

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition by MCI)
Telecommunications Corporation)
for arbitration with United)
Telephone Company of Florida and)
Central Telephone Company of)
Florida concerning) DOCKET NO. 961230-TP
interconnection rates, terms,) ORDER NO. PSC-96-1530-PHO-TP
and conditions, pursuant to the) ISSUED: DECEMBER 16, 1996
Federal Telecommunications Act)
of 1996.)
_____)

Pursuant to Notice, a Prehearing Conference was held on December 12, 1996, in Tallahassee, Florida, before Commissioner Diane K. Kiesling, as Prehearing Officer.

APPEARANCES:

Richard D. Melson, Esquire, Hopping Green Sams & Smith,
P.A., P.O. Box 6526, Tallahassee, Florida 32314; Martha
McMillin, Esquire, 780 Johnson Ferry Road, Suite 700,
Atlanta, Georgia 30342
MCI Telecommunications Corporation and MCImetro Access
Transmission Services, Inc.

John P. Fons, Esquire, J. Jeffry Wahlen, Esquire, Ausley
& McMullen, P.O. Box 391, Tallahassee, Florida 32302
On behalf of United Telephone Company of Florida and
Central Telephone Company of Florida.

Martha C. Brown, Esquire, Wm. Cochran Keating, Esquire,
Florida Public Service Commission, 2540 Shumard Oak
Boulevard, Tallahassee, Florida 32399-0850
On behalf of the Commission Staff.

PREHEARING ORDER

I. CASE BACKGROUND

On May 6, 1996, MCI Telecommunications Corporation, individually and on behalf of its affiliates, including MCImetro Access Transmission Services, Inc. (collectively, MCI), formally requested negotiations with United Telephone Company of Florida and Central Telephone Company of Florida (collectively, Sprint), under Section 251 of the Telecommunications Act of 1996 (the Act). On October 11, 1996, MCI filed with this Commission a Petition for Arbitration Under the Telecommunications Act of 1996.

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II. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

A. Any information provided pursuant to a discovery request for which proprietary confidential business information status is requested shall be treated by the Commission and the parties as confidential. The information shall be exempt from Section 119.07(1), Florida Statutes, pending a formal ruling on such request by the Commission, or upon the return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been used in the proceeding, it shall be returned expeditiously to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of the proceeding, it shall be returned to the person providing the information within the time periods set forth in Section 364.183(2), Florida Statutes.

B. It is the policy of the Florida Public Service Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 364.183, Florida Statutes, to protect proprietary confidential business information from disclosure outside the proceeding.

In the event it becomes necessary to use confidential information during the hearing, the following procedures will be observed:

- 1) Any party wishing to use any proprietary confidential business information, as that term is defined in Section 364.183, Florida Statutes, shall notify the Prehearing Officer and all parties of record by the time of the Prehearing Conference, or if not known at that time, no later than seven (7) days prior to the beginning of the hearing. The notice shall include a procedure to assure that the confidential nature of the information is preserved as required by statute.
- 2) Failure of any party to comply with 1) above shall be grounds to deny the party the opportunity to present evidence which is proprietary confidential business information.
- 3) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the Court Reporter, in envelopes clearly marked with the nature of the contents. Any party wishing to examine the confidential material that is not

subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.

- 4) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise the confidential information. Therefore, confidential information should be presented by written exhibit when reasonably possible to do so.
- 5) At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the Court Reporter shall be retained in the Division of Records and Reporting confidential files.

Post-hearing procedures

Rule 25-22.056(3), Florida Administrative Code, requires each party to file a post-hearing statement of issues and positions. A summary of each position of no more than 50 words, set off with asterisks, shall be included in that statement. If a party's position has not changed since the issuance of the prehearing order, the post-hearing statement may simply restate the prehearing position; however, if the prehearing position is longer than 50 words, it must be reduced to no more than 50 words. The rule also provides that if a party fails to file a post-hearing statement in conformance with the rule, that party shall have waived all issues and may be dismissed from the proceeding.

A party's proposed findings of fact and conclusions of law, if any, statement of issues and positions, and brief, shall together total no more than 60 pages, and shall be filed at the same time. The prehearing officer may modify the page limit for good cause shown. Please see Rule 25-22.056, Florida Administrative Code, for other requirements pertaining to post-hearing filings.

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III. PREFILED TESTIMONY AND EXHIBITS

Testimony of all witnesses to be sponsored by the parties (and Staff) has been prefiled. All testimony which has been prefiled in this case will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to appropriate objections. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. After all parties and Staff have had the opportunity to object and cross-examine, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer.

