8-15
D 34

FLORIDA PUBLIC SERVICE COMMISSION
Capital Circle Office Center ● 2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

MEMORANDUM

February 26, 1996

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF COMMUNICATIONS (CHASE, REITH, DREW, LONG) RVE
DIVISION OF LEGAL SERVICES (CANZANO, EDMONDS, ELIAS)

RE: DOCKET NO. 950985-TP - 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.

AGENDA: MARCH 5, 1996 - REGULAR - POST HEARING DECISION - PARTICIPATION IS LIMITED TO COMMISSIONERS AND STAFF

SPECIAL INSTRUCTIONS: I:\PSC\CMU\WP\950985TP.RCM
MFS-FL'S AND MCIMETRO'S PETITION FOR INTERCONNECTION WITH BELLSOUTH

TABLE OF CONTENTS

LIST OF ACRONYMS USED IN RECOMMENDATION

AAV	Alternative Access Vendor
ALEC	Alternative Local Exchange Carrier
AT&T	AT&T Communications of the Southern States, Inc.
BST	BellSouth Telecommunications, Inc.
CCL	Carrier Common Line
CONTINENTAL	Continental Cablevision, Inc.
FCTA	Florida Cable Telecommunications Association
FIXCA	Florida Interexchange Carriers Association
FPTA	Florida Public Telecommunications Association, Inc.
GTEFL	GTE Florida Incorporated
ICI	Intermedia Communications of Florida, Inc.
IXC	Interexchange Carrier
LATA	Local Access and Transport Area
LEC	Local Exchange Carrier
LDDS	WorldCom, Inc. d/b/a LDDS WorldCom Communications
LRIC	Long Run Incremental Cost
LTR	Local Transport Restructure
McCaw	McCaw Communications of Florida, Inc.
MCImetro	MCI Metro Transmission Access Services, Inc.
MFS-FL	Metropolitan Fiber Systems of Florida, Inc.
RIC	Residual Interconnection Charge
SLC	Subscriber Line Charge
SPRINT	Sprint Communications Company, L.P.
TCG	Teleport Communications Group, Inc.
TSLRIC	Total Service Long Run Incremental Cost

TW/DMP	Time Warner AxS of Florida, L.P. and Digital Media Partners
US/USF	Universal Service/Universal Service Fund
USPC	Universal Service Preservation Charge

EXECUTIVE SUMMARY

On January 10-11, 1996, the Commission heard testimony regarding issues related to local interconnection between local exchange telephone companies (LECs) and alternative local telephone companies (ALECs). The 1995 Florida Legislature approved substantial revisions to Chapter 364, Florida Statutes. These changes included provisions that authorize the competitive provision of local exchange telecommunications service. When competition is introduced in the local market, it is necessary for the LECs and ALECs to exchange traffic in order for consumers to be able to call all other customers. This recommendation addresses the issues necessary to accomplish local interconnection arrangements between MFS-FL, MCImetro and BellSouth.

In Issue 1, for the exchange of local traffic, BellSouth and the ALECs should compensate each other on a per minute of use basis for terminating local traffic on each other's network. The rate for such interconnection should be equal to the switched access rates provided in the Stipulation which total approximately $0.01052. To reduce any adverse impact resulting from an imbalance of terminating local traffic between BellSouth and ALECs, a local exchange provider should not be required to compensate another local exchange provider for more than 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.

As an alternative recommendation for Issue 1, for the termination of local traffic, LECs and ALECs should compensate each other by mutual traffic exchange. Any party that believes that traffic is imbalanced to the point that the party is not receiving benefits equivalent to those it is providing through mutual traffic exchange may request the compensation mechanism be changed. Such a request should not be made until after at least one year of practical experience with local interconnection.

Contained in both the primary and alternative recommendations, staff is recommending that for originating and terminating intrastate toll traffic, the Commission require the parties to pay each other BellSouth's tariffed intrastate switched network access service rate on a per minute of use basis. This means that when an ALEC customer places a toll call to a BellSouth customer and the ALEC serves as the toll carrier, BellSouth should charge the ALEC terminating network access service rates and vice versa. If the ALEC is serving as a BellSouth customer's presubscribed long distance carrier, then BellSouth can charge the ALEC originating access charges and vice versa.

When it cannot be determined whether a call is local or toll, the local exchange provider should be assessed originating switched access charges for that call unless the local exchange provider originating the call can provide evidence that the call is actually a local call. BellSouth and the ALECs are encouraged to negotiate alternative terms for compensating each other for exchanging toll traffic. If an agreement for such terms is negotiated, the agreement should be filed with the Commission before it becomes effective.

Issue 2 of this recommendation addresses the issue of whether BellSouth should be required to tariff the interconnections arrangements. Staff recommends that the Commission require BellSouth to tariff its interconnection rates. By tariffing the rates, BellSouth meets the statute's requirement that interconnection rates be filed with the Commission. Tariffing the interconnection rates makes these rates generally available. If a company believes that its situation is different from the other ALECs in this proceeding, it may negotiate its own rates, terms, and conditions with BellSouth.

Issue 3 requires that BellSouth should establish meet-point billing arrangements with ALECs as it has with adjacent LECs. Meet-points, for rating purposes, should be established at mutually agreeable locations.

ALECs collocated in the same BellSouth wire center should be permitted to cross-connect without transiting the BellSouth switch. BellSouth should charge each ALEC one-half its special access cross-connect rate.

Carriers providing tandem switching or other intermediary functions should collect only those access charges that apply to the functions they perform. The Residual Interconnection Charge should be billed and collected by the carrier terminating the call, just as it is today among adjacent LECs.

Issue 4 recommends that the compensation arrangement provided in the Stipulation is appropriate for 800 calls originated by an ALEC's customer and terminating to an 800 number served by or through BellSouth. BellSouth should 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 should provide to BellSouth the appropriate records necessary for BellSouth to bill its customers. The records should 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 should reciprocate this arrangement.

Issues 5a and 5b identify the technical arrangements the Commission should require for the interconnection requirements for 911 and E911 service. For the 911 service, the Commission should require the following:

BellSouth should provide the ALECs with access to the appropriate BellSouth 911 tandems.

The ALECs should be responsible for providing the trunking, via leased or owned facilities which are capable of carrying Automatic Number Identification, to the 911 tandems.

All technical arrangements should conform with industry standards.

BellSouth should notify the ALECs 48 hours in advance of any scheduled testing or maintenance, and provide immediate notification of any unscheduled outage.

BellSouth should provide a list consisting of each municipality in Florida that subscribes to Basic 911 service, the E911 conversion date and a ten-digit directory number representing the appropriate emergency answering position for each municipality subscribing to 911 service.

Each ALEC should arrange to accept 911 calls from its customer and translate the 911 call to the appropriate 10-digit directory number and route that call to BellSouth at the appropriate tandem or end office.

When a municipality converts to E911 service, the ALEC should discontinue the Basic 911 procedures and begin the E911 procedures.

Staff recommends that the Commission require the following requires for the interconnection of E911 service:

BellSouth provide the ALECs with access to the appropriate BellSouth E911 tandems, including the designated secondary tandem.

If the primary tandem trunks are not available, the ALEC should alternate route the call to the designated secondary E911 tandem. If the secondary tandem trunks are not available, the ALEC should alternate route the call to the appropriate Traffic Operator Position System (TOPS) tandem.

The ALECs should be responsible for providing the trunking, via leased or owned facilities which are capable of carrying Automatic Number Identification, to the E911 tandems.

All technical arrangements should conform with industry standards.

BellSouth should notify the ALECs 48 hours in advance of any scheduled testing or maintenance, and provide immediate notification of any unscheduled outage.

BellSouth should provide ALECs with mechanized access to any database used for provisioning E911 service. MFS-FL, MCImetro and BellSouth should work together and file with this Commission, within 60 days from the date of this order, a comprehensive proposal for mechanized access to any database used for provisioning E911 service. The proposal should include cost and price support, and a list of operational procedures.

If a municipality has converted to E911 service the ALEC should forward 911 calls to the appropriate E911 primary tandem along with the ANI, based upon the current E911 end office to tandem homing arrangement as provided by BellSouth.

In Issue 6, staff recommends that the technical arrangement proposed by BellSouth be used to provide operator services. The technical arrangement is comprised of a dedicated trunk group arrangement from the ALEC's end office to the BellSouth Operator Service System. The trunk group can be the same as that used for Inward Operator Services (busy line verification and emergency interrupt services) and Operator Transfer Service. Staff also recommends that BellSouth's tariffed rates for busy line verification and emergency interrupt services be used to fulfill the financial requirements for operator handled traffic flowing between the respective ALECs and BellSouth.

In Issue 7, staff recommends that the Commission require BellSouth to list the ALEC's customers in BellSouth's directory assistance database. To ensure compatibility with BellSouth's database, BellSouth should provide the ALECs with the appropriate database format in which to submit the necessary information. BellSouth should update its directory assistance database under the same timeframes afforded itself.

Issue 8 recommends that the Commission require BellSouth to provide directory listings for ALEC customers in BellSouth's white page and yellow page directories at no charge. BellSouth should also distribute these directories to ALEC customers at no charge. To insure compatibility with BellSouth's database, BellSouth should provide the ALECs with the appropriate database format in which to submit the necessary information. Enhanced listings should be provided to ALEC customers at the same rates, terms and conditions offered to BellSouth customers.

Issue 9 recommends that the Commission require BellSouth to offer to ALECs a choice between one of the two options offered by BellSouth for billing and collection services. Under the first option, an ALEC may elect to have another RBOC serve as its Centralized Message Distribution System (CMDS) host. CMDS will provide the ALEC with the ability to bill for its services when the messages are recorded by a local exchange company. All messages originated by the ALEC but billable by another company, or that are originated by another company and billable by the ALEC, will be sent through that RBOC host for distribution.

Under the second option, BellSouth can be elected by the ALEC to serve as the CMDS host. The only requirement for this option is that the ALEC have Regional Accounting Office status, which means that the ALEC has been assigned its own RAO code from Bellcore. BellSouth will send CMDS all messages that are originated by an ALEC customer that are billable outside the BellSouth region. BellSouth will also forward all messages that originate outside the BellSouth region from CMDS to the ALEC for billing. This service will be provided via contract between the two companies.

In addition, BellSouth and ALECs can transmit billing information via electronic line feed or magnetic tapes as described in MFS-FL's testimony. Financial terms and conditions should be negotiated on a case by case basis between BellSouth and each ALEC.

Staff is also recommending that BellSouth and ALECs should transmit billing information via electronic line feed or magnetic tapes as described in MFS-FL's testimony. Staff recommends that BellSouth, MFS-FL, and MCImetro co-develop a billing and collection arrangement which addresses prices, methods, and procedures. This arrangement should be filed with the Commission within 60 days of the issuance of the Order.

Issue 10 recommends that ALECs and BellSouth should provide LEC-to-LEC Common Channel Signalling (CCS) to one another, where available, in conjunction with all POTS traffic, in order to enable full interoperability of CLASS/LASS features and functions. All privacy indicators should be honored, and ALECs and BellSouth should use industry standards for CCS signalling between their networks. Because CCS will be used cooperatively for the mutual handling of traffic, the ALECs and BellSouth should each be responsible for the costs associated with the installation and use of their respective CCS networks.

Issue 11 recommends that the Commission require BellSouth to provide interconnection, trunking and signalling arrangements at the tandem and end office levels. BellSouth should also provide ALECs with the option of interconnecting via one-way or two-way trunks. Mid-span meets should be permitted where technically and economically feasible and should be a negotiated arrangement.

Issue 12 recommends that the Commission require carriers providing any intermediary functions on calls routed through number portability solutions to collect only those access charges that apply to the functions they perform. The Residual Interconnection Charge should be billed and collected by the carrier terminating the call, just as it is today among adjacent LECs.

Issue 13 recommends that the Commission require the mechanized intercompany operational procedures, similar to the ones between IXCs and LECs today, to be co-developed by the ALECs and LECs. Operational disputes that ALECs and LECs are unable to resolve through negotiations should be handled by filing a petition or motion with the Commission or filing a complaint directly with the Division of Communications. Further, staff recommends that ALECs and BellSouth should adhere to the following requirements:

(1) ALECs and BellSouth should provide their respective repair contact numbers to one another on a reciprocal basis;

(2) Misdirected repair calls should be referred to the proper company at no charge, and the end user should be provided the correct contact telephone number;

(3) Extraneous communications beyond the direct referral to the correct repair telephone number should be prohibited;

(4) BellSouth should provide operator reference database (ORDB) updates on a monthly basis at no charge to enable ALEC operators to respond in emergency situations; and

(5) BellSouth should work with ALECs to ensure that the appropriate ALEC data, such as calling areas, service installation, repair, and customer service, is included in the informational pages of BellSouth directory.

Issue 14 recommends that the Commission require BellSouth, as the current code administrator, to provide nondiscriminatory NXX assignments to ALECs on the same basis that such assignments are made to itself and other code holders today until the issue of a neutral administrator is decided at the federal level.

Issue 15 requires that the docket remain open. Staff has recommended that the parties to file additional information in several of the issues. In addition, this docket should remain open to address the petitions filed by Continental, Time Warner, MFS-FL for interconnection with Sprint United/Centel and for MFS-FL with GTE Florida Incorporated.

CASE BACKGROUND

Section 364.16(3), Florida Statutes, requires each local exchange telecommunications company to provide interconnection with its facilities to any other provider of local exchange telecommunications services requesting such interconnection. Section 364.162, Florida Statutes, provides alternative local exchange companies 60 days to negotiate with a local exchange telecommunications company mutually acceptable prices, terms, and conditions for interconnection. If a negotiated price is not established, either party may petition the Commission to establish non-discriminatory rates, terms, and conditions of interconnection.

On September 1, 1995, Teleport Communications Group Inc. (TCG) petitioned the Commission to establish mutual compensation rates for the exchange of telephone traffic between TCG and BellSouth Telecommunications, Inc. (BellSouth) in Docket No. 950985-TP (interconnection). A hearing was scheduled for October 1996. On October 17, 1995 TCG and BellSouth filed a joint motion for stay of the proceeding. The parties stipulated to an interconnection agreement; however, the stipulation would only stand if BellSouth's alternative one in the Universal Service docket (950696-TP) was approved. The Commission did not approve BellSouth's alternative one and a hearing was scheduled for January, 10 1996 for the Commission to set interconnection rates, terms and conditions with BellSouth.

On October 20, 1995 Continental Cablevision, Inc. (Continental) filed a petition to establish mutual compensation rates for the exchange of telephone traffic between Continental, BellSouth, United Telephone Company of Florida (United), Central Telephone Company of Florida (Centel), and GTE Florida Incorporated (GTEFL) in Docket No. 950985-TP (interconnection). On October 31, 1995 Continental filed a motion for stay of proceeding until December 15, 1995 to review the TCG and BellSouth agreement.

On November 13, 1995 Metropolitan Fiber Systems of Florida, Inc. (MFS-FL), filed a petition requesting the Commission establish nondiscriminatory rates, terms, and conditions for local interconnection with BellSouth.

On November 14, 1995 MCI Metro Access Transmission Services, Inc. (MCImetro), filed a petition requesting the Commission establish nondiscriminatory rates, terms, and conditions for local interconnection with BellSouth.

On November 20, 1995 Time Warner AxS of Florida, L.P. (Time Warner) and Digital Media Partners (DMP), filed petitions requesting the Commission establish nondiscriminatory rates, terms, and conditions for local interconnection with BellSouth.

All of these petitions were to be addressed at a Commission hearing on January 10 - 11, 1996. However, on December 8, 1995, BellSouth, FCTA, Continental, and Time Warner filed a joint motion requesting that the Commission adopt and approve a proposed Stipulation and Agreement (Stipulation) that would resolve all major issues involving these parties relating to Docket Nos. 950696-TP, (universal service), 950737-TP (number portability), 950984-TP (resale/unbundling), and 950985A-TP and 950985D-TP (local interconnection). Intermedia (ICI), TCG, and Sprint Metropolitan Network, Inc. later signed the Stipulation and Agreement.

At the December 19, 1995 agenda conference, the Commission approved the Stipulation and Agreement between BellSouth, FCTA, Continental, Time Warner, ICI, TCG, and Sprint Metropolitan Network, Inc. Therefore, the January hearings pertained only to MFS-FL and MCImetro as petitioners for interconnection with BellSouth.

On November 22, 1995, the Prehearing Officer issued Order No. PSC-95-1422-PCO-TP, which set the hearing of this docket to begin on January 10, 1996. Pursuant to the Chairman's direction at the request of the parties, at the prehearing conference, the hearing was rescheduled to begin on January 9, 1996. On January 8, 1996, MFS-FL requested to delay the commencement of the hearing due to inclement weather. By Order No. PSC-96-0034-PCO-TP, issued January 9, 1996, the Prehearing Officer granted a one day continuance. The hearing in this docket began on January 10, 1996 and ended on January 11, 1996.

As a result of the Stipulation, only the witnesses of MFS-FL, MCImetro, AT&T and BellSouth presented testimony at the hearing. During the hearing, direct and rebuttal testimony was presented by BellSouth's witnesses, Robert Scheye and Dr. Andy Banerjee. Direct and rebuttal testimony was also presented by AT&T's witness Mike Guedel, MFS-FL's witness Tim Devine, and MCImetro's witness Don Price. Dr. Nina Cornell also presented direct testimony for MCImetro. Intervenors who participated in the hearing, but who did not present testimony, included: TCG, Continental, FCTA, Intermedia, McCaw Communications of Florida, Inc., Sprint Communications Company Limited Partnership, and Time Warner/Digital Media Partners. Staff notes that the term "respective ALEC's" means the petitioners, MFS-FL and MCImetro.

ISSUE 1: What are the appropriate rate structures, interconnection rates, or other compensation arrangements for the exchange of local and toll traffic between the respective ALECs and BellSouth?

PRIMARY RECOMMENDATION: For the exchange of local traffic, BellSouth and the ALECs should compensate each other on a per minute of use basis for terminating local traffic on each other's network. The rate for such interconnection should be equal to the switched access rates provided in the Stipulation which total approximately $0.01052. To reduce any adverse impact resulting from an imbalance of terminating local traffic between BellSouth and ALECs, a local exchange provider should not be required to compensate another local exchange provider for more than 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.

For originating and terminating intrastate toll traffic, staff recommends that the Commission require the parties to pay each other BellSouth's tariffed intrastate switched network access service rate on a per minute of use basis. This means that when an ALEC customer places a toll call to a BellSouth customer and the ALEC serves as the toll carrier, BellSouth should charge the ALEC terminating network access service rates and vice versa. If the ALEC is serving as a BellSouth customer's presubscribed long distance carrier, then BellSouth can charge the ALEC originating access charges and vice versa.

When it cannot be determined whether a call is local or toll, the local exchange provider should be assessed originating switched access charges for that call unless the local exchange provider originating the call can provide evidence that the call is actually a local call. BellSouth and the ALECs are encouraged to negotiate alternative terms for compensating each other for exchanging toll traffic. If an agreement for such terms is negotiated, the agreement should be filed with the Commission before it becomes effective. **[DREW]**

ALTERNATIVE RECOMMENDATION: For the termination of local traffic, LECs and ALECs should compensate each other by mutual traffic exchange. Any party that believes that traffic is imbalanced to the point that the party is not receiving benefits equivalent to those it is providing through mutual traffic exchange may request the compensation mechanism be changed. Such a request should not be made until after at least one year of practical experience with local interconnection.

For originating and terminating intrastate toll traffic, staff recommends that the Commission require the parties to pay each other BellSouth's tariffed intrastate switched network access service rate on a per minute of use basis. This means that when an ALEC customer places a toll call to a BellSouth customer and the ALEC serves as the toll carrier, BellSouth should charge the ALEC terminating network access service rates and vice versa. If the ALEC is serving as a BellSouth customer's presubscribed long distance carrier, then BellSouth can charge the ALEC originating access charges and vice versa.

When it cannot be determined whether a call is local or toll, the local exchange provider should be assessed originating switched access charges for that call unless the local exchange provider originating the call can provide evidence that the call is actually a local call. BellSouth and the ALECs are encouraged to negotiate alternative terms for compensating each other for exchanging toll traffic. If an agreement for such terms is negotiated, the agreement should be filed with the Commission before it becomes effective. **[LONG]**

POSITION OF PARTIES:

MFS-FL: The appropriate interconnection "rate" for local traffic termination between ALECs and BellSouth is the bill and keep method of traffic exchange. Once LRIC studies are available, bill and keep should transition to LRIC-based rates. The Commission should conduct a full hearing to examine BellSouth cost studies.

MCIMETRO: The appropriate arrangement for exchange of local traffic is mutual traffic exchange in which the parties have co-carrier status and compensate each other "in kind" by terminating traffic from the other party without cash compensation. The appropriate basis for exchange of toll traffic is the payment of terminating switched access charges.

BELLSOUTH: The local interconnection plan should include a compensation arrangement for terminating traffic on BellSouth and ALEC networks based on the switched access rate structure and rate levels; a default to the toll access model when local calls cannot be distinguished from toll; and eventual merger of toll interconnection arrangements.

AT&T: The best compensation arrangement for the exchange of local traffic at the present time is the "bill and keep" arrangement. The exchange of toll traffic should be billed at current switched access rates and should be provided by BellSouth to all toll providers at the same rates, and on the same terms and conditions.

CONTINENTAL: The interconnection rates contained in the Stipulation are reasonable. Continental urges the Commission to adopt these rates and the other interconnection provisions of the Stipulation in resolution of this issue.

FCTA: The appropriate interconnection arrangements are those arrangements contained in the BellSouth Stipulation and Agreement filed on December 11, 1995 in this docket as approved by the Commission in Order No. PSC-96-0082-AS-TP issued January 17, 1995.

INTERMEDIA: No position.

MCCAW: Interconnection rates, structure and arrangements should not impair development of competition. A bill and keep approach appears to be the most appropriate interim approach, and it may be a long term viable solution. If a minute of use charge is to be established, it should be set at cost without any further mark up or contribution.

SPRINT: Sprint believes that rates for call termination should be established on a reasonable basis with no excessive contributions to shared costs. Mutual compensation for call termination should be established at a level that will encourage the development of competition and interconnection while covering the associated costs. Compensation should be economically viable; administratively efficient and minimize carrier conflicts; create incentives for competitive infrastructure development; minimize competitive distortions; not be a source of universal service subsidy; promote competitive innovation; and not mirror existing access charge levels.

TCG: The Commission should approve an interconnection rate structure, rates or other arrangements which do not have anticompetitive or discriminatory impacts on TCG.

TIME WARNER: The Commission has approved a settlement of local interconnection issues between BellSouth and various other ALECs. The Commission should establish no rate, term or condition for interconnection with BellSouth that is anticompetitive or discriminatory and should require BellSouth to impute the price of essential elements into its local service rates.

STAFF ANALYSIS: The parties were divided into three groups on this issue: BellSouth advocated an access charge-based compensation payment arrangement, while MFS-FL, AT&T, MCIMetro, and McCaw favored "bill and keep," or mutual traffic exchange. Time Warner, Digital Media Partners, TCG, FCTA, Intermedia and Continental all signed a Stipulation and Agreement (Stipulation) that set the rates and terms for interconnection.

BellSouth's Proposal - Switched Access Charges

BellSouth proposes a local interconnection plan that includes the following components: 1) compensation arrangements for terminating traffic on BellSouth and ALEC networks; 2) a default to the toll access model if local calls cannot be distinguished from toll; 3) charges for local interconnection based on the switched access rate structure and rate levels; and 4) a transitional structure that will eventually merge all interconnection plans into one common structure. (Scheye TR 451)

MFS-FL's and MCImetro's Proposal - Mutual Traffic Exchange

MFS-FL, AT&T, McCaw and MCImetro propose mutual traffic exchange or "bill and keep" as an appropriate compensation mechanism, at least for an interim period. (Devine TR 75, Cornell TR 370, Guedel TR 429) Bill and keep was a term originally used in LEC toll settlements after divestiture. LECs would "bill" their originating callers and "keep" the revenues from toll calls while paying the terminating LEC terminating access charges. It was a reciprocal agreement among LECs, and the charges would theoretically even out. This term is more accurate in an environment of usage based charges, such as toll calls. For local calls, which do not have usage-based charges to end users, there is no "billing" or "keeping." MCImetro witness Cornell stated that mutual traffic exchange was a more appropriate term in this instance. (EXH 12, p. 7) Staff will use the term mutual traffic exchange for this recommendation.

The Stipulation

Another option for the local compensation mechanism is the terms and conditions set forth in the BellSouth/FCTA Stipulation (Stipulation). FCTA and Continental state that the Commission should adopt the terms of the Stipulation in this proceeding. On December 8, 1995 BellSouth, FCTA, Continental, and Time Warner filed a Joint Motion For Acceptance Of Stipulation And Agreement And For Partial Stay Of Proceedings requesting that the Commission approve the proposed Stipulation. The Stipulation was approved January 17, 1996 (Order No. PSC-96-0082-AS-TP).

It is important to note that BellSouth did not advocate the local interconnection rate contained in the Stipulation ($0.01052/minute). (EXH 15, RCS-7, p.22) BellSouth maintained that the Stipulation was a comprehensive agreement, and that one element could not be extracted from the Stipulation. (EXH 16, p.30; Scheye TR 474-475)

The Stipulation calls for reciprocal delivery of local traffic between the ALECs and BellSouth and mutual compensation. (EXH 15, RCS-7, p.4) The parties to the agreement agreed to pay each other BellSouth's terminating switched access rates, exclusive of the Residual Interconnection Charge (RIC) and Carrier Common Line elements of the switched access rate, on a per minute of use basis for terminating local traffic on each other's network ($0.01052 per minute of use). If it is mutually agreed that the administrative costs associated with the exchange of local traffic 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 a cash equivalent. (EXH 15, RCS-7, p.4) This would be the same as the mutual traffic exchange arrangement proposed by some of the parties in this proceeding.

Under the Stipulation there is a cap on the amount that local exchange providers are required to compensate another local exchange provider. (EXH 15, RCS-7, p.4) A local exchange provider is not required to compensate another local exchange provider more than 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. (EXH 15, RCS-7, p.4)

Under the Stipulation, each ALEC and BellSouth shall pay each other identical rates for terminating the same type of traffic on each other's network. (EXH 15, RCS-7, p.8) For originating and terminating intrastate toll traffic, the parties will pay each other BellSouth's intrastate switched network access service rate on a per minute of use basis as appropriate. (EXH 15, RCS-7, p.8) This means that 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 service rates and vice versa. If the ALEC is serving as a BellSouth customer's presubscribed long distance carrier, then BellSouth can charge the ALEC originating access charges and vice versa.

Analysis of BellSouth's Proposal

BellSouth advocates using terminating switched access charges as a local interconnection charge. (Scheye TR 451) This would equate to approximately four and one-half cents per minute ($0.045). (Scheye TR 524) Witness Scheye stated several reasons for this proposal. First, it will be increasingly difficult to distinguish types of calls (toll, local, etc.) over time. (Scheye TR 451) Thus, one comprehensive rate structure will eliminate the need to make such distinctions. (Scheye TR 452) Second, local interconnection and universal service goals are intertwined, so universal service must also be considered when setting a local interconnection rate. (Scheye TR 473, 525) Witness Banerjee also argued that BellSouth should be allowed to build contribution into its local interconnection rates for universal service reasons. (TR 618) BellSouth's proposed use of switched access charges does not preclude ALECs from competing in the local market. (Scheye TR 457) BellSouth states that its proposal encourages competition by offering its network in an economically sound manner, which encourages efficient use by both BellSouth and ALECs. Payments under BellSouth's proposal are mutual. Because of this, compensation to ALECs by BellSouth to terminate traffic on an ALEC's network will, to some extent, offset the compensation paid to BellSouth by an ALEC. (Scheye TR 458-459)

The other parties argued that switched access rates were not appropriate. Switched access rates are approximately ten times the cost. (Scheye TR 549) MFS-FL argues that this would serve as a severe barrier to entry for the ALECs. (Devine TR 81) Witness Cornell argued that the use of switched access charges for compensation for terminating local exchange traffic would deny the public of the benefits of local exchange competition. Specifically, these benefits are reduced costs and prices. (TR 380-381) Witness Cornell testified further that the use of switched access rates creates a price squeeze. (TR 382) A price squeeze occurs when the monopoly supplier sets the price of inputs at a level such that the end user price does not recover the price of the input nor the costs of producing the end user service. (Cornell TR 382) A dependent competitor that is just as efficient as the monopolist cannot cover all of its costs at the price of the end user product charged by the monopolist. (Cornell TR 380-382)

MCImetro criticizes BellSouth's proposal to utilize its current access charges as the price of interconnection stating that:

1) The price is far in excess of BellSouth's costs to provide interconnection, resulting in an inappropriately high burden on competition. To the extent contribution is included in the price for local termination, retail prices are artificially high and competition cannot force prices to cost (TR 386-90, 738-9, 755-7);

2) The rates will not pass any version of an imputation test, resulting in an anticompetitive price squeeze which is a barrier to entry (TR 380-2);

3) Switched access charges include inappropriate contribution to USF/COLR obligations. