Yellow Page directories?**

   c. **If the answer to 8(b) above is yes, would Sprint-United/Centel be willing to offer ALECs space in the informational pages of its White and Yellow Pages directories at those same rates? Please describe fully Sprint-United/Centel's position with regard to this matter.**

Answer:

a. Sprint-United and Sprint-Centel have separate business units that are responsible for publishing the white and yellow page directories. Sprint-United directories are published by Sprint Publishing & Advertising (SPA). CenDon, a partnership between Centel Directory Company and Reuben H. Donnelley Corporation, publishes the Sprint-Centel directories.

b. Yes.

c. SPA and CenDon will allow access to white page information sections, following the Sprint-United and Sprint-Centel information pages, respectively, so ALECs may advise their customers how to obtain customer service, repair, or similar information, or may provide general information to their customers. ALECs will be responsible for submitting this information in a timely manner in accordance with deadlines that SPA and CenDon will provide. ALECs may create their own information pages or negotiate with SPA or CenDon to design such pages. ALECs will be charged by the publishers for all pages placed in the information sections of the directory.

9. **What is the percentage of two-way vs. one-way Sprint-United/Centel trunks used to transport carrier switched access traffic in Florida?**

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to this interrogatory on grounds that it calls for information that is not relevant to any of the issues in this docket, is not calculated to lead to the discovery of admissible evidence in this docket and is beyond the scope of discovery in this docket. Likewise, the Companies object to this interrogatory on grounds that performing the analysis necessary to answer would be burdensome. The Companies do not compile the requested information in the ordinary course of business and it would take a significant amount of manual work to compile.

Answer: See objection.

10. **How many one-way trunks does Sprint-United/Centel currently have engineered that carry voice and data traffic between Sprint-United/Centel offices and other service provider offices (local and interexchange carrier ("IXC") in Florida?**

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to this interrogatory on grounds that it calls for information that is not relevant to any of the issues in this docket, is not calculated to lead to the discovery of admissible evidence in this docket and is beyond the scope of discovery in this docket. Likewise, the Companies object to this interrogatory on grounds that performing the analysis necessary to answer would be burdensome. The Companies do not compile the requested information in the ordinary course of business and it would take a significant amount of manual work to compile.

Answer: See objection.

11. **How many two-way trunks does Sprint-United/Centel currently have engineered that carry voice and data traffic between Sprint-United/Centel offices and other service provider offices (local and IXC)?**

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to this interrogatory on grounds that it calls for information that is not relevant to any of the issues in this docket, is not calculated to lead to the discovery of admissible evidence in this docket and is beyond the scope of discovery in this docket. Likewise, the Companies object to this interrogatory on grounds that performing the analysis necessary to answer would be burdensome. The Companies do not compile the requested information in the ordinary course of business and it would take a significant amount of manual work to compile.

Answer: See objection.

12. **Does the separate business unit referred to in question 8 charge Sprint-United/Centel for residence and business listings for telephone directories, directory databases and E911 databases?**

    a. If so, what are the non-recurring and recurring charges?

    b. Does the separate business unit referred to in question 8 compensate Sprint-United/Centel for Sprint-United/Centel customer information, for residence and business listings, or for directory or E911 data base updates?

    c. If so, describe the compensation arrangement. Please provide any agreements, contracts, quotes, etc.

Objection: In addition to the general objections stated above, the Companies object to part (c) of this interrogatory on grounds that it is presented as a request for production of documents, not an interrogatory, and cannot be answered under oath as required by Florida Rule of Civil Procedure 1.340. Additionally, the Companies object to this question on grounds that it calls for information that may not be in the Companies' possession, custody or control, and that the Companies believe is proprietary confidential business information. To the extent available and without waiving this objection, the Companies will provide an answer to MFS pursuant to a mutually acceptable Non-Disclosure Agreement executed between the MFS and the Companies.

Answer:

a. SPA and CenDon do not charge Sprint-United and Sprint-Centel for residence and business listings.

b. SPA and CenDon compensate Sprint-United and Sprint-Centel, respectively, for Sprint-United and Sprint-Centel customer information for business listings.

c. See objection. SPA and CenDon pay Sprint-United and Sprint-Centel, respectively, a contracted amount for business listings included in the yellow pages.

13. **Is Sprint-United/Centel willing to facilitate the listing of competitive local exchange carriers' end offices into the LERG? If the answer to this question is affirmative, then respond to the following:**

    a. **Does this include entering the competitive local exchange carriers' information into the Routing Data Base System (RDBS)?**

    b. **Please describe the specific actions Sprint-United/Centel would take to facilitate such listings.**

    c. **Does any procedure exist by which a competitive local exchange carrier can cause its end office information to be entered in the RDBS and listed in the LERG without "facilitation" by Sprint-United/Centel? If so, please describe this procedure.**

    d. **Please quantify the administrative costs that Sprint-United/Centel expects to incur to perform this function.**

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to this interrogatory on grounds that performing the analysis necessary to answer part (d) would be burdensome. The Companies do not maintain the requested information in the ordinary course of business and it would take a significant amount of manual work to gather the requested information. Moreover, until a detailed administrative plan has been developed, it would be difficult to quantify the related administrative costs.

Answer: Yes.

a. Yes.

b. Sprint-United/Centel would input the information into the LERG as provided by the ALEC.

c. It is very possible that the necessary arrangements could be made with Bellcore or some other third party to enter the RDBS data.

d. No cost study has been done to identify all the cost components. Until all details of how this would be accomplished is learned, it would be difficult to quantify the related administrative costs.

14. Please state separately, for each Sprint-United/Centel access tandem in Florida, and each other tandem (if any) identified in response to question 2, above, the following information:

a. The number of carriers other than Sprint-United/Centel (including other local exchange carriers, commercial mobile radio service providers, interexchange carriers, and all other providers of intrastate, interstate, or foreign telecommunications services) that are connected to each tandem, either through purchase of Sprint-United/Centel switched access services or through any other interconnection arrangement.

b. The number of distinct physical points of termination or points of interconnection associated with all of the carriers identified in (a) above.

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to this interrogatory on grounds that it calls for information that is not relevant to any of the issues in this docket, is not calculated to lead to the discovery of admissible evidence in this docket and is beyond the scope of discovery in this docket. Likewise, the Companies object to this interrogatory on grounds that performing the analysis necessary to answer would be burdensome. The Companies do not compile the requested information in the ordinary course of business and it would take a significant amount of manual work to compile. Additionally, the Companies object to this question on grounds that it calls for proprietary marketing and network information that the Companies believe is proprietary confidential business information, that should not be provided at the Companies' expense to a competitor.

Answer: See objection.

15. **Please provide the following information with respect to 911 emergency services:**

    a. **Who is Sprint-United/Centel's customer at present for Basic 911 service? For E911 service?**

    b. **What rates and charges does Sprint-United/Centel impose at present for Basic 911 service? For E911 service?**

    c. **How is Basic 911 service currently funded in Florida? Please include both the sources and amounts of any funds used to support this service, including both direct and indirect funding.**

    d. **How is E911 service currently funded in Florida? Please include both the sources and amounts of any funds used to support this service, including both direct and indirect funding.**

    e. **What are Sprint-United/Centel's E911 costs?**

    f. **What is Sprint-United/Centel's best estimate of the monthly cost of E911 per telephone number in the E911 database?**

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to parts (c) and (d) of this interrogatory on grounds that it calls for information that is not in the possession of the Companies, or is equally available to MFS. In addition, parts (a), (c) and (d) call for information that is not relevant to any of the issues in this docket, is not calculated to lead to the discovery of admissible evidence in this docket and is beyond the scope of discovery in this docket. Parts (e) and (f) call for information that is not readily available, would be burdensome to produce and is proprietary confidential business information.

Answer:

a. The following counties are Sprint-United/Centel's customers for Basic 911 service:

Desoto, Glades, Hardy, Hendry, Okeechobee (Sprint-United)

Holmes (Sprint-Centel)

The following counties are Sprint-United/Centel's customers for E911 service:

Charlotte, Citrus, Collier, Highlands, Lake, Lee, Marion, Monroe, Osceola, Seminole, Sumter (Sprint-United)

Jackson, Leon, Madison, Okaloosa, Wakulla (Sprint-Centel)

The above information is currently available from the State of Florida, Division of Communications. Mr. Jim Martin is the State 911 Coordinator. The report is called the Florida 911 Program Status, and it contains the current status of 911 service for all counties in the State. This report is available free of charge upon request.

b. No charges are currently imposed for Basic 911 service. Charges imposed for E911 service are dependent on the requirements of the County requesting the service. Elements for provisioning the service are tariffed and are found in the Sprint-United General Exchange Tariff, Section A24, and in the Sprint-Centel General Customer Services Tariff, Section 10.

c. No current funding in place for Basic 911 of which Sprint-United/Centel are aware.

d. Sprint-United/Centel currently include a monthly charge for each end-user customer bill to support E911. The rate to be billed is determined by the County involved, with the maximum monthly rate being $.50. A County may begin billing for E911 up to three years prior to implementation. Sprint-United/Centel retain 1% of the fee collected for administrative costs.

e. See objection.

f. See objection.

16. **Please list all regulated services or rate elements offered by Sprint-United/Centel in Florida for which the price is less than the marginal cost.**

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to this interrogatory on grounds that performing the analysis necessary to answer would be burdensome. The Companies do not routinely perform "marginal cost" studies for any of their regulated services and no such studies are available.

Answer: See objection.

17. **Please provide copies of all studies prepared by or for Sprint-United/Centel, whether or not previously filed with the Commission, relating to the marginal costs, or if marginal cost studies are unavailable other cost basis, of any dial tone line services in Florida.**

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies objects to this interrogatory on grounds that it is presented as a request for production of documents, not an interrogatory, and cannot be answered under oath as required by Florida Rule of Civil Procedure 1.340. Additionally, the Companies object to this question on grounds that it calls for information that the Companies believe is proprietary confidential business information. Without waiving these objection, the Companies will provide costs for R-1 and B-1 services to MFS pursuant to a mutually acceptable Non-Disclosure Agreement executed between the MFS and the Companies.

Answer: See objection and the confidential version of these answers.

18. **Has Sprint-United/Centel performed or caused to be performed any studies of dial tone line marginal costs, or if marginal cost studies are unavailable other cost studies, for a geographic area smaller than its entire service area within Florida? If so, please provide copies of all such studies.**

Answer: No.

19. **Will Sprint-United/Centel provide to MFS-FL operators or to an MFS-FL-designated operator bureau on-line access to Sprint-United/Centel's directory assistance database identical to the type of access Sprint-United/Centel's own directory assistance operators utilize in order to provide directory assistance services to Sprint-United/Centel's end users?**

Answer: No.

20. **Will directory assistance service provided to MFS-FL be comparable in every way to the directory assistance service Sprint-United/Centel makes available to its own end users?**

Answer: Yes.

21. Is branding currently available with directory assistance?

a. If not, when does Sprint-United/Centel anticipate that branding will be available?

b. Does Sprint-United/Centel intend to charge ALECs for branding its own end user customers for Sprint-United/Centel branding?

Answer:

a. No, but branding could be made available in the third quarter of 1996. See answer to interrogatory number 51. A tariff would have to be filed for this option.

b. Yes.

22. **a. What does a Sprint-United/Centel customer pay for its initial yellow pages listing?**

b. Will the initial yellow pages listing be provided to an ALEC customer at the same rate?

Answer:

a. Business local service includes a listing in the classified section of the directory.

b. Yes. Sprint-United/Centel would provide one free listing in the classified section to each ALEC business customer the same as is currently provided to the Sprint-United/Centel business customer. Directories are published under contract with Sprint Publishing and Advertising, Inc., and Cendon. Therefore, final terms and conditions would need to be negotiated and agreed to with them.

23. Provide all cost studies relating to Sprint-United/Centel's provision of directory publishing and directory assistance services.

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to this interrogatory on grounds that it is presented as a request for production of documents, not an interrogatory, and cannot be answered under oath as required by Florida Rule of Civil Procedure 1.340. By way of explanation, and without waiving this objection, the Companies state that they do not have the requested cost studies and, to the extent that this question requests the Companies to perform such studies, they object to the question on grounds that doing so would be burdensome. The Companies do not maintain the requested information in the ordinary course of business and it would take a significant amount of time and effort to gather the requested information. Additionally, the Companies object to this question on grounds that it calls for information that the Companies believe is proprietary confidential business information.

Answer: See objections, above. Without waiving these objections, the Companies will provide the requested directory publishing cost study pursuant to a mutually agreeable non-disclosure agreement. The Companies do not have a directory assistance cost study.

24. State Sprint-United/Centel's end user rates for a single dial tone line for residence and business customers, respectively.

Answer: End-user rates for dialtone services are provided in Sprint-United's General Exchange Tariff, reference Section A3, Basic Local exchange Service, and in Centel's General Customer Services Tariff, reference Section 3, Basic Local Exchange Service.

25. Does Sprint-United/Centel offer volume discounts to subscribers of its local usage services?

    a. If yes, provide the terms and conditions of any discount plans.

    b. State Sprint-United/Centel's average retail local usage charge per terminating minute under any discount plans.

Answer: No.

26. **If the answer to MFS-FL Interrogatory No. 2 (First Set) is affirmative, has Sprint-United/Centel computed the marginal cost of tandem switching and common transport for, or if marginal cost studies are unavailable other cost basis, calls routed through local tandem switches separately from the marginal or other costs for calls routed through access tandem switches? If so, please provide all cost studies containing this data.**

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies objects to this interrogatory on grounds that it is presented as a request for production of documents, not an interrogatory, and cannot be answered under oath as required by Florida Rule of Civil Procedure 1.340. Additionally, the Companies object to this question on grounds that it calls for information that the Companies believe is proprietary confidential business information.

Answer: See objection. By way of a further explanation, the Companies have not computed the costs in the manner requested.

27. What percentage of Sprint-United/Centel's total local calls (originating and terminating between Sprint-United/Centel end user subscribers) are direct trunked between end offices?

a. What is the average transport distance (in miles) for these calls?

b. What is the marginal cost, or if marginal cost studies are unavailable other cost basis, of originating and terminating these calls? The marginal cost, or if marginal cost studies are unavailable other cost basis, of switching? The marginal cost, or if marginal cost studies are unavailable other cost basis, of transport?

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to this interrogatory on grounds that performing the analysis necessary to answer would be burdensome. Local calls are not recorded for all customers, and the data is not available to calculate the requested percentages. Route mileage is available for each route; however, to summarize and calculate the requested averages would require a significant amount of manual work. The Companies do not routinely perform the "marginal cost" studies requested, and have not done so for this docket. Even if the requested studies were available, the Companies would object to this question on grounds that it calls for information that the Companies believe is proprietary confidential business information. The Company has, however, performed a long run incremental cost study for switching and will make the results of that study available to MFS pursuant to a mutually acceptable Non-Disclosure Agreement executed between the MFS and the Companies.

Answer: See objection and the answer to interrogatory number 5.

a. See objection.

b. See objection and the answer to interrogatory number 5.

28. **What percentage of Sprint-United/Centel's total local calls (originating and terminating between Sprint-United/Centel end user subscribers) originate and terminate from the same end office switch?**

    a. **What percentage originate and terminate from the same Serving Wire center**

    b. **What is the average transport distance (in miles) for these calls?**

    c. **What is the marginal cost, or if marginal cost studies are unavailable other cost basis, of originating and terminating these calls? The marginal cost, or if marginal cost studies are unavailable other cost basis, of switching? The marginal cost, or if marginal cost studies are unavailable other cost basis, of transport?**

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to this interrogatory on grounds that performing the analysis necessary to answer would be burdensome. Local calls are not recorded for all customers, and the data is not available to calculate the requested percentages. Route mileage is available for each route; however, to summarize and calculate the requested averages would require a significant amount of manual work. The Companies do not routinely perform the "marginal cost" studies requested, and have not done so for this docket. Even if the requested studies were available, the Companies would object to this question on grounds that it calls for information that the Companies believe is proprietary confidential business information. The Company has, however, performed a long run incremental cost study for switching and will make the results of that study available to MFS pursuant to a mutually acceptable Non-Disclosure Agreement executed between the MFS and the Companies.

Answer: See objection.

a. See objection.

b. See objection.

c. See objection and the answer to interrogatory number 5.

29. What percentage of Sprint-United/Centel's total intraLATA calls (originating and terminating between Sprint-United/Centel end user subscribers) are direct trunked between end offices?

a. What is the average transport distance (in miles) for these calls?

b. What is the marginal cost, or if marginal cost studies are unavailable other cost basis, of originating and terminating these calls? The marginal cost, or if marginal cost studies are unavailable other cost basis, of switching? The marginal cost, or if marginal cost studies are unavailable other cost basis, of transport?

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to this interrogatory on grounds that performing the analysis necessary to answer would be burdensome. IntraLATA calls are recorded for billing, but there is no data base that associates the calls with the trunk group/routes they transverse. Due to traffic conditions, some calls may overflow direct trunk groups and complete via tandem switching. There is no economic way to measure and assimilate the requested data. The Companies do not routinely perform the "marginal cost" studies requested, and have not done so for this docket. Even if the requested studies were available, the Companies would object to this question on grounds that it calls for information that the Companies believe is proprietary confidential business information. The Company has, however, performed a long run incremental cost study for switching and will make the results of that study available to MFS pursuant to a mutually acceptable Non-Disclosure Agreement executed between the MFS and the Companies.

Answer: See objection.

a. See objection.

b. See objection and the answer to interrogatory number 5.

30. What percentage of Sprint-United/Centel's total intraLATA calls (originating and terminating between sprint-United/Centel end user subscribers) are routed through a single access tandem? Single Sector Tandem?

a. What is the average transport distance (in miles) for these calls?

b. What is the marginal cost, or if marginal cost studies are unavailable other cost basis, of originating and terminating these calls? The marginal cost, or if marginal cost studies are unavailable other cost basis, of switching? The marginal cost, or if marginal cost studies are unavailable other cost basis, of transport?

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to this interrogatory on grounds that performing the analysis necessary to answer would be burdensome. IntraLATA calls are recorded for billing, but there is no data base that associates the calls with the trunk group/routes they transverse. Due to traffic conditions, some calls may overflow direct trunk groups and complete via tandem switching. There is no economic way to measure and assimilate the requested data. The Companies do not routinely perform the "marginal cost" studies requested, and have not done so for this docket. Even if the requested studies were available, the Companies would object to this question on grounds that it calls for information that the Companies believe is proprietary confidential business information. The Company has, however, performed a long run incremental cost study for switching and will make the results of that study available to MFS pursuant to a mutually acceptable Non-Disclosure Agreement executed between the MFS and the Companies.

Answer: See objection.

a. See objection.

b. See objection and the answer to interrogatory number 5.

31. **What percentage of Sprint-United/Centel's total intraLATA calls (originating and terminating between Sprint-United/Centel end user subscribers) are routed through two or more access tandems/sector tandems?**

    a. **What is the average transport distance (in miles) for these calls?**

    b. **What is the marginal cost, or if marginal cost studies are unavailable other cost basis, of originating and terminating these calls? The marginal Sprint-United/Centel cost, or if marginal cost studies are unavailable other cost basis, of switching? The marginal cost, or if marginal cost studies are unavailable other cost basis, of transport?**

    c. **If so, what are the non-recurring and recurring charges? Please provide per element detail, including per page cost, and any contracts, agreements, quotes, etc.**

    Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to this interrogatory on grounds that performing the analysis necessary to answer would be burdensome. IntraLATA calls are recorded for billing, but there is no data base that associates the calls with the trunk group/routes they transverse. Due to traffic conditions, some calls may overflow direct trunk groups and complete via tandem switching. There is no economic way to measure and assimilate the requested data. The Companies do not routinely perform the "marginal cost" studies requested, and have not done so for this docket. Even if the requested studies were available, the Companies would object to this question on grounds that it calls for information that the Companies believe is proprietary confidential business information. The Company has, however, performed a long run incremental cost study for switching and will make the results of that study available to MFS pursuant to a mutually acceptable Non-Disclosure Agreement executed between the MFS and the Companies.

Answer: See objection.

a. See objection.

b. See objection and see answer to interrogatory number 5.

c. See objection.

32. **Who provides directory assistance service for Sprint-United/Centel?**

    a. **What are the non-recurring and recurring charges billed to Sprint-United/Centel for such service? Please provide per element detail, including per transaction cost, and any contracts, agreements, quotes, etc.**

    b. **Does the provider have on-line electronic access to Sprint-United/Centel customer information for the provision of directory service?**

    c. **Does Sprint-United/Centel provide computer tapes/media to the directory assistance provider?**

    d. **What are the charges, if any, for on-line data access or computer tape/media updates of the directory assistance data? Please provide per element detail, including per transaction cost, and any contracts, agreements, quotes, etc.**

Answer: The Companies provide this service to themselves.

Therefore, parts a. through d. do not apply.

33. Does the Public Service Answering Point (PSAP) operator compensate Sprint-United/Centel for E911 updates?

a. If so, describe the compensation arrangement. Please provide any agreements, contracts, quotes, etc.

Answer: Yes.

a. For United: The nonrecurring charge, as applicable for the service provided, is applied annually thereafter per thousand access lines and trunks added during the year. In addition, the monthly charge is applied, which is also subject to annual adjustment, based on the number of access lines and PBX trunks, per thousand, that have access to E911 service. Please refer to General Exchange Service Tariff, Section A24, Sheets 14 and 15.

For Centel: The applications (equipment including data base administration or just data base administration) and monthly rates vary by county and are applied on a system basis. Please refer to General Customer Services Tariff, Section 10.

34. **How many end office, sector tandem, and access tandem switches does Sprint-United/Centel operate in Florida?**

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to this interrogatory on grounds that it calls for information that is not relevant to any of the issues in this docket, is not calculated to lead to the discovery of admissible evidence in this docket and is beyond the scope of discovery in this docket. Moreover, the requested information is proprietary confidential business information. Without waiving these objection, the Companies will provide the requested information to MFS pursuant to a mutually acceptable Non-Disclosure Agreement executed between the MFS and the Companies.

Answer: The Companies withdraw their objection and answer as follows: Sprint-United/Centel operate 85 end office and access tandem switches. Of that number, 15 also perform local tandem functions, and 8 perform access tandem functions. Sprint-United/Centel also operate 3 switches for access tandem only functions.

35. a. **Does Sprint-United/Centel have any plans to reduce the number of end office switches or serving wire centers?**

b. **If so, why? Please provide any plans or schedules referring or relating to such reduction plans.**

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to this interrogatory on grounds that it calls for information that is not relevant to any of the issues in this docket, is not calculated to lead to the discovery of admissible evidence in this docket and is beyond the scope of discovery in this docket. Even if the requested information was relevant, the Companies would object to this question on grounds that it calls for information that the Companies believe is proprietary confidential business information.

Answer: See objection.

36. What percentage of Sprint-United/Centel's network is copper-based? What percentage is fiber-based?

a. For each of the following, please provide the percentage and number of lines that are copper-based vs. fiber-based:

i. Inter-switch trunks.

ii. End office to end user commercial buildings.

iii. End office to end user residence dwelling units. Please provide a breakdown by single family and multi-united dwellings.

iv. End office to end user businesses.

v. End office to end user residence customers.

b. Does Sprint-United/Centel plan to replace its copper facilities with fiber optic facilities? Please provide any plans and schedules referring or relating to such replacement for each of the categories listed in subpart a.

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to this interrogatory on grounds that it calls for information that is not relevant to any of the issues in this docket, is not calculated to lead to the discovery of admissible evidence in this docket and is beyond the scope of discovery in this docket. While the Companies can and will provide broad measures of the percentages of copper and fiber in their networks, the Companies object to this interrogatory on grounds that performing the analysis necessary to answer part (a) would be burdensome. In the normal course of business, the Companies do not compile the statistics requested in part (a) of this interrogatory. It would take hundreds of hours to perform the studies and compile the statistics requested. Even if all of the requested information was relevant, the Companies would object to this question on grounds that it calls for information that the Companies believe is proprietary confidential business information. The Companies will provide the broad measures of percentages of

copper v. fiber pursuant to a mutually acceptable Non-Disclosure Agreement executed between the MFS and the Companies.

As far as part (b) is concerned, the Companies object to this interrogatory on grounds that it is presented as a request for production of documents, not an interrogatory, and cannot be answered under oath as required by Florida Rule of Civil Procedure 1.340. Moreover, while the companies may have detailed plans in this area, those detailed plans are voluminous, are located at various locations of the Companies, and include proprietary confidential business information. Gathering this information would be burdensome. To the extent that the information can be gathered and produced to MFS, it will only be done pursuant to a mutually acceptable Non-Disclosure Agreement executed between the MFS and the Companies.

Answer: See objection.

a. See objection and the confidential version of these answers.

b. See objection.

37. What local line and usage services does Sprint-United/Centel offer?

a. Please provide a list and detailed description of each service.

b. Please provide Sprint-United/Centel's average revenue per minute and cost per minute of use for each service listed.

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to part (b) of this interrogatory on grounds that performing the analysis necessary to answer would be burdensome. In the normal course of business, the Companies do not maintain the specific statistics requested in part (b) of this interrogatory. It would take hundreds of hours to perform the studies and gather the statistics requested. Even if the requested studies were available, the Companies would object to this question on grounds that it calls for information that the Companies believe is proprietary confidential business information. The Company has, however, performed a long run incremental cost study for switching and will make the results of that study available to MFS pursuant to a mutually acceptable Non-Disclosure Agreement executed between the MFS and the Companies.

Answer: Please see objections. Without waiving this objection, the Companies state as follows: Local line and usage services are provided in Sprint-United's General Exchange Tariff, reference Section A3, Basic Local Exchange Service, and in Sprint-Centel's General Customer Services Tariff, reference Section 3, Basic Local Exchange Service.

a. Please see the referenced tariffs.

b. With respect to average revenue per minute, please see the answer to Interrogatory No. 39. With respect to average cost per minute, please see the answer to interrogatory number 5.

38. What are Sprint-United/Centel's revenues and uncollectibles booked to the first and second level accounting classifications (e.g., Account 5010.1 and 5010.11)?

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to this interrogatory on grounds that it calls for information that is not relevant to any of the issues in this docket, is not calculated to lead to the discovery of admissible evidence in this docket and is beyond the scope of discovery in this docket. Likewise, the Companies object to this interrogatory on grounds that the requested information is proprietary confidential business information.

Answer: See objections and confidential version of these interrogatories.

39. **What are Sprint-United/Centel's billed local conversation minutes for 1994? If available, these usage data should be specified in terms of business, residence and public telephone local usage as well as any other relevant classifications maintained by Sprint-United/Centel in the ordinary course of business.**

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to this interrogatory on grounds that it calls for information that is not relevant to any of the issues in this docket, is not calculated to lead to the discovery of admissible evidence in this docket and is beyond the scope of discovery in this docket. Likewise, the Companies object to this interrogatory on grounds that the requested information is proprietary confidential business information. By way of explanation, and without waiving these objections, the Companies note that local minutes are not recorded for all customers, and the data is not available to calculate this requested data.

Answer: See objections.

40. **Please describe the trunking protocol utilized in the two-way trunking arrangements Sprint-United/Centel has with independent telephone companies.**

Answer: Please see attachments provided in response to Interrogatory No. 67.

41. Please describe how Sprint-United/Centel divides local transport revenues with all other local telephone companies under its existing Meet Point Billing arrangements for the exchange of local traffic.

Answer: Please see the attachments provided in response to Interrogatory No. 67.

42. Please state, by month, from January 1994 to present, the following information regarding Sprint-United/Centel's intrastate local exchange operations:

a. The total number of calls, separately stated by local exchange calls and intraLATA toll calls, for

i. Business customers

ii. Residential Customers

b. The average number of calls made in a month, separately stated by local exchange calls and intraLATA toll calls, for

i. Business customers

ii. Residential Customers

c. The average length of call, separately stated by local exchange calls and intraLATA toll calls, for

i. Business customers

ii. Residential Customers

d. The total minutes of use, separately stated by local exchange calls and intraLATA toll calls, for

i. Business customers

ii. Residential Customers

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to this interrogatory on grounds that it calls for information that is not relevant to any of the issues in this docket, is not calculated to lead to the discovery of admissible evidence in this docket and is beyond the scope of discovery in this docket. Likewise, the Companies object to this interrogatory on grounds that performing the analysis necessary to answer would be burdensome. Local calls are not recorded for all customers, and the data is not available to calculate the requested data. While IntraLATA calls are recorded for billing, the

details of the residence v. business split is not readily available. It would take hundreds of hours of manual and data processing work to perform the studies and gather the statistics requested. Likewise, the Companies object to this interrogatory on grounds that the requested information is proprietary confidential business information.

Answer: See objections.

43. Please state, by month, from January 1994 to present, the following information regarding Sprint-United/Centel's local exchange operations:

a. The total number of business customers, separately stated by service type (i.e., flat rate service, measured rate service).

b. The total number of residence customers, separately stated by service type (i.e., flat rate service, measured rate service).

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to this interrogatory on grounds that it calls for information that is not relevant to any of the issues in this docket, is not calculated to lead to the discovery of admissible evidence in this docket and is beyond the scope of discovery in this docket. Likewise, the Companies object to this interrogatory on grounds that the requested monthly information is proprietary confidential business information. The requested information on a total company basis as of the end of 1994 is available in the files of the Florida Public Service Commission.

Answer: See objections. In addition, quarterly information by class of service is on file with the FPSC on Schedule 8 of the Quarterly Periodic Reports. Please note that some customers have more than one access line, especially business customers. The number of access lines is provided as a surrogate measure of customers; the number of customers is not tracked and is not available.

44. **Does Sprint-United/Centel determine its interstate toll access charges pursuant to Part 69 of the FCC's rules (47 CFR 69)? If not, please set forth the basis upon which Sprint-United/Centel determines its interstate access charges.**

Answer: Yes.

45. **Does Sprint-United/Centel determine its intrastate toll access charges in the same manner as it determines its interstate toll access charges?**

Answer: No.

46. **Do Sprint-United/Centel's intrastate toll access charges include contribution?**

Answer: Yes.

47. **Please list by rate element all access (interconnection) charges that an ALEC would incur (per minute) in terminating a local exchange call to Sprint-United/Centel under Sprint-United/Centel's proposal and, for each such element:**

a. **Set forth the amount, if any, of contribution included in the charge; and**

b. **Please list, separately for residential and business customers, Sprint-United/Centel's charge to its own end users to terminate a local exchange call.**

Objection: In addition to the general objections stated above, the Companies object to part (a) of this question on grounds that it calls for information that the Companies believe is proprietary confidential business information. Without waiving this objection, the Companies will provide an answer to MFS pursuant to a mutually acceptable Non-Disclosure Agreement executed between the MFS and the Companies.

Answer: Please see the confidential answers to these interrogatories.

48. Please state whether or not Sprint-United/Centel's residential dial tone line service is priced below marginal cost, or if marginal cost studies are unavailable other cost basis, and set forth, for such service:

a. Sprint-United/Centel's rate; and

b. Sprint-United/Centel's marginal cost, or if marginal cost studies are unavailable other cost basis.

Objection: In addition to the general objections stated above, the Companies object to this question on grounds that it calls for information that the Companies believe is proprietary confidential business information. Without waiving this objection, the Companies will provide the answer to MFS pursuant to a mutually acceptable Non-Disclosure Agreement executed between the MFS and the Companies.

Answer: Yes.

a. Please refer to the non-confidential response provided in Interrogatory No. 24.

b. Please refer to the confidential response provided in Interrogatory No. 17.

49. Please list all other services which Sprint-United/Centel prices below their marginal cost, or if marginal cost studies are unavailable other cost basis, and for each such service provide:

a. The marginal cost, or if marginal cost studies are unavailable other cost basis, to Sprint-United/Centel of such service; and

b. The price Sprint-United/Centel charges for such service.

Objection: In addition to the general objections stated above, the Companies object to this question on grounds that it calls for information that the Companies believe is proprietary confidential business information. Without waiving this objection, the Companies will provide the answer to MFS pursuant to a mutually acceptable Non-Disclosure Agreement executed between the MFS and the Companies.

Answer:

a. Please refer to the confidential response provided in Interrogatory No. 17.

b. See objections.

50. Please list the specifications for all physical means Sprint-United/Centel has in place at present for measuring and billing interconnection charges that will be incurred in handling traffic between itself and the ALECs. If the Company does not have such physical means in place at present, in the alternative, please provide a detailed list of what equipment will be required and provide estimates of the cost of purchase or lease, as well as installation, of such equipment.

Answer: "Port charges" are being discussed as a flat rate per DS1 access arrangement to be applicable for terminating local calls, from ALEC to LEC and from LEC to ALEC. Measurement of each call is not being entertained for currently there is no capacity to do so. And, in addition, billing system capabilities for usage measurement would need to be reviewed.

For intraLATA toll calls, it is our position to use the toll compensation arrangements that exist today between LECs, with possible modification to be consistent with the intrastate local transport restructure.

51. **Please provide a list of network and other services (e.g., directory assistance) that currently utilize branding on behalf of Sprint-United/Centel. Please indicate which of these operations have the capacity to provide branding to ALECs and which will require removal of branding. If there are technology developments proceeding to allow for greater capacity to provide branding, please indicate which operations will be affected and the relevant timetable for implementation.**

Answer: Branding, as defined by Sprint-United/Centel announcing its name to the calling customer using a service, is currently used with Operator Services, Directory Assistance, and Calling Cards.

0+ Credit Card dialing is an automated process and branding is provided with recorded messages.

Directory Assistance branding is provided via recording as well, and the current technology in use does not have the capability to provide for unique ALEC branding. Sprint-United/Centel is in the process of deploying new DA technology that will allow for specific ALEC branding. This option is currently not part of the purchase specifications. However, availability of the new technology is now scheduled for September/October 1996.

For all other Operator Services, like branding is provided by the operator, and it may be possible to establish separate trunk groups to identify the source of the caller as being from individual ALECs for unique branding. This option would have to be further investigated for feasibility and economics.

52. a. **What verification procedures does Sprint-United/Centel propose to offer to ALECs with regard to updates to the E911 subscriber database?**

b. **Does Sprint-United/Centel plan to offer ALECs access to the master street address guide?**

Answer:

a. Sprint-United/Centel would recommend that the data be transmitted via a Network Data Mover (NDM) data line. With this type of electronic transfer of information, a confirmation will be automatic.

b. No. The master street address guide (MSAG) is the property of the county and thus would require the authority of the county to be provided in any other party. In many cases, Sprint-United/Centel do not maintain the MSAG, or maintain only a portion of the file.

53. **a. Does Sprint-United/Centel propose to offer to ALECs toll and assist operator services in the instance where the ALEC has its own switches?**

b. What arrangement does Sprint-United/Centel have with other Florida LECs and ALECs with regard to the provision of these services? Please provide a copy of such contract or a written summary if the arrangement is oral.

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to the last sentence in part (b) of this interrogatory on grounds that it is presented as a request for production of documents, not an interrogatory, and cannot be answered under oath as required by Florida Rule of Civil Procedure 1.340. The Companies object to the first sentence of part (b) of this question on grounds that it calls for information that the Companies believe is proprietary confidential business information. Without waiving this objection, the Companies will provide the answer to MFS pursuant to a mutually acceptable Non-Disclosure Agreement executed between the MFS and the Companies.

Answer: See objection.

a. Yes, Sprint-United/Centel will offer busy verify and emergency interrupt services.

b. A copy of Sprint-United's intrastate access tariff pages regarding verification and interrupt services is attached.

E15. INWARD OPERATOR SERVICES

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E15. INWARD OPERATOR SERVICES

E15.1 GENERAL (N) +

Inward Operator Services (IOS) are available to all ICs for use in their provision of interLATA operator services. IOS provides the IC operator with access to the Company's Operator Services System (OSS) location(s), use of select OSS equipment and use of the Company's exchange operator. IOS will allow the IC operator to receive from the Company's operator end user customers who desire interLATA calls or other interLATA services not provided by the Company as well as information and assistance from the Company's operator which the IC operator may require to satisfy the end user's interLATA request.

At the option of the IC, and where the Company has the technical capability to do so, the following Inward Operator Services will be available:

- Operator Transfer Service
- Verification Service
- Interrupt Service

E15.2 DESCRIPTION OF SERVICE

E15.2.1 Operator Transfer Service

Operator Transfer Service (OTS) is an originating service that provides routing of interLATA 0- (zero and no additional digits dialed) calls from the Company's OSS location to a subscribing IC's Point of Presence (POP), as requested by the calling end user.

If the calling end user has no specific IC preference, the Company's OSS operator will attempt to redirect the 0- call to the presubscribed IC by requesting that the end user hang up and dial "00". If the calling end user insists on being transferred, the Company's OSS operator will consult reference information and offer to the end user the names of all participating ICs. It is the responsibility of the end user to select an IC of choice. The reference information is arranged to give all participating ICs an equal opportunity of being offered to and chosen by the calling end user. Once a selection is made by the calling end user, the Company's OSS operator will transfer the call. (N)

ISSUED: February 14, 1992
BY: Vice President
Altamonte Springs, Florida

Effective: April 14, 1992

E15. INWARD OPERATOR SERVICES

E15.2 DESCRIPTION OF SERVICE (Cont'd)

E15.2.2 Verification Service (N) +

Verification Service (VS) is a function performed by the Company's OSS operator on behalf of the subscribing IC operator and consists of monitoring the requested telephone line within the Company's serving area to determine if there is conversation on the line. Proper verification of a requested number is dependent upon the station arrangements of the requested number. The Company's contact shall be only with the IC operator, not with the IC's end user, and shall be limited to that effort necessary to provide the requested service. Verification Service will be performed for only one telephone number per inward call received by the Company's operator from the IC operator.

E15.2.3 Interrupt Service

Interrupt Service (IS) is a function performed by the Company's OSS operator on behalf of the subscribing IC operator. After verification of a conversation on the requested line is made, and upon request, the Company's operator will interrupt the conversation and inform the called party of the waiting call. The Company's operator only interrupts the conversation in progress and does not complete the subsequent telephone call for the IC operator. The Company's contact shall be only with the IC operator, not with the IC's end user, and shall be limited to that effort necessary to provide the requested service. Interrupt Service will be performed for only one telephone number per inward call received by the Company's operator from the IC operator.

E15.3 UNDERTAKING OF THE COMPANY

E15.3.1 Access Locations and Call Transport

A. The Company will provide IOS from its OSS locations as specified in the National Exchange Carrier Association, Inc. (NECA) tariff F.C.C. No. 4.

1. At the IC's request, the Company will provide a list of its OSS locations.

2. When it becomes necessary, as determined by the Company, to change an OSS location, the Company will notify the affected ICs six (6) months prior to the change. (N)

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E15. INWARD OPERATOR SERVICES

E15.3 UNDERTAKING OF THE COMPANY (Cont'd)

E15.3.1 Access Locations and Call Transport (Cont'd) (N)
+

B. The Company will deliver requests for interLATA calls to the subscribing IC via OTS to the IC POP specified by the customer.

C. Trunk side switching as well as answer and disconnect supervisory signals will be provided at the OSS location.

E15.3.2 Method of Provisioning

A. The Company's OSS operator will perform only those functions described in E15.2 preceding in conjunction with an IOS call. The Company's OSS operator's contact will be with the IC operator, not with the IC's end user except in the case of OTS.

B. The general regulations specified in E2 of this tariff apply to all IOS offerings.

E15.4 OBLIGATIONS OF THE IC

E15.4.1 Access Locations and Call Transport

A. The IC will establish an IC POP, if none exists, and advise the Company of that POP location.

B. IOS trunking between the IC's POP and the OSS location is provisioned as either FGB or FGC and FGD Switched Access Service, as specified in Section E6 preceding.

1. All regulations specified in Sections E2, E5 and E6 of this tariff shall apply to IOS interconnecting trunking.

2. The interconnecting Switched Access facilities may be arranged as either one way or two way service, as designated by the IC. These trunk groups will be established as final trunks and will be assigned data registers to obtain usage, peg count and overflow attempt information.

3. When ordering IOS, the IC shall determine and specify the number of new or additional FGB or FGC, and FGD trunks necessary to transport IC IOS end user requests between the IC and OSS locations. When ordering OTS, the IC must order sufficient capacity to transport any/all OTS requests originating from all Company end offices within each LATA of the OSS serving area.

4. The IC facilities at the IC POP shall provide the necessary on-hook, off-hook answer and disconnect supervision for OTS. (N)

E15. INWARD OPERATOR SERVICES

E15.4 OBLIGATIONS OF THE IC (Cont'd)

E15.4.2 Billing Conditions (N) +

A. When the IC bills its end users, the IC shall be responsible for all contact and arrangements with its end users concerning the provision and maintenance of IOS as well as the billing and collecting of charges billed to its end users.

B. Jurisdictional reporting will apply, as specified in E2 of this tariff, to determine Percent Interstate Usage (PIU) for IOS.

E15.5 RATE REGULATIONS AND CHARGES

E15.5.1 Rate Regulations

A. Billing for all IOS will occur on a monthly basis as other billing is performed, but will be rendered on a statement detailing the flat rated charges applicable to the IC for the specified monthly period.

B. IOS is ordered under the access order provisions as set forth in E5 preceding. The Access Order Charge applicable for Switched Access Service will apply per access order for the establishment, change or rearrangement of IOS. In addition, other Access Order Charges (i.e., Service Date Change Charge, etc.) may apply.

C. The charge for OTS is a flat-rate charge which is applicable per call transferred to the subscribing IC. A request shall be considered transferred when the Company OSS operator activates the OSS switch which routes the call from the OSS location to the IC location.

D. The charge for Verification Service is a flat-rate charge which is applicable per attempt to verify the requested called telephone line.

E. The charge for Interrupt Service is a flat-rate charge which is applicable per attempt to interrupt the requested called telephone line. Because the Company's OSS operator will verify the line status of the requested called telephone line prior to attempting to interrupt, the Verification Service Charge will apply in addition per interrupt attempt.

F. Switched Access Service premium and non-premium rates and charges as set forth in E6 preceding will apply in addition to any/all per occurrence IOS charges for usage originating from the IC's POP to the OSS location(s). (N)

E15. INWARD OPERATOR SERVICES

E15.5 RATE REGULATIONS AND CHARGES (Cont'd)

E15.5.2 Rates and Charges (N) +

	Rate	
A. Operator Transfer Service		
- per transfer	$ .29	
B. Verification Service		
- per verification attempt	$ .55	
C. Interrupt Service [1]		
- per interrupt attempt	$ .85	(N)

Note 1: One occurrence of the Verification Service rate also applies per interrupt attempt. (N) (N)

54. **Does Sprint-United/Centel include listings of customers of any other Florida LEC and/or ALEC in its white pages directories? Please describe the terms and conditions upon which it does so and please provide a copy of any contract.**

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to the last sentence of this interrogatory on grounds that it is presented as a request for production of documents, not an interrogatory, and cannot be answered under oath as required by Florida Rule of Civil Procedure 1.340. The Companies object to the portion calling for the terms and conditions on grounds that it calls for information that the Companies believe is proprietary confidential business information. Without waiving this objection, the Companies will provide the answer to MFS pursuant to a mutually acceptable Non-Disclosure Agreement executed between the MFS and the Companies.

Answer: The Companies withdraw their confidentiality objection. Sprint-United/Centel's white page listings may include residential and business listings of ALEC subscribers located in the Sprint-United/Centel local calling area of the appropriate directories. Also, please see the answer to interrogatory number 22.

55. **What arrangement does Sprint-United/Centel have with other Florida LECs or ALECs local exchange carriers with regard to the provision of directory assistance services? Please provide a copy of such contract or a written summary if the arrangement is oral.**

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to this interrogatory on grounds that it is presented as a request for production of documents, not an interrogatory, and cannot be answered under oath as required by Florida Rule of Civil Procedure 1.340. The Companies object to the portion calling for the "arrangements" on grounds that it calls for information that the Companies believe is proprietary confidential business information. Without waiving this objection, the Companies will provide the answer to MFS pursuant to a mutually acceptable Non-Disclosure Agreement executed between the MFS and the Companies.

Answer: Without waiving its objection, the Companies provide the following answer: Sprint-United/Centel provide directory assistance services to several other LECs under contract.

56. **Please provide copies of all studies, not previously produced in this docket, that support Sprint-United/Centel's mutual compensation recommendations.**

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to this interrogatory on grounds that it is presented as a request for production of documents, not an interrogatory, and cannot be answered under oath as required by Florida Rule of Civil Procedure 1.340. If this was framed as an interrogatory, the Companies would respond that they have no studies.

Answer: See objection.

57. **Please provide copies of any studies that Sprint-United/Centel has that address the issue of terminating traffic flow between Sprint-United/Centel and potential ALECs or between other incumbent LECs and new entrants to switched local exchange markets.**

Objection: In addition to the general objections stated above, the Companies object to this question on grounds that it is presented as a request for production of documents, not an interrogatory, and cannot be answered under oath as required by Florida Rule of Civil Procedure 1.340. In addition, it calls for information that the Companies believe is proprietary confidential business information. Without waiving these objection, the Companies will provide the requested information to MFS pursuant to a mutually acceptable Non-Disclosure Agreement executed between the MFS and the Companies.

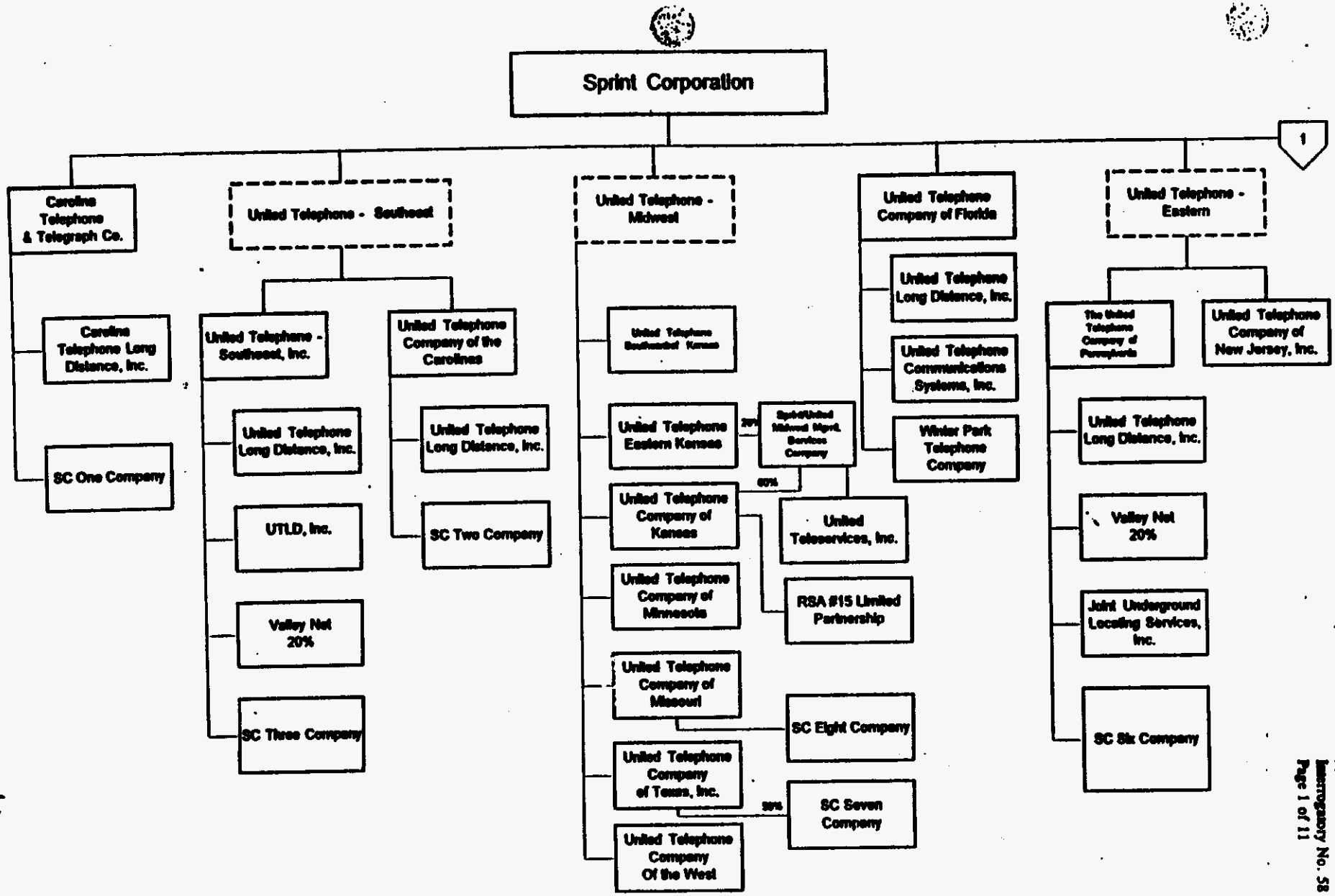
Answer: See the confidential version of these answers.

58. **Please provide a list of the business units of Sprint-United/Centel at present, including all affiliates of Sprint-United/Centel operating in Florida, and indicate which of these units are regulated and which are not. If, for instance, an operation such as the yellow pages is considered a single business unit by the Company, please break out the regulated and unregulated aspects of any such operation. For the regulated units, please indicate the regulatory body or bodies with oversight responsibilities for that unit.**

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to this interrogatory on grounds that it calls for information that is not relevant to any of the issues in this docket, is not calculated to lead to the discovery of admissible evidence in this docket and is beyond the scope of discovery in this docket.

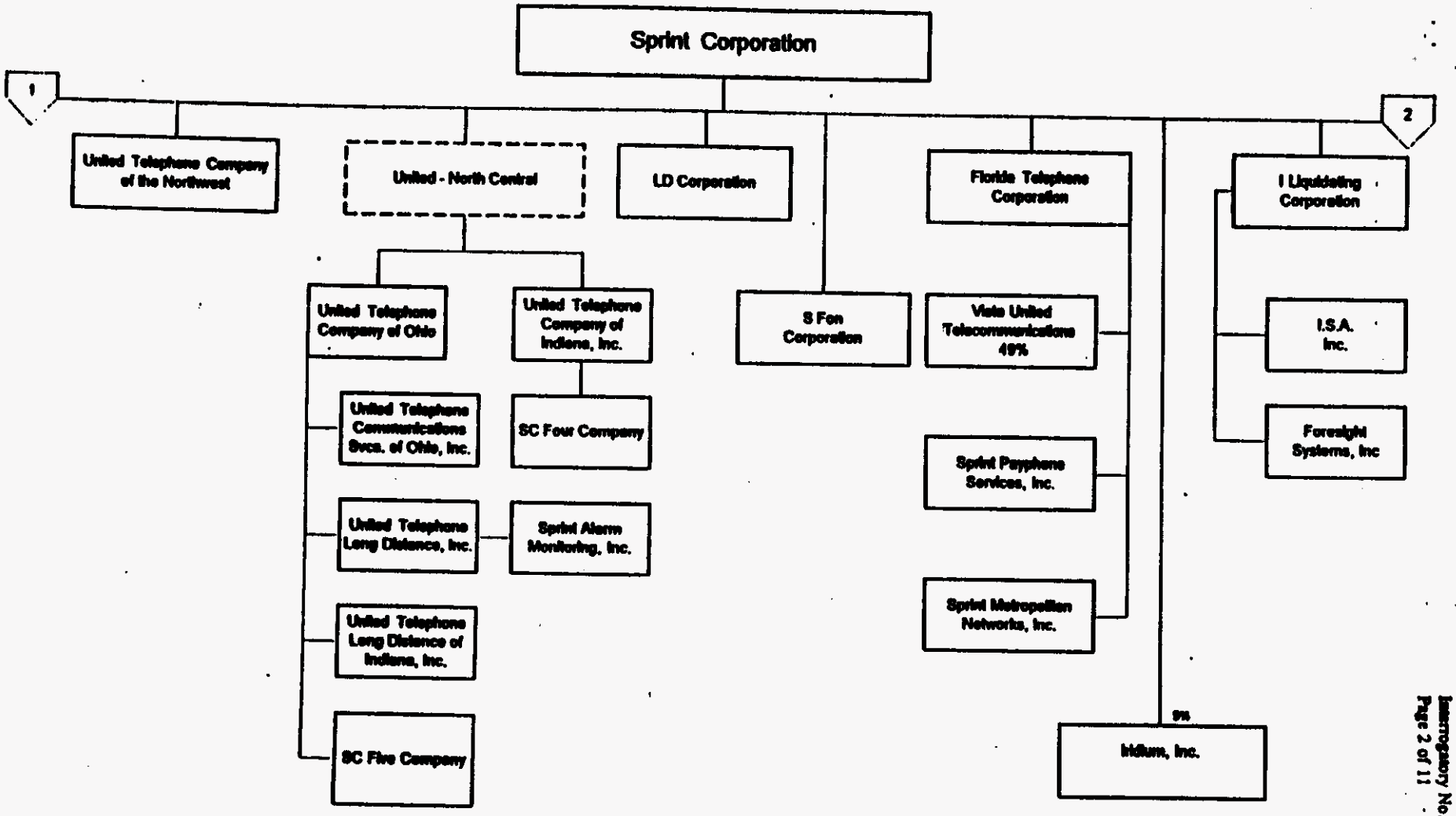
Answer: See objections and attachments. Attached is section IV of the Cost Allocation Manual (CAM) for the Tier 1 United Telephone and Central Telephone companies on file with the Federal Communications Commission on December 31, 1995. This section of the CAM details the various Sprint Companies and their affiliations.

Sprint Long Distance and Local Communications activities are regulated to the extent allowed by law in the various jurisdictions in which they operate, i.e., interstate activities are regulated by the Federal Communications Commission while intrastate activities are regulated by the appropriate state commissions.



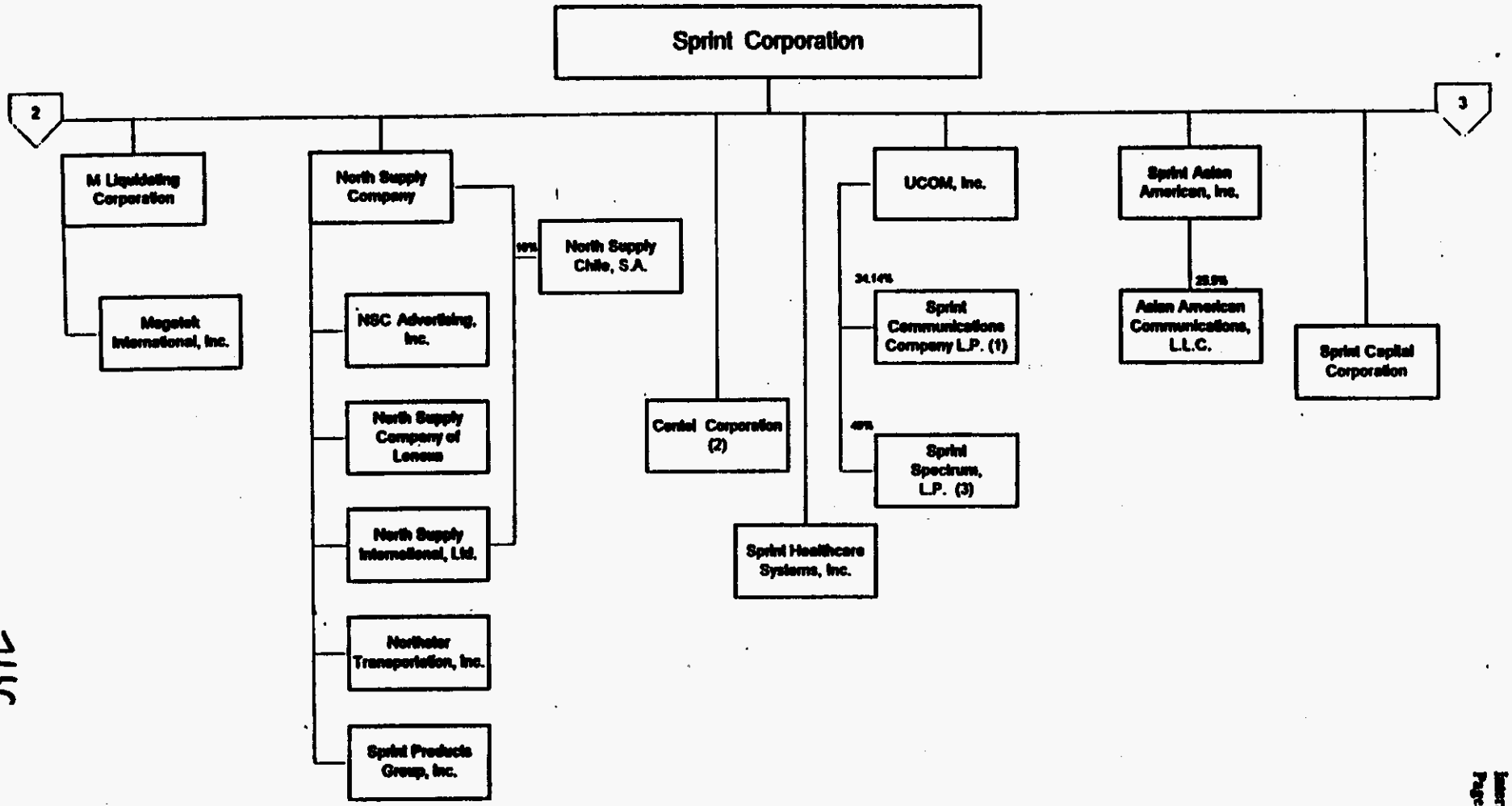
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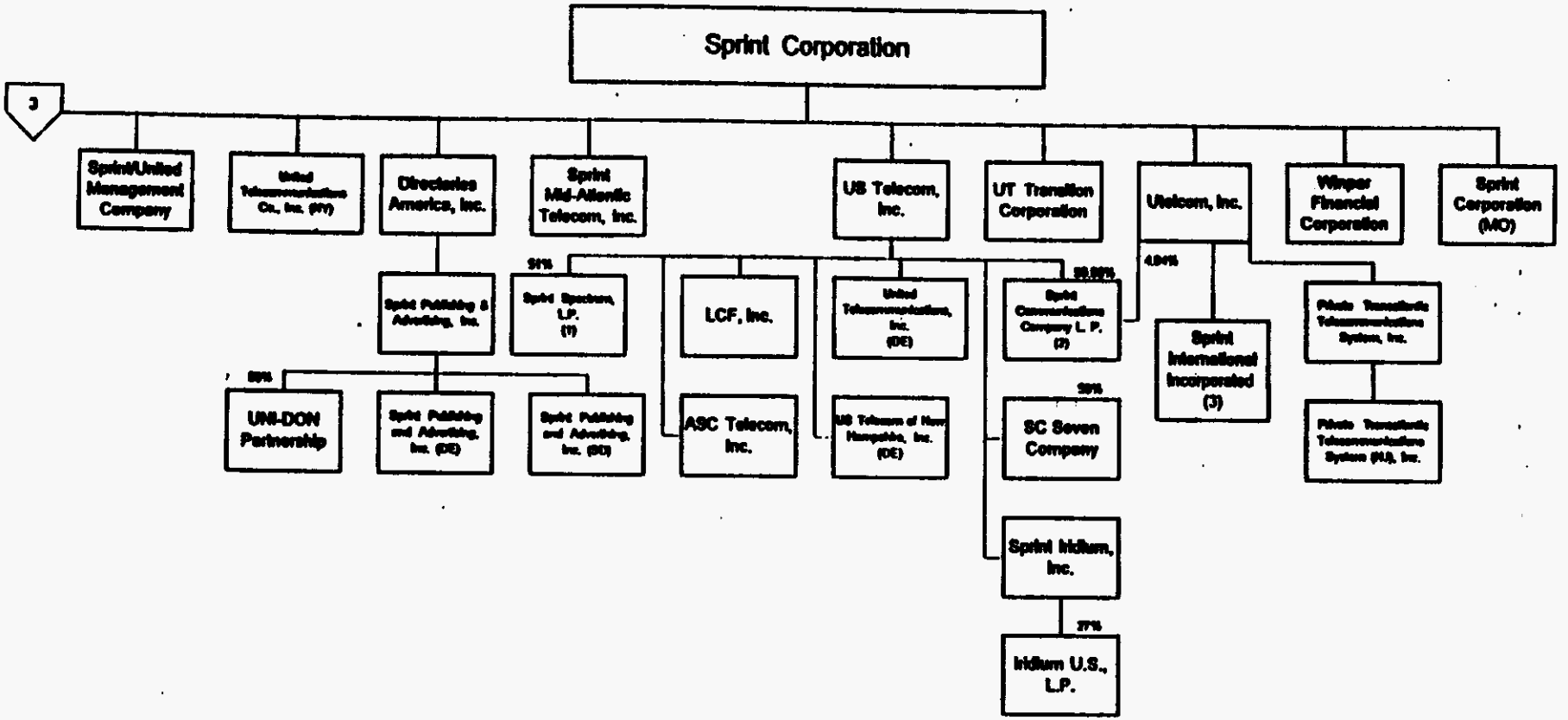


(1) See Separate Chart for Sprint Communications Company L.P.

(2) See Separate Chart for Centel Corporation

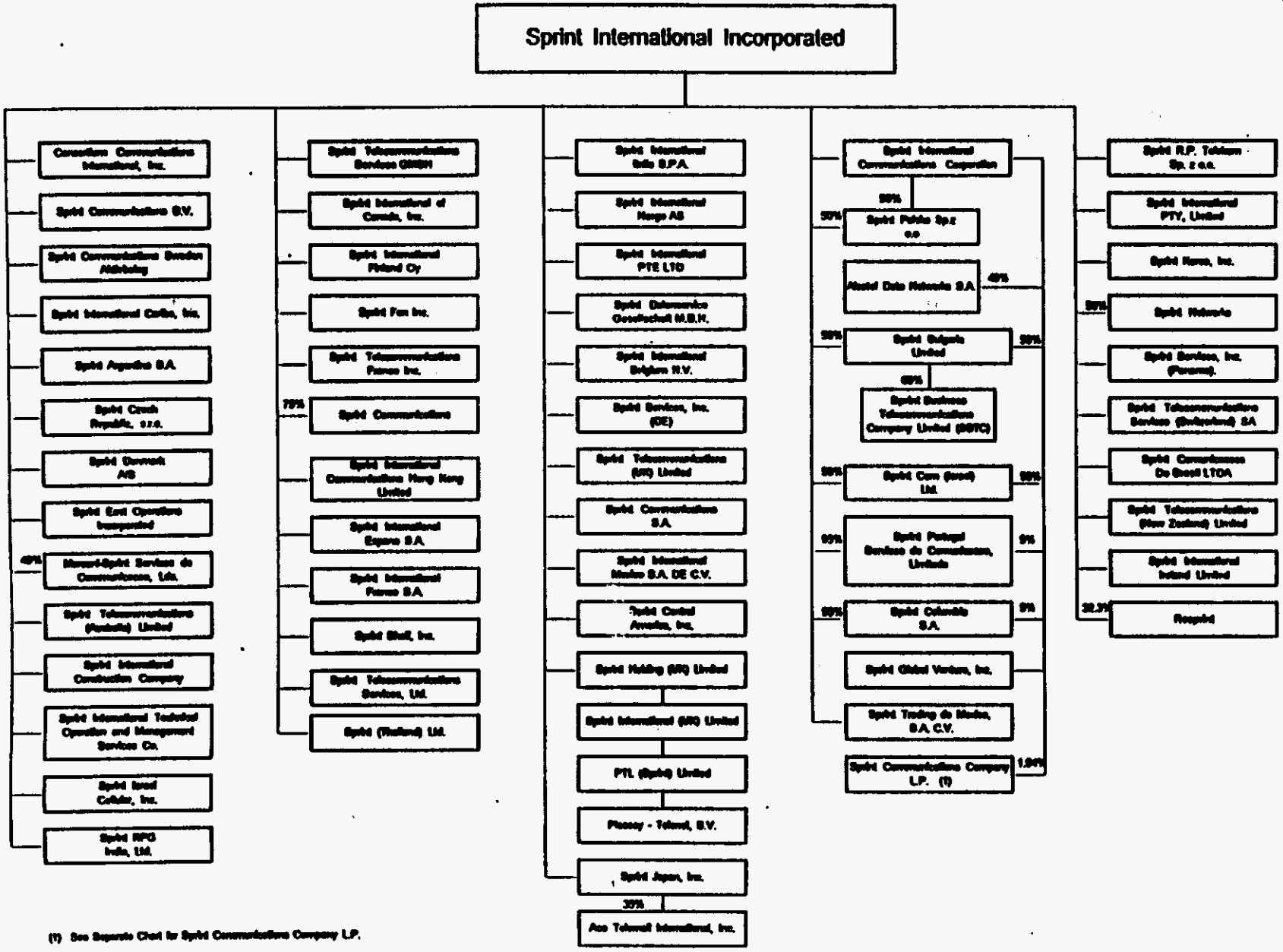
(3) See Separate Chart for Sprint Spectrum, L.P.

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(1) See Separate Chart for Sprint Spectrum, L.P.
(2) See Separate Chart for Sprint Communications Company L.P.
(3) See Separate Chart for Sprint International Incorporated.

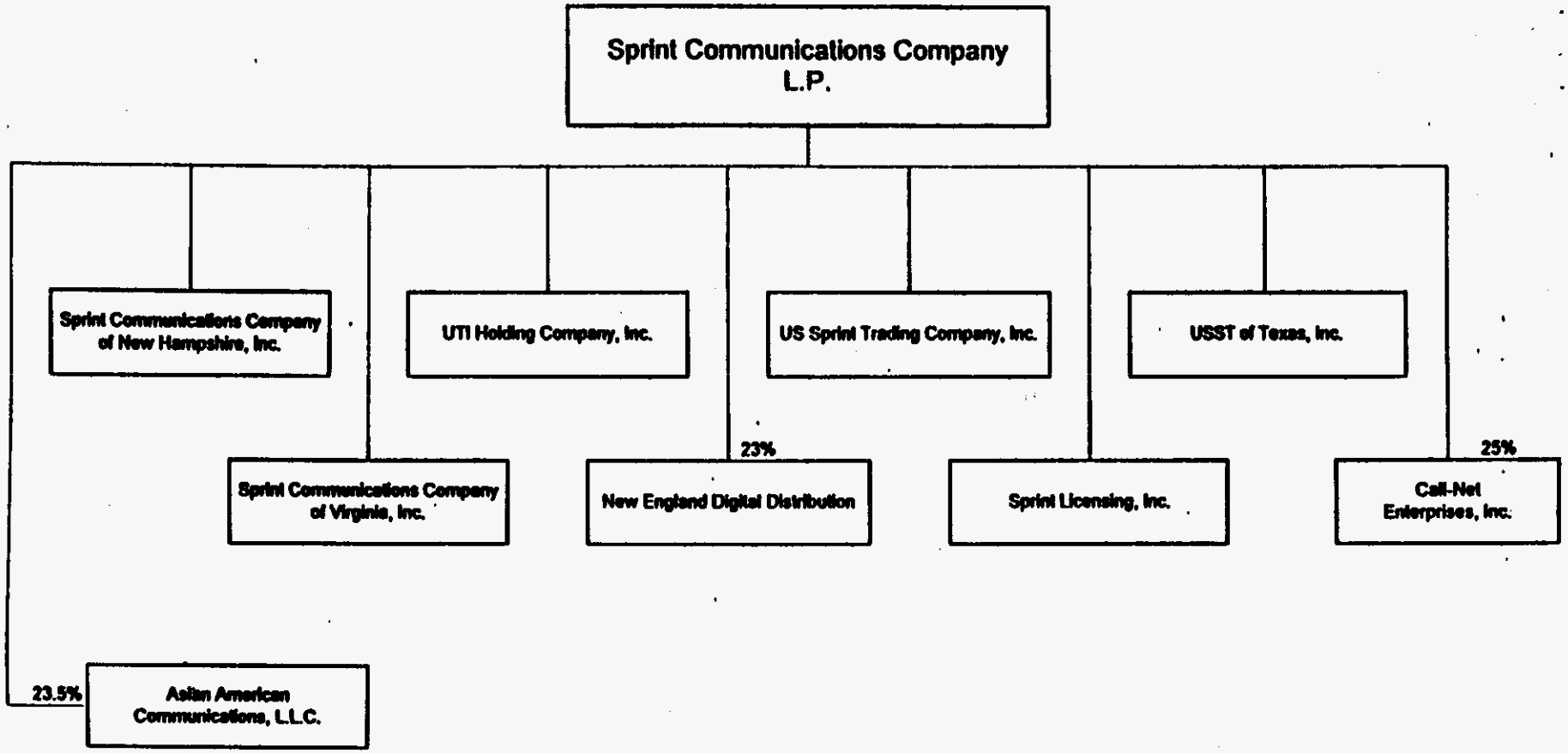
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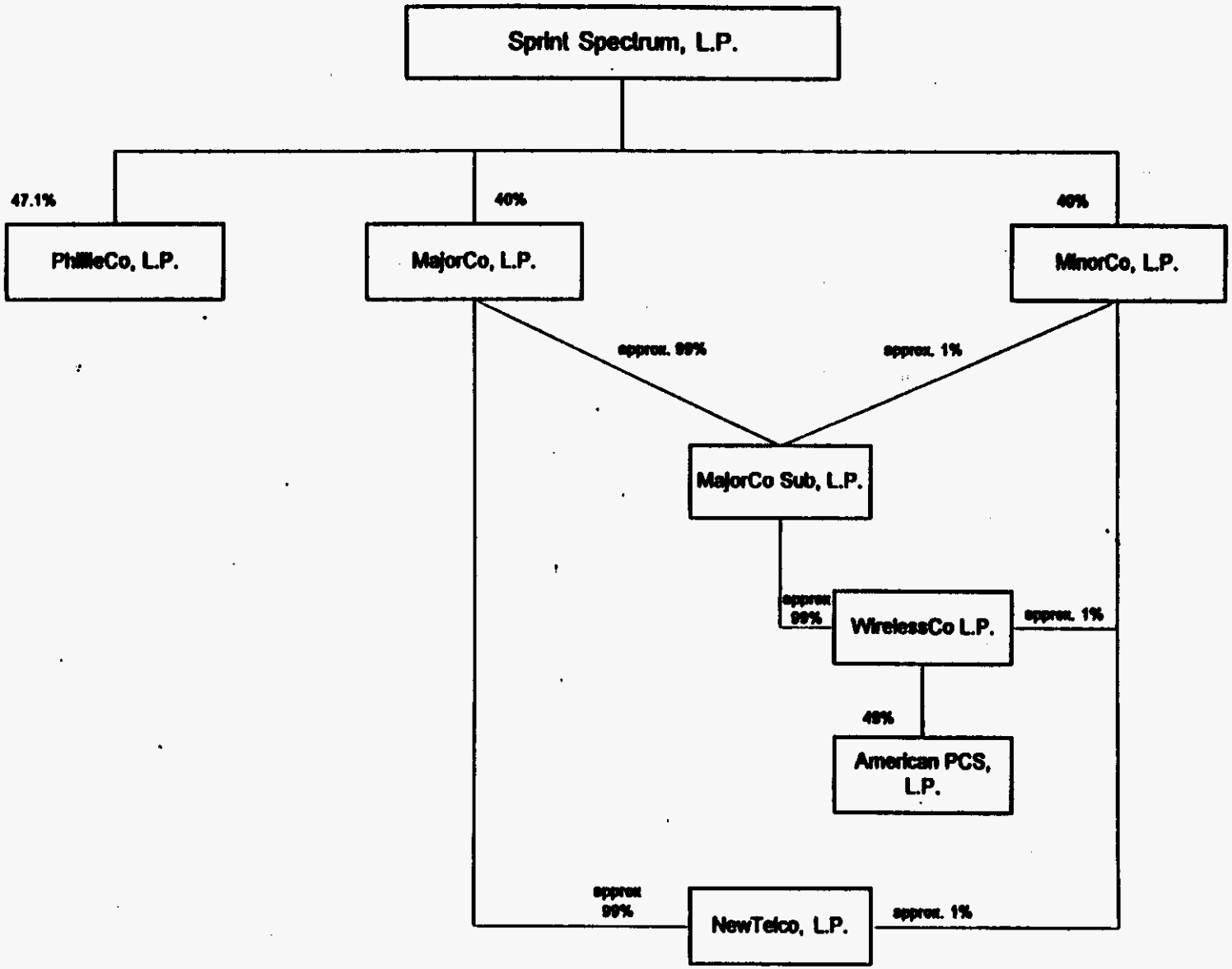
(1) See Separate Chart for Sprint Communications Company L.P.

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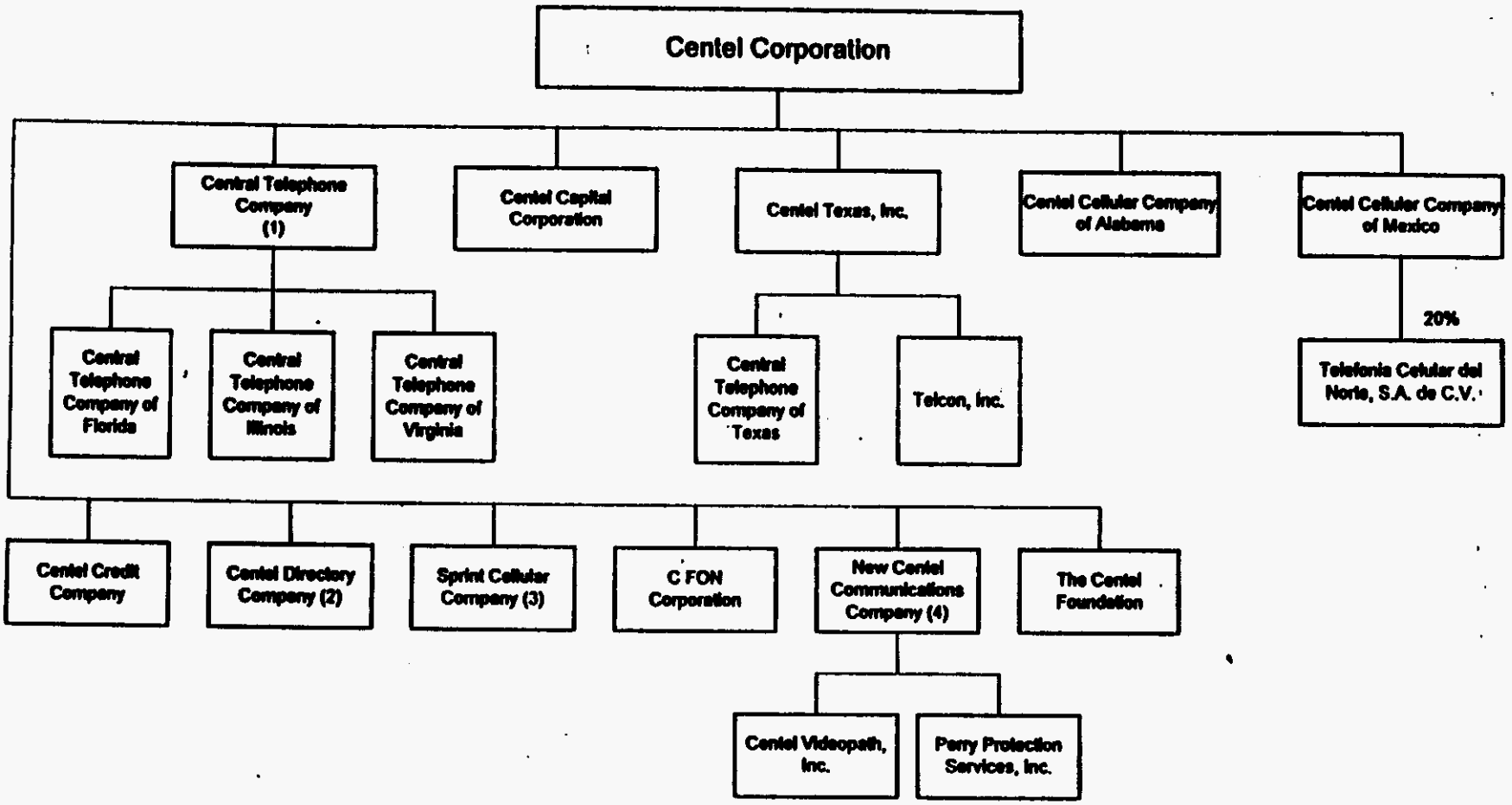
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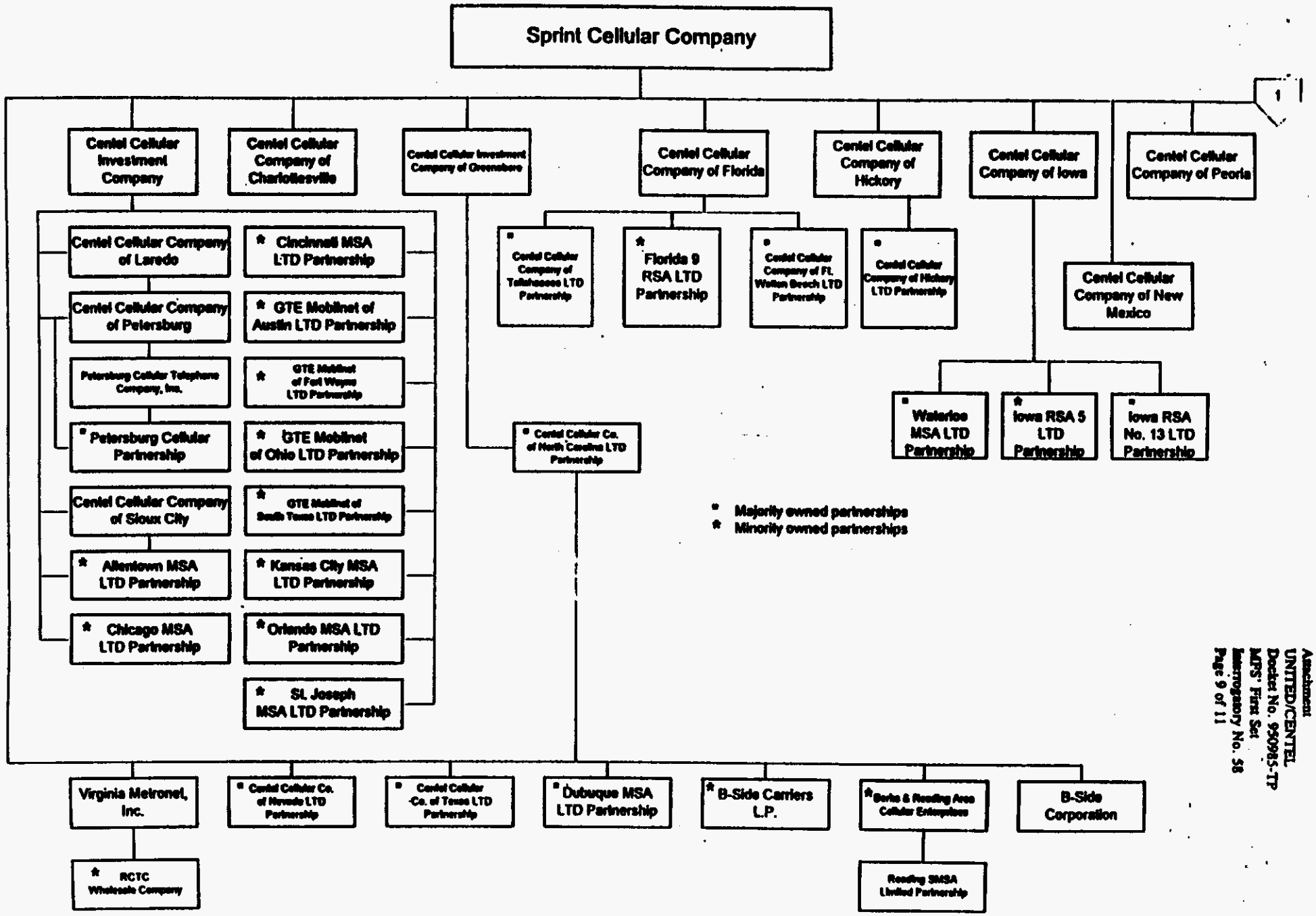
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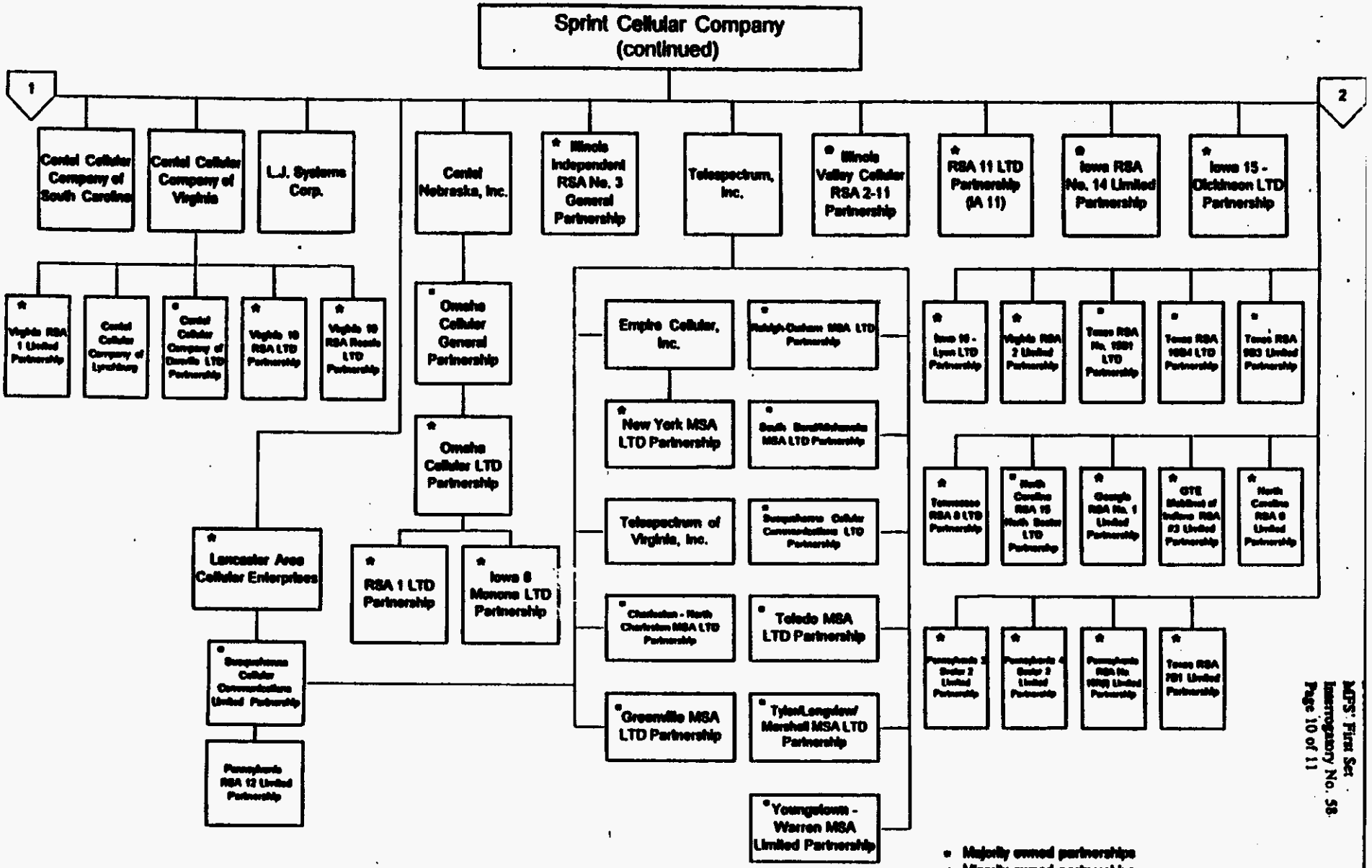
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(1) There are two (2) Divisions: Nevada and North Carolina
(2) Centel Directory Company has 50% ownership interest in the CenDon Partnership
(3) See attached sheet for Sprint Cellular organization
(4) New Centel Communications Company holds investment interests in Acoustics Development Corporation and Digitech Industries, Inc.

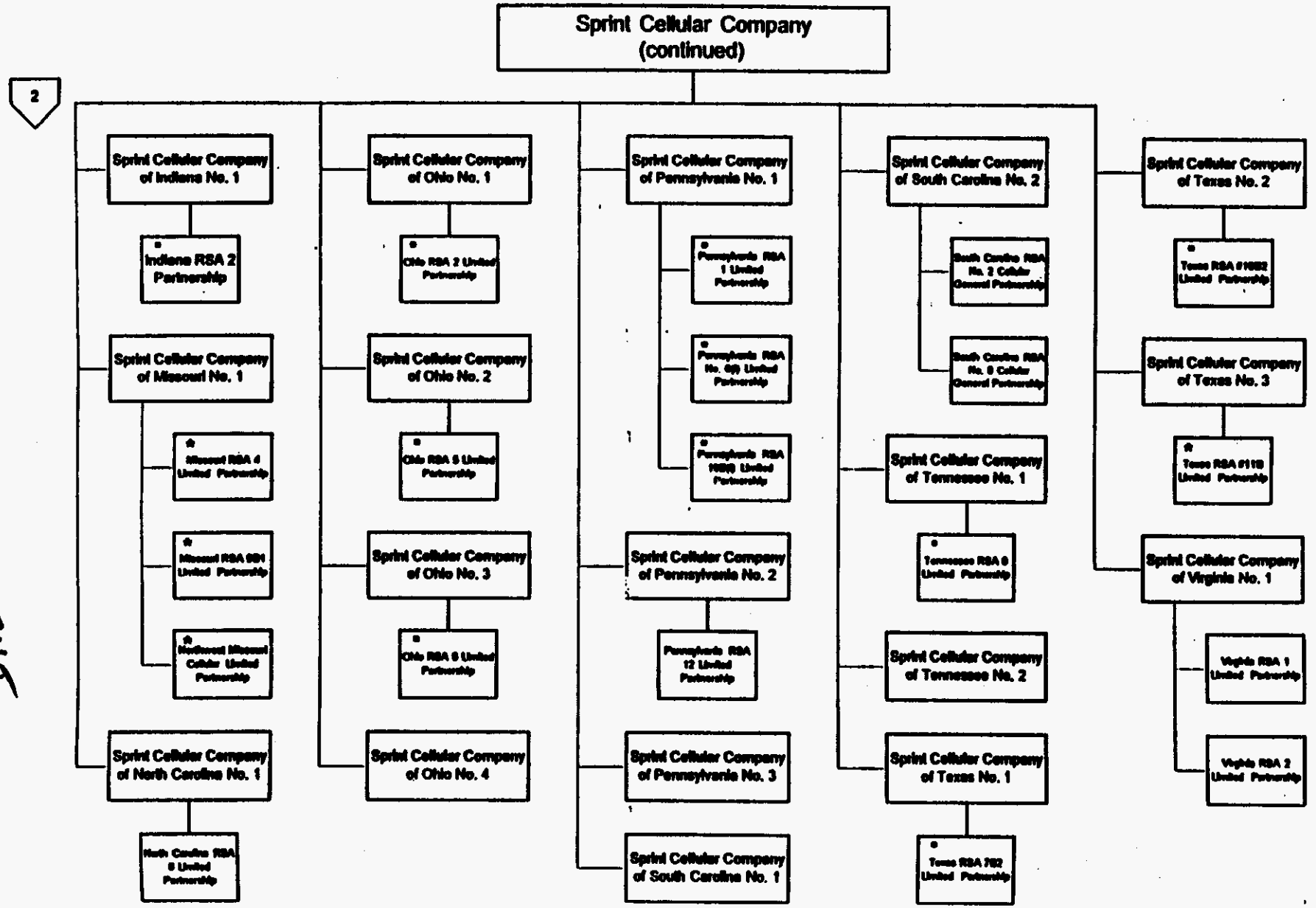
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59. **Please produce copies of all interconnection agreements, not previously produced in this docket, that are currently in place between Sprint-United/Centel and other carriers and competitors. If certain terms and conditions of interconnection between Sprint-United/Centel and the other carrier or competitor are only subject to oral agreements, please provide a written summary of all such terms and conditions.**

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to this interrogatory on grounds that it is overbroad and does not identify the requested information with specificity enough to enable the Companies perform a reasonable search for the requested information. In addition, the Companies object to this question on grounds that it is presented as a request for production of documents, not an interrogatory, and cannot be answered under oath as required by Florida Rule of Civil Procedure 1.340. Likewise, the Companies object to this interrogatory on grounds that performing the search necessary to answer would be burdensome. Likewise, the Companies object to this interrogatory on grounds that the requested information is the proprietary-confidential business information of the Companies and other carriers, which, in some cases, cannot be produced to third parties like MFS without the permission of the other carrier. However, by way of explanation, at this point in time, Sprint-United/Centel has no local interconnection agreements for dial tone.

Answer: See objection. Without waiving this objection, the Companies state that, subsequent to the filing of the objection above, the Companies have entered into a local interconnection agreement with ICI, and will produce a copy of the agreement, which copy is not confidential.

60. **Please identify all categories of cost which the implementation of Remote Call Forwarding number portability as described in the number portability docket (Docket No. 950737-TP) would entail for Sprint-United/Centel and produce any cost studies for each such category of cost.**

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to this interrogatory on grounds that it calls for information that is not relevant to any of the issues in this docket, is not calculated to lead to the discovery of admissible evidence in this docket and is beyond the scope of discovery in this docket. In addition, the Companies object to this question on grounds that it is presented as a request for production of documents, not an interrogatory, and cannot be answered under oath as required by Florida Rule of Civil Procedure 1.340.

Answer: See objection.

61. Please identify all third party providers of printed white page directories that are willing to provide such directories in Florida.

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to this interrogatory on grounds that it calls for information that is not in the possession of the Companies, and that is equally available to MFS in the market place. In light of the general availability of this information, it would be burdensome to require the Companies to collect this information on behalf of one of its competitors.

Answer: See objection.

62. **Please identify all enhancements that Sprint-United/Centel would have to make its directory assistance and operator service systems to enable third party access and provide any studies regarding the cost of any such enhancements.**

Objection: In addition to the general objections stated above, the Companies object to this question on grounds that it is presented as a request for production of documents, not an interrogatory, and cannot be answered under oath as required by Florida Rule of Civil Procedure 1.340. In addition, it calls for information that the Companies believe is proprietary confidential business information. Without waiving these objection, the Companies will provide the requested information to MFS pursuant to a mutually acceptable Non-Disclosure Agreement executed between the MFS and the Companies.

Answer: To the extent necessary to provide the following answer, the Companies withdraw their confidentiality objection: Please see answer to interrogatory number 51.

63. **Please define the word "contribution."**

Answer: "Contribution" is generally thought to be the difference between the price of a unit of service and the cost of that unit which is applicable toward shared and overhead costs.

64. Please define the term "marginal costs":

a. Please list the components of "marginal costs";

b. Please describe any differences between the term "marginal costs" and "long run incremental costs"; and

c. Please describe the extent, if any, to which "marginal costs" include contribution.

Answer: Marginal cost is the cost of producing one more unit of output. This would only include variable cost (costs that vary with volume) and would not include the fixed, non-volume sensitive costs.

a. These components would differ depending on the individual study and the time frame included in the study.

b. Long run incremental costs are the costs caused by a change in output divided by the change in quantity of output. They differ from marginal in that marginal costs are the costs incurred to provide for one additional unit, and incremental costs are the costs for some block of additional units. LRIC includes some fixed, non-volume sensitive costs depending on the time frame included in the study.

c. Marginal costs do not include any contribution.

65. Does Sprint-United/Centel exchange local traffic with other LECs in Florida?

Answer: Yes.

66. **If the answer to question 65 is "yes," please provide all information regarding the following:**

a. How is the local traffic physically exchanged between Sprint-United/Centel and other Florida LECs?

b. What rate(s) does Sprint-United/Centel charge other Florida LECs for terminating local traffic on Sprint-United/Centel's network?

c. What rate(s) do other Florida LECs charge Sprint-United/Centel for terminating local traffic on their respective networks?

d. What are the financial arrangements between Sprint-United/Centel and other Florida LECs regarding the termination of local traffic that originates on one network and terminates on another network?

Answer:

a. Local traffic is routed over local trunks between Sprint-United/Centel and the other Florida LECs.

b. Sprint-United/Centel do not charge the other Florida LECs for Extended Area Service (EAS) traffic or for message rate or measured local traffic terminated on its network.

c. The other Florida LECs do not charge Sprint-United/Centel for message rate or measured local traffic their respective networks.

d. There currently are no financial arrangements.

67. **Please provide any and all agreements between Sprint-United/Centel and other Florida LECs regarding the exchange of local traffic. If no agreements are in writing, please state and describe, including a description of all terms and conditions, any oral or non-written agreement.**

Objection: In addition to the general objections stated above, the Companies object to this question on grounds that it is presented as a request for production of documents, not an interrogatory, and cannot be answered under oath as required by Florida Rule of Civil Procedure 1.340. In addition, this question calls for information that the Companies believe is proprietary confidential business information. Without waiving these objections, the Companies will provide a response to MFS pursuant to a mutually acceptable Non-Disclosure Agreement executed between MFS and the Companies.

Answer: See objection and the confidential version of these answers.

68. **Please describe the current extent of the availability of geographic number portability in Florida.**

Answer: The only current number portability available in Florida is service provider number portability which is to be provided on a temporary basis through the use of the Remote Call Forwarding feature.

69. **Please list all ALECs that, to Sprint-United/Centel's knowledge, have identified local calling areas that are not identical to the local calling areas of Sprint-United/Centel or another Florida LEC.**

Answer: The Companies do not have knowledge of the requested information.

70. **Please provide any and all data in your possession, custody or control reflecting whether distribution of local and toll traffic was affected by a change in local calling area (i.e., When a local calling area was increased, did customers begin to make more calls to the exchanges that were previously toll, but now local? When a local calling area was decreased, did customers begin to make fewer calls to the exchanges that were previously local, but now toll?) Such data should, to the extent available, cover a period extending from two years before the change in local calling area until two years after the change in local calling area.**

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to this interrogatory on grounds that it is overbroad ("any and all" and does not specify a time period), calls for information that is not relevant to any of the issues in this docket, is not calculated to lead to the discovery of admissible evidence in this docket and is beyond the scope of discovery in this docket. Likewise, the Companies object to this interrogatory on grounds that performing the analysis necessary to answer would be burdensome. In the normal course of business, the Companies do not maintain the statistics requested in this interrogatory. Even if the raw data is available in some form, it would take hundreds of hours to perform the studies and gather the statistics requested.

Answer: See objections.

71. **Please state the number of white pages directories printed by Sprint-United/Centel in the most recent year for which information is available.**

Answer: The total number of all directories printed for Sprint-United and Sprint-Centel are as follows:

Sprint/United Telephone Company of Florida	
Primary/Alpha Directories	2,741,000
Community Directories	789,000
Total Sprint/United Telephone Company of Florida	3,530,000
Sprint/Central Telephone Company of Florida	
Primary/Alpha Directories	581,000
Community Directories	21,000
Total Sprint/Central Telephone Company of Florida	602,000
Grand Total	4,132,000

72. **Please provide the per-unit cost to Sprint-United/Centel of producing white pages directories in the most recent year for which data is available.**

Objection: In addition to the general objections stated above, the Companies object to this question on grounds that it calls for information that the Companies believe is proprietary confidential business information. Without waiving this objection, the Companies will provide the answer to MFS pursuant to a mutually acceptable Non-Disclosure Agreement executed between the MFS and the Companies.

Answer: The Companies withdraw their objection and answer as follows: The average per unit cost for the Sprint/United Telephone Company of Florida directories is $1.74 per Primary/Alpha directory. As referenced in Response #23, total costs are not available for the Sprint/United Telephone Company of Florida Community directories and Sprint/Central Telephone Company of Florida Primary/Alpha and Community directories.

73. **Please state whether Sprint-United/Centel will concede that its per-unit cost of producing white pages directories would be at least twice as great if it were to produce only 100, instead of the number set forth in your answer to question 71. If your answer is other than an unqualified "yes," please explain.**

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to this interrogatory on grounds that they do not have the information at their disposal to answer this question, and even if they did, performing the analysis necessary to answer would be burdensome. The question does not define how "cost" should be defined, and how cost is defined would have a significant bearing on the per unit cost and the time necessary to compute it.

Answer: The Companies withdraw their objection to the extent necessary to provide the following answer: Without having done such an analysis, it would seem likely that if the company were to produce only 100 directories, then the cost per directory would be at least twice as high as it is given the current volume of directories published. In effect, the incremental cost of directories in excess of 100 is related mainly to paper and distribution costs because most of the shared and common costs have been incurred with the first 100 directories.

74. **Please set forth Sprint-United/Centel's average monthly revenues from providing access services, for the most recent period for which such data are available, for:**

a. Residential customers and

b. Lifeline customers.

Objection: In addition to the general objections set forth above, which are incorporated herein by reference, the Companies object to this interrogatory on grounds that performing the analysis necessary to answer would be burdensome. In the normal course of business, the Companies do not maintain the separate statistics for "residential" and "Lifeline" customers as requested in this interrogatory. Even if the raw data is available, which it is not, it would take hundreds of hours to perform the studies and gather the statistics requested. Likewise, the Companies object to this interrogatory on grounds that the requested information is proprietary confidential business information.

Answer: The requested information is not available.

See objection.

VERIFICATION

State of Florida
County of Orange:

I, F. B. Poag, Director-Tariff & Regulatory, for United Telephone Company of Florida, have read the foregoing Responses of Central Telephone Company of Florida and United Telephone Company of Florida to MFS of Florida, Inc.'s First Set of Interrogatories in Docket No. 950985-TP. I am informed and to the best of my knowledge believe the information contained in the Responses to be true and correct.

F. B. Poag

Sworn to and subscribed before me this 20th day of FEBRUARY, 1996.

Affiant is personally known to me.

Pamela Campbell

Notary Public

My Commission Expires:

PAMELA CAMPBELL
Notary Public - State of Florida
My Commission Expires Dec 28, 1999
Commission # CC 426444

FEB 20 '96 12:07PM SPRINT UNITED P.1

EXHIBIT NO. _____

DOCKET NO: 950985-TP

WITNESS: F. Ben Poag

PARTY: United/Centel

DESCRIPTION:

United/Centel's Responses to MCImetro's 1st Set of Interrogatories Nos. 6-17.

PROFFERING PARTY: Staff

I.D. # FBP-5

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950985-TP EXHIBIT NO. 42
COMPANY/ WITNESS: Poag
DATE: 3/13/96

6. Please explain in detail how the information provided in response to Interrogatory No. 1 was developed and identify any cost studies relied on in the preparation of that response.

Answer: The study was done using the SCIS model. The Switching Cost Information System ("SCIS") model, licensed from Bellcore, identifies two separate components of a call. The first is the non-conversation time, call set up function, which establishes a connection for the call, including incomplete calls. Call set up does not include any usage. The second is the usage function, which consists of the actual on line conversation time and non-conversation time associated with ringing, fraud and any other situation that results in no billing for the call to an end user.

7. **Please explain in detail how the information provided in response to Interrogatory No. 2 was developed and identify any cost studies relied on in the preparation of that response.**

Answer: The cost developed in response to Interrogatory No. 2 was developed using LOOPCOST, a Symphony-based, macro-driven personal computing model that guides the user in developing monthly recurring flat rate costs for the local loop. The subscriber loop (local loop) is the portion of the cable beginning at a serving wire center and ending at the customer premises. For purposes of the loop cost model, a serving wire center can be either a central office or a switching remote and a non-switching remote. A non-switching remote is considered part of the loop and is considered in the incremental cost development.

The LOOPCOST model calculates the incremental cost of an additional loop using forward-looking cable and equipment costs. Costs are calculated by distance bands in either airline distance or route distance.

8. Please explain in detail how the information provided in response to Interrogatory No. 3 was developed and identify any cost studies relied on in the preparation of that response.

Answer: No cost study was developed in response to Interrogatory No. 3. A forecast of the loops and their lengths would be required to provide a cost study of unbundled loops.

9. Please explain in detail how the information provided in response to Interrogatory No. 4 was developed and identify any cost studies relied on in the preparation of that response.

Answer: This cost information was developed in three parts - the switching, loop and transport. The loop costs were developed as stated in Interrogatory No. 7.

The switch costs were developed using Bellcore's proprietary Switching Cost Information System (SCIS) model. The SCIS model is a spreadsheet that calculates switching cost based on engineering inputs.

The transport costs were developed using LOOPCOST model which is also a spreadsheet model that determines transport costs based on engineering inputs.

10. Please explain in detail how the information provided in response to Interrogatory No. 5 was developed and identify any cost studies relied on in the preparation of that response.

Answer: This cost information was developed in three parts - the switching, loop and transport. The loop costs were developed as stated in Interrogatory No. 7.

The switch costs were developed using Bellcore's proprietary Switching Cost Information System (SCIS) model. The SCIS model is a spreadsheet that calculates switching cost based on engineering inputs.

The transport costs were developed using LOOPCOST model which is also a spreadsheet model that determines transport costs based on engineering inputs.

11. Please provide the average monthly revenue that you received per unit of service during the most recent 12-month period for which data is available for (a) basic residential service and (b) basic business service.

Objection: In addition to the general objections stated above, which are incorporated herein by reference, the Companies object to the question on grounds that answering the question would be burdensome. Due to the way the Companies' accounting systems are designed, the Companies do not maintain the information necessary to answer this question with precision in the ordinary course of business and it would take a significant amount of time and effort to gather the requested information. However, the Companies can and will provide an answer consisting of their average tariffed R-1 and B-1 rates.

Answer: See objection. The statewide average monthly R-1 and B-1 rates are shown below. These averages reflect year-end 1995 demand by rate group.

	United	Centel
R-1	$ 8.76	$ 9.08
B-1	20.91	20.55

These average rates do not include the subscriber line charge or touch tone charges.

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12. **What is the average minutes per month of local calling per residential access line in your Florida service territory?**

Answer: For United, based on an October 1986 study (11 exchanges, sample size = 7,517 R-1, B-1, PBX trunk and rotary access lines), the average residential access line has 305 local minutes of use (MOU) per month. This was published in United's 1989 rate case, Docket No. 891239-TL, in FPSC MFR Schedule E-9. Centel does not have a comparable usage study.

13. What is the average minutes per month of local calling per business access line in your Florida service territory?

Answer: For United, based on an October 1986 study, (11 exchanges, sample size = 7,517 R-1, B-1, PBX trunk and rotary access lines), the average business one-party access line (B-1) has 379 local minutes of use (MOU) per month. This was published in United's 1989 rate case, docket number 891239-TL, in FPSC MFR Schedule E-9. Centel does not have a comparable usage study.

14. What is the average call duration for local calls from residential access lines in your Florida service territory?

Answer: For United, based on an October 1986 study (11 exchanges, sample size = 7,517 R-1, B-1, PBX trunk and rotary access lines), the average holding time or call duration per local call for residential access lines is 3.79 MOU/call. Centel does not have a comparable usage study.

15. What is the average call duration for local calls from business access lines in your Florida service territory?

Answer: For United, based on an October 1986 study (11 exchanges, sample size = 7,517 R-1, B-1, PBX trunk and rotary access lines), the average holding time or call duration per local call for business one-party (B-1) access lines is 2.06 MOU/call. Centel does not have a comparable usage study.

16. Please provide your intrastate switched access rates, by rate element, per minute of use: (a) in effect today, and (b) projected to be in effect on October 1, 1996.

Answer: Sprint-United/Centel's current intrastate switched access rates are as follows:

Rate Elements	UTF Rate level as of 02/06/96	CF Rate level as of 02/06/96
Carrier Common Line		
Originating	$0.025800	$0.030400
Terminating	$0.033600	$0.038200
Transport		
DS1 Entrance Facility	$0.000970	$0.000970
Residual Interconnection	$0.013997	$0.021037
Switched Common Transport per MOU per mile	$0.000040	$0.000040
Facilities Termination per MOU	$0.000200	$0.000200
Access Tandem Switching	$0.000880	$0.000880
Local Switching	$0.009800	$0.009800
Line Termination	$0.007900	$0.007900

By statute, the Companies are required to reduce switched access charges by 5% annually until the rates are at December 31, 1994, interstate rate levels.

17. Please provide your proposed local interconnection charges, by rate element, per minute of use. If you propose to modify these rates on October 1, 1996, please provide your estimate of the rate which you would propose to take effect on that date.

Answer: Sprint-United/Centel's proposed local interconnection rate levels as of February 6, 1996, are as follows:

Rate Elements	Tandem	End Office
Transport		
DS1 Entrance Facility	$0.000970	$0.000970
Switched Common Transport per MOU per mile	$0.000040	
Facilities Termination per MOU	$0.000200	
Access Tandem Switching	$0.000880	
Local Switching	$0.009800	$0.009800
Line Termination	$0.007900	$0.007900

Since local interconnection rates are tied to Sprint-United/Centel's intrastate switched access rates, local interconnection rates will also experience a reduction as a result of the statutory requirement. Sprint-United/Centel will propose to remove the line termination rate element. Please reference the Companies' answer to Interrogatory No. 16.

VERIFICATION

STATE OF FLORIDA
COUNTY OF LEON

I, F. BEN POAG, Director-Tariff & Regulatory for United Telephone Company of Florida, have read the foregoing Responses of Central Telephone Company of Florida and United Telephone Company of Florida to MCImetro's First Set of Interrogatories in Docket Nos. 950984-TP and 950985-TP. I am informed and to the best of my knowledge believe the information contained in the Answers to be true and correct.

F. BEN POAG

Sworn to and subscribed before me this 28 day of February, 1996.

Affiant is personally known to me.

Notary Public

My Commission Expires:

J. JEFFRY WAHLEN
MY COMMISSION # CC 40630
EXPIRES: August 6, 1999
Bonded Thru Notary Public Underwriters