IV. ORDER OF WITNESSES

<u>WITNESS</u>	<u>APPEARING FOR</u>	<u>ISSUES</u>
<u>DIRECT/REBUTTAL</u>		
Don Price ¹ (Direct & Rebuttal)	MCI & MCImetro	3d, 16, 19
Jerry R. Murphy (Direct & Rebuttal)	MCI & MCImetro	2, 21, 23
Richard Cabe (Direct & Rebuttal)	MCI & MCImetro	2, 3b
Greg Darnell (Direct & Rebuttal)	MCI & MCImetro	7, 9

¹ Don Price will not appear at hearing. All portions of his testimony and exhibits relating to Issues 3d, 16, and 19 will be stipulated into the record of the hearing pursuant to paragraph 2 of the parties Stipulation and Agreement, attached hereto as Attachment I.

<u>WITNESS</u>	<u>APPEARING FOR</u>	<u>ISSUES</u>
Don Wood (Direct)	MCI & MCImetro	2, 3b, 3c
Michael R. Hunsucker (Direct & Supplemental Direct)	Sprint	2, 3b, 3c, 7, 9, 21, 23
Randy G. Farrar (Direct & Supplemental Direct)	Sprint	3b and 9
James D. Dunbar, Jr. (Direct, Supplemental Direct & Rebuttal)	Sprint	3b

V. BASIC POSITIONS

MCI: This arbitration proceeding, and others like it, will shape the future of local competition for years to come. The Telecommunications Act of 1996 (Act) sets forth numerous standards that the Commission must apply in resolving the issues submitted for arbitration. Among these is the provision in Section 252(c) which states that the Commission must apply the requirements set forth in the regulations prescribed by the Federal Communications Commission (FCC) pursuant to Section 251 of the Act (FCC Rules).

The United States Eighth Circuit Court of Appeals has entered a partial stay of the FCC Rules. The Commission is, of course, required to apply the remaining, unstayed provisions of those rules. Although the Commission is not required at this time to apply the pricing provisions of those rules as a result of the stay, it is still required to comply with the pricing provisions of the Act. The Eighth Circuit did not consider, much less decide, whether the FCC's pricing rules are inconsistent with the Act. Rather, the stay was issued solely on the ground that a question exists about the FCC's authority to promulgate pricing rules. The pricing principles contained in the FCC Rules are consistent with sound economic principles and with the terms of the Act. The

Act requires the Commission to set rates based on forward-looking economic cost (TELRIC). Any other costing methodology, such as one based on historical costs, would effectively create a barrier to entry and would violate the Act. MCI therefore urges the Commission to adopt pricing principles in this proceeding which follow the FCC Rules to the maximum extent possible, consistent with the Commission's view of any Florida-specific public interest factors.

In resolving the numerous issues presented in this proceeding, the Commission should ask:

- Does its decision create an environment that promotes investment and the development of a flourishing array of new services?
- Does it establish prices that mirror a fully competitive market?
- Does it provide vigilant oversight against anti-competitive practices?

Four of the major issues in this proceeding are the appropriate price for unbundled network elements; the appropriate prices, terms and conditions for the transport and termination of local traffic; the extent to which Sprint is required to allow its services to be resold; and the appropriate wholesale price for such resold services.

With respect to unbundled network elements, the prices for such elements should be based on their forward-looking economic cost in accordance with total element long-run incremental cost (TELRIC) principles. The Hatfield Model results presented by MCI in this docket include all costs that would be incurred by an efficient wholesale provider of unbundled network elements, and therefore provide a reasonable basis for setting rates consistent with TELRIC principles.

With respect to transport and termination of local traffic, prices should be symmetrical and should be based on their forward-looking economic cost in accordance with total element long-run incremental cost (TELRIC) principles.

With respect to resale of Sprint services, the Commission should not permit Sprint to withhold any services from resale, nor to impose unreasonable or discriminatory restrictions or limitations on resale. The prices for resold services should be set to reflect the retail costs that Sprint avoids when it provides services on a wholesale basis. The avoided cost study presented by MCI in this docket provides a reasonable basis on which to set discounts of 20.49% (United) and 21.37% (Centel) for such wholesale services.

SPRINT: This arbitration proceeding was instituted at the request of MCI pursuant to Section 252(b) of the Communications Act of 1934, as amended by the Telecommunications Act of 1996 ("Act"). In its Petition for Arbitration ("Petition"), MCI has requested arbitration of 13 categories of allegedly unresolved issues. A number of the issues identified by MCI in its Petition as being unresolved have, in fact, been resolved or will be resolved before the scheduled hearings. Moreover, there are other issues raised by MCI which are beyond the authority of the Commission which is established in Sections 251 and 252 of the Act. These issues have been addressed in Sprint's Motion to Dismiss.

Sprint has negotiated with MCI in a good-faith effort to resolve all of MCI's request for interconnection, unbundling and resale of services. Some of what MCI has requested is based upon the FCC's First Report and Order and Rules in CC Docket No. 96-98, portions of which have been stayed pending appeal by the Eighth Circuit Court of Appeals; specifically the "pricing" and "pick and choose" provisions. Sprint, nonetheless, agrees with MCI that the prices established by the Commission for local call termination and unbundling should be based upon Total Element Long Run Cost ("TELRIC") plus an allocation of common cost. It is important that the Commission adopt a costing methodology which will be applied consistently on a statewide, industry-wide basis.

The positions taken by Sprint on local call termination, unbundling, resale of services and the other issues are fair and reasonable. Moreover, Sprint continues to work with MCI to resolve these issues without requiring arbitration by the Commission. To the extent there are unresolved issues, the Commission should adopt Sprint's positions. Adoption of Sprint's positions will achieve the requirements of the Act; will promote efficient and

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effective local competition; and will bring the benefits of competition to the broadest number of consumers as quickly as possible.

STAFF: Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions.

VI. ISSUES AND POSITIONS

ISSUE 2: What is the appropriate compensation mechanism for the exchange of local traffic between MCI and Sprint?

MCI: The compensation mechanism for transport and termination of local traffic between MCI and Sprint should use symmetrical rates for transport and termination set in accordance with total element long run incremental cost principles. The Hatfield Model produces costs calculated in accordance with these principles for tandem switching, local switching and transport.

SPRINT: Call termination compensation should be reciprocal and symmetrical where both MCI and Sprint provide the same or equivalent call termination functionality. More specifically, if MCI interconnects at the Sprint tandem and MCI does not provide the equivalent tandem switching and transport functions, Sprint should not be required to pay MCI the tandem switching and transport rate elements.

STAFF: No position at this time.

ISSUE 3b: What is the appropriate cost methodology for setting the price of each of the following items considered to be network elements, capabilities, or functions:

- Network Interface Device
- Unbundled Loop
- Loop Distribution
- Local Switching
- Operator Systems (DA Service/911 Service)
- Multiplexing/Digital Cross-Connect

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Dedicated Transport
Common Transport
Tandem Switching
Signaling Link Transport
Signal Transfer Points
Service Control Points/Databases

MCI: The price of unbundled elements should be based on the forward-looking, long-run economic costs, calculated in accordance with TELRIC principles, that a wholesale-only LEC would incur to produce the entire range of unbundled network elements. These costs are calculated by the Hatfield Model.

SPRINT: In general, the Commission should employ the TELRIC standard, notwithstanding the Court's stay, with an allowance for the recovery of a portion of Sprint's common costs. The prices for geographically deaveraged unbundled loops should be based on Census Block Group cost developed in the Benchmark Cost Model, version 2 ("BCM-2"), plus a common cost allocation. The Hatfield model is flawed and should not be used.

STAFF: No position at this time.

ISSUE 3c: What should be the price of each of the items listed in Issue 3b above?

MCI: The appropriate prices for the major unbundled network elements are set forth in the direct testimony of Mr. Wood.

SPRINT: The price of each unbundled element should be based on the TELRIC of each element plus a contribution to common costs. The Commission should adopt the prices set forth in Exhibit MRH-6.

STAFF: No position at this time.

ISSUE 7: What is the scope of Sprint's obligation, if any, to resell voice mail and inside wire maintenance?

MCI: Section 251(c)(4) of the Act requires Sprint to offer for resale any telecommunications service that it provides at

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retail to end use customers who are not telecommunications carriers. Thus no retail services should be excluded from resale. Specifically, voice mail service and inside wire maintenance service must be made available for resale.

SPRINT: Voice mail and inside wire maintenance are not telecommunications services under the Act and thus are not required to be offered by Sprint for resale.

STAFF: No position at this time.

ISSUE 9: What is the appropriate methodology to determine the avoided cost amounts to be applied to Sprint's retail rates when MCI purchases such services for resale?

MCI: Section 252(d)(3) of the Act requires wholesale rates to be based on the retail rates for the service less costs that are avoided by Sprint as a result of offering the service on a wholesale basis. The application of this standard produces wholesale rates for Sprint-United that are 20.49% below the current retail rates and for Sprint-Centel that are 21.37% below the current retail rates.

SPRINT: First, Sprint's expenses, at seven-digit subaccount level, should be reviewed to determine whether they are avoided or non-avoided in a wholesale environment. Second, an activity-based study methodology should be used to identify the appropriate levels of avoided expenses associated with each account. The revenues for the various services and the net avoided expenses are categorized into retail service groups. Third, the net avoided cost for the retail service group should be divided by the total revenues for the service group to develop the percent discount applicable to the rates of the individual services included in each retail service group. Exhibit RGF-1, the user guide, provides a more detailed explanation of this avoided cost study methodology.

STAFF: No position at this time.

ISSUE 21: Should Sprint be prohibited from placing any limitations on the interconnection between two carriers collocated on Sprint's premises, or on the types of equipment that can be collocated, and or on the types of users and availability of the collocated space?

MCI: Yes, Sprint should be prohibited from placing such limitations. MCI should have the ability to collocate equipment of its choice, including remote digital line units.

SPRINT: Yes. Sprint will allow MCI to connect Sprint provided services and unbundled elements to MCI's facilities at an MCI collocation point and to any other party as provided in paragraph 595 of the FCC Order. However, collocation of remote digital line units is not required pursuant to the FCC Rules, Section 51.323, which states that, "Nothing in this section requires an incumbent LEC to permit collocation of switching equipment or equipment used to provide enhanced services."

STAFF: No position at this time.

ISSUE 23: What capacity, engineering and related information should be provided by Sprint regarding its poles, ducts, conduits, and rights-of-way? What compensation, if any, is appropriate?

MCI: Sprint should provide current detailed engineering and other plant drawings of poles, ducts, conduits and rights of way to MCI within two business following request for access to such information, as set forth in Attachment VI, Section 3.7 of MCI's proposed interconnection agreement.

SPRINT: Sprint will provide MCI access to detailed engineering records and other plant drawings and will charge MCI an appropriate amount for such access.

STAFF: No position at this time.

VII. EXHIBIT LIST

<u>WITNESS</u>	<u>PROFFERED BY:</u>	<u>I.D. NO.</u>	<u>DESCRIPTION</u>
Don G. Price	MCI and MCImetro	Petition Exhibit No. 1	Letter to Sprint requesting negotiations
		Petition Exhibit No. 2	MCImetro/ILEC Interconnec- tion Agreement
		Petition Exhibit No. 3	Issues Matrix
Don J. Wood	MCI and MCImetro	_____	Resume
		(DGP-1)	
		_____	Resume
		(DJW-1)	
Richard Cabe	MCI and MCImetro	_____	Hatfield Model User Inputs
		(DJW-2)	
		_____	Hatfield Model Results
		(DJW-3)	
Greg L. Darnell	MCI and MCImetro	_____	Hatfield Model Description
		(DJW-4)	
Richard Cabe	MCI and MCImetro	_____	Resume
		(RC-1)	
Greg L. Darnell	MCI and MCImetro	_____	MCI Avoided Cost Model Summary
		(GLD-1)	
		_____	MCI Avoided Cost Model Summary (reformatted)
		(GLD-2)	
Michael R. Hunsucker	Sprint	_____	FCC Rules Stayed by the Court
		(MRH-1)	

<u>WITNESS</u>	<u>PROFFERED BY:</u>	<u>I.D. NO.</u>	<u>DESCRIPTION</u>
Michael R. Hunsucker	Sprint	_____	MCI/Sprint
		(MRH-2)	Negotiations
		_____	Chronology
		(MRH-3)	Sprint Resale
		_____	and
		(MRH-4)	Interconnec- tion Agreement
James D. Dunbar, Jr.	Sprint	_____	Most Favored
		(MRH-5)	Nations Sprint
		_____	Proposed
		(MRH-6)	Contract
		_____	Language
		(MRH-5)	Network
Randy G. Farrar	Sprint	_____	Element Bona
		(MRH-6)	Fide Request
		_____	Price List for
		(MRH-6)	Unbundled
		_____	Elements
		(JDD-1)	Benchmark Cost
James D. Dunbar, Jr.	Sprint	_____	Model 2
		(JDD-2)	Methodology
		_____	Deaveraged
James D. Dunbar, Jr.	Sprint	_____	Investment by
		(JDD-3)	Census Block
		_____	Group
Randy G. Farrar	Sprint	_____	Switch
		(JDD-3)	Investment/ Line Host &
		_____	Remotes Chart
Randy G. Farrar	Sprint	_____	Avoided Cost
		(RGF-1)	Study User
		_____	Guide
Randy G. Farrar	Sprint	_____	Avoided Cost
		(RGF-2)	Study
		_____	Unbundled
Randy G. Farrar	Sprint	_____	Network
		(RGF-3)	Elements Cost
		_____	Studies

Parties and Staff reserve the right to identify additional exhibits for the purpose of cross-examination.

VIII. PROPOSED STIPULATIONS

The parties have stipulated into the record MCI's Petition Exhibit 1, Petition Exhibit 2, and Petition Exhibit 3. MCI and Sprint have offered a Stipulation and Agreement which is attached hereto as Attachment I and incorporated into this Order by reference. The parties have indicated that additional stipulations may be offered. Any additional stipulations shall be raised as a preliminary matter at hearing.

IX. RULINGS

1) MCI's Request for Mediation Plus

MCI's Petition contains a proposal to establish a Mediation Plus procedure to be included in the arbitration process. The time limits imposed by Section 252 preclude the possibility of granting MCI's request for Mediation Plus. See Order No. PSC-96-1098-PCO-TP, issued August 27, 1996. Therefore, MCI's request for a Mediation Plus procedure is denied.

2) Sprints' Motion to Dismiss

Sprint filed a Motion to Dismiss those portions of MCI's Petition dealing with (1) MCI's proposed Mediation Plus procedure, (2) provision of dark or dim fiber as an unbundled network element, (3) resale of voice mail, inside wire maintenance, and calling cards, (4) any liquidated damages provision, and (5) any issue which MCI has failed to support with relevant documentation. In the separate ruling above, MCI's request for Mediation Plus procedure has been denied. Sprint has withdrawn its Motion as to provision of dim or dark fiber, resale of calling card services, and issues not supported by documentation.

As to the remaining issues, resale of voice mail and inside wire maintenance, Sprint's Motion to Dismiss is denied. Voice mail and inside wire maintenance are arguably within the scope of issues the Commission may arbitrate under the Act. Evidence on these issues may be presented before the full Commission at hearing.

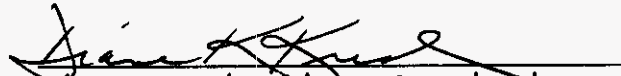
3) Sprint's Motion to Compel

The parties have reached agreement concerning the subject of Sprint's Motion to Compel, and Sprint has withdrawn this Motion.

It is therefore,

ORDERED by Commissioner Diane K. Kiesling, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

By ORDER of Commissioner Diane K. Kiesling, as Prehearing Officer, this 16th day of December, 1996.


Diane K. Kiesling, Commissioner
and Prehearing Officer

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: 1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; 2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or 3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

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STIPULATION AND AGREEMENT

This Stipulation and Agreement (Stipulation) is entered into this ____ day of December, 1996, by and among MCI Telecommunications Corporation and MCImetro Access Transmission Services, Inc. (collectively, MCI) and United Telephone Company of Florida and Central Telephone Company of Florida (collectively, Sprint).

WHEREAS, MCI and Sprint have been engaged in negotiations under the Telecommunications Act of 1996 (Act) since May, 1996, regarding the prices, terms and conditions of a comprehensive agreement to govern local interconnection, purchase of unbundled network elements, resale of telecommunications services, and other related matters; and

WHEREAS, on October 11, 1996, MCI filed a petition with the Florida Public Service Commission (FPSC) for arbitration, pursuant to Section 252 of the Act, of unresolved issues between the parties, which petition was assigned Docket No. 961230-TP and set for hearing on December 18-19, 1996; and

WHEREAS, in accordance with FPSC procedures, MCI and Sprint identified a list of the major issues to be arbitrated (Issues), a copy of which is attached to this Stipulation as Exhibit A; and

WHEREAS, on December 2, 1996, the FPSC made its decisions on a number of issues in arbitration proceedings between MCI and BellSouth Telecommunications, Inc. in Docket No. 960847-TP and between MCI and General Telephone Company of Florida in Docket No. 960980-TP which are similar or identical to the Issues identified for resolution in Docket No. 961230-TP; and

WHEREAS, the FPSC will reduce these decisions to writing in final orders to be issued in Docket No. 960847-TP (BST Order) and in Docket No. 960980-TP (GTE Order), respectively; and

WHEREAS, in order to minimize the time and expense of further litigation, the parties are willing to accept the decisions of the FPSC contained in the BST Order and/or the GTE Order (as such decisions may be modified by any subsequent appellate ruling), on a number of issues as a resolution of Issues in Docket No. 961230-TP between MCI and Sprint, subject to the conditions and limitations set forth below; and

WHEREAS, based on the current status of negotiations and the procedures established by the FPSC in Docket Nos. 960847-TP and 960980-TP for the post-decision submission for approval of arbitrated agreements or competing proposals for agreements, MCI and Sprint have identified a number of additional Issues which they no longer wish to have the FPSC resolve in the order to be

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issued as a result of the December 18-19, 1996 hearings, subject to the conditions and limitations set forth below.

NOW THEREFORE, MCI and Sprint, in consideration of the mutual promises made herein, agree as follows:

1. Resolved by BST and/or GTE Orders. As detailed in subparagraphs (a) to (i), MCI and Sprint agree to accept the decisions of the FPSC set forth in the BST Order and/or the GTE Order on the following Issues as though those decisions were rendered by the FPSC in Docket No. 961230-TP and set forth in full in the final order in that docket. In the event that any party to Docket Nos. 960847-TP or 960980-TP seeks judicial review of any of these decisions, MCI and Sprint agree to be bound by the FPSC's decisions in the BST Order and/or the GTE Order during the pendency of any such review. If any such decisions are modified by a subsequent order of the FPSC or a reviewing court, and such subsequent order has become final and nonappealable, MCI and Sprint at that time will become bound by the decisions as modified in that final, nonappealable order. In the event the final decision is modified in the BST Order or the GTE Order, but not both, MCI and Sprint will attempt to agree on which version shall control and, failing agreement, shall submit the matter to the FPSC for resolution. No evidence will be presented on these Issues during the December 18-19, 1996 hearings. The resolution of these Issues will be treated for all purposes as if that resolution resulted from an arbitrated decision by the FPSC.

(a) The BST Order and the GTE Order shall govern the resolution of Issues 3a, 4, 10, 11, 12, 14, 17, 18, 20, 22, 25, 26, 27, 28, and 29.

(b) The BST Order shall govern the resolution of Issues 5 and 11b.

(c) The GTE Order shall govern the resolution of Issue 6.

(d) The GTE Order shall govern the resolution of Issue 1. MCI and Sprint agree that, with respect to mid-span meets for local interconnection facilities, Sprint will build facilities to its service boundary, or half the distance to MCI's switch, whichever is less.

(e) The BST Order and the GTE Order shall govern the resolution of Issues 7 and 8, except that scope of Sprint's obligation (if any) to resell voice mail service and inside wire maintenance service shall be resolved as set forth in Paragraph 3 of this Stipulation in the event Sprint's Motion to Dismiss is not granted. Sprint agrees that in connection with resold

services, MCI can store in Sprint's LIDB the same line number and PIN previously used by the customer for calling card service.

(f) The BST Order and the GTE Order shall govern the resolution of Issue 13, except that Sprint shall have until February 1, 1997 to take the actions that BellSouth and GTEFL are required to take by January 1, 1997.

(g) The BST Order and the GTE Order shall govern the resolution of Issue 15, except that Sprint shall implement CABS-formatted billing in early third quarter 1997, but no later than the end of third quarter 1997.

(h) The BST Order and the GTE Order shall govern the resolution of Issue 21, except that the scope of Sprint's obligation (if any) to allow collocation of remote digital line units shall be resolved as set forth in Paragraph 3 of this Stipulation.

(i) The BST Order and the GTE Order shall govern the resolution of Issue 23, except that the compensation (if any) to be paid to Sprint for access to engineering and related information shall be resolved as set forth in Paragraph 3 of this Stipulation.

2. To Be Resolved by Negotiation or Submission of Competing Agreements. MCI and Sprint will continue to negotiate Issues 3d, 16, and 19. If the parties are able to resolve these Issues prior to the deadline to submit either a final arbitrated agreement or competing proposed final agreements to the FPSC for approval (i.e. 30 days after the entry of the FPSC's final order on the arbitrated issues), each party will include a proposed resolution of the Issue in its proposed final agreement. These issues will not be submitted to the FPSC for resolution in the order to be issued as a result of the December 18-19, 1996 hearings. Nevertheless, all prefiled testimony and exhibits relating to these issues will be stipulated into the record of those hearings to provide a record basis for the FPSC, if required, to choose one of the parties' competing proposed final agreements.

3. To Be Resolved by Negotiation or Arbitration. MCI and Sprint will continue to negotiate the following Issues or sub-Issues. To the extent the parties are unable to resolve these Issues or sub-Issues prior to the start of the December 18-19, 1996 hearings, they will be arbitrated by the FPSC.

(a) The part of Issues 7 and 8 relating to the scope of Sprint's obligation (if any) to resell voice mail service and inside wire maintenance service.

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(b) The part of Issue 21 relating to the scope of Sprint's obligation (if any) to allow collocation of remote digital line units.

(c) The part of Issue 23 relating to the compensation (if any) to be paid to Sprint for access to engineering and related information.

4. To Be Resolved by Arbitration. At this time, the following Issues remain to be arbitrated by the FPSC. Nothing shall preclude the parties from subsequently negotiating a resolution of these issues.

(a) Issues 2, 3b, 3c and 9 remain to be arbitrated in their entirety.

5. Withdrawn From Arbitration. MCI withdraws Issue 24 from arbitration.

6. Approval By Commission. MCI and Sprint will file this Stipulation in Docket No. 961230-TP for approval by the FPSC no later than the start of the December 18-19, 1996 hearings. The parties will request that this Stipulation be attached to, and incorporated by reference in, the final order issued by the FPSC in this docket.

7. Scope of Agreement. This Stipulation is entered into to limit the issues to be heard at the December 18-19, 1996 hearings in Docket No. 961230-TP, and it is not intended to be an agreement pursuant to Section 252 of the Act. It is an agreement that the resolution of various Issues set forth in Paragraph 1 will be included in the final agreement (or the competing proposed final agreements) submitted to the FPSC for approval under Section 252 of the Act at the conclusion of the arbitration proceeding. For ease of reference, a summary of the manner in which the Issues are dealt with by this Stipulation is physically attached hereto as Attachment 1. This attachment is included for informational purposes only and is not a part of the Stipulation.

8. Modification. This Stipulation can be modified only by a subsequent written agreement, including the final agreement submitted to the FPSC for approval under Section 252 of the Act at the conclusion of the arbitration proceeding (Final Agreement). The provisions of Paragraph 1 of this Stipulation will survive the execution of the Final Agreement, except to the extent the Final Agreement specifically states that all or identified portions of Paragraph 1 are superceded by such Final Agreement.

9. Governing Law. This Stipulation will be governed by the laws of the State of Florida.

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(signatures on following page)

ORDER NO. PSC-96-1530-PHO-TP
DOCKET NO. 961230-TP
PAGE 21

Dec. 11. 1996 4:31PM CARRIER & REGULATORY
To: R MELSON

No. 7654 P. 1/2

EXECUTED this 11th day of December, 1996.

Matthew Miller
for NCI Telecommunications
Corporation and NCI Metro
Access Transmission
Services, Inc.

[Signature]
for United Telephone Company
of Florida and Central
Telephone Company of Florida

EXHIBIT A
TO STIPULATION AND AGREEMENT

1. At what points should MCI be permitted to interconnect with Sprint and what are the appropriate trunking arrangements between MCI and Sprint for local interconnection?
2. What should be the compensation mechanism for the exchange of local traffic between MCI and Sprint?
- 3a. Are the following items [list omitted] considered to be network elements, capabilities or functions? If so, is it technically feasible for Sprint to provide MCI with these elements?
- 3b. What is the appropriate cost methodology for setting the price of each of the items considered to be network elements, capabilities, or functions?
- 3c. What should be the price of each of the items considered to be network elements, capabilities, or functions?
- 3d. What should be the process for identifying and requesting additional unbundled network elements?
4. What intrastate access charges, if any, should be collected on a transitional basis from carriers who purchase Sprint's unbundled local switching element? How long should any transitional period last?
5. Do the provisions of Sections 251 and 252 apply to access to dark fiber? If so, what are the appropriate rates, terms, and conditions?
6. Should MCI be allowed to combine unbundled network elements in any manner it chooses, including recreating existing Sprint services?
7. What services provided by Sprint, if any, should be excluded from resale?
8. Should Sprint be prohibited from imposing restrictions on the resale of Sprint services?
9. What is the appropriate methodology to determine the avoided cost amounts to be applied to Sprint's retail rates when MCI purchases such services for resale?
10. Should Sprint be required to provide notice to its wholesale customers of changes to Sprint's services? If so, in what manner and in what timeframe?

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11. When MCI resells Sprint's services, is it technically feasible or otherwise appropriate for Sprint to brand operator services and directory services calls that are initiated from those resold services?
- 11b. When Sprint's employees or agents interact with MCI's customers with respect to a service provided by Sprint on behalf of MCI, what type of branding requirements are technically feasible or otherwise appropriate?
12. When MCI resells Sprint's local exchange service, or purchases unbundled local switching, is it technically feasible or otherwise appropriate to 1) route 0+ and 0-calls to an operator other than Sprint's, 2) to route 411 and 555-1212 directory assistance calls to an operator other than Sprint's, or 3) to route 611 repair calls to a repair center other than Sprint's?
13. Should Sprint be required to provide real-time and interactive access via electronic interfaces as requested by MCI to perform the following [list omitted]:

If the process requires the development of additional capabilities, in what time frame should they be deployed? What are the costs involved, and how should these costs be recovered?
14. What type of customer authorization is required for access to customer account information and transfer of existing services?
15. What billing data format should be used to render bills to MCI for services and elements purchased from Sprint?
16. Where MCI resells a Sprint service, should Sprint be required to provide MCI with the billing information necessary for MCI to bill its customers for collect and third-party calls?
17. What are the appropriate rates, terms and conditions, if any, for rating information services traffic between MCI and Sprint?
18. Should Sprint be required to allow MCI to have an appearance (e.g. logo or name) on the cover of the white and yellow page directories?
19. What are the appropriate arrangements to provide MCI with nondiscriminatory access to white and yellow page directory listings?

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20. What should be the cost recovery mechanism for remote call forwarding (RCF) used to provide interim local number portability in light of the FCC's recent order?
21. Should Sprint be prohibited from placing any limitations on the interconnection between two carriers collocated on Sprint's premises, or on the types of equipment that can be collocated, and or on the types of users and availability of the collocated space?
22. What are the appropriate rates, terms and conditions for collocation (both physical and virtual)?
23. What capacity, engineering and related information should be provided by Sprint regarding its poles, ducts, conduits, and rights-of-way? What compensation, if any, is appropriate?
24. What are the appropriate rates, terms and conditions related to termination of 611 traffic?
25. What are the appropriate general contractual terms and conditions that should govern the arbitration agreement (e.g. resolution of disputes, performance requirements, and treatment of confidential information)?
26. What are the appropriate contractual provisions for liability and indemnification for failure to meet the requirements contained in the arbitrated agreement?
27. What are the appropriate standards, if any, for performance metrics, service restoration, and quality assurance related to services provided by Sprint for resale and for network elements provided to MCI by Sprint? How should compliance with such standards be monitored and enforced?
28. Should the agreement be approved pursuant to the Telecommunications Act of 1996?
29. What are the appropriate post-hearing procedures for submission and approval of the final arbitrated agreement?

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ATTACHMENT 1
 (for informational purposes only -- not part of stipulation)

ISSUE	RESOLUTION
1	Per GTE Order. MCI and Sprint agree that Sprint will construct interconnection facilities to its service boundary, or half the way to MCI's switch, whichever is less.
2	Arbitrate
3a	Per BST/GTE Orders
3b	Arbitrate
3c	Arbitrate
3d	Negotiate and/or Submit Competing Agreements
4	Per BST/GTE Orders
5	Per BST Order
6	Per GTE Order
7	Per BST/GTE Orders. Sprint agrees to allow MCI to store current line number and PIN in Sprint's LIDS. Negotiate or Arbitrate voice mail and inside wire in the event Sprint's Motion to Dismiss is not granted.
8	Per BST/GTE Orders, except Negotiate or Arbitrate voice mail, inside wire, and calling card services
9	Arbitrate
10	Per BST/GTE Orders
11	Per BST/GTE Orders
11b	Per BST Order
12	Per BST/GTE Orders
13	Per BST/GTE Orders, except substitute 2/1/97 for 1/1/97
14	Per BST/GTE Orders
15	Per BST/GTE Orders, except CABS formatted billing by early 3Q 1997 but NLT end of 3Q 1997
16	Negotiate and/or submit competing agreements
17	Per BST/GTE Orders
18	Per BST/GTE Orders
19	Negotiate and/or submit competing agreements
20	Per BST/GTE Orders
21	Per BST/GTE Orders, except Negotiate or arbitrate collocation of remote digital
22	Per BST/GTE Orders

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ISSUE	RESOLUTION
23	Per BST/GTE Orders, except Negotiate or arbitrate compensation for access to engineering records
24	Dropped
25	Per BST/GTE Orders
26	Per BST/GTE Orders
27	Per BST/GTE Orders
28	Per BST/GTE Orders
29	Per BST/GTE Orders

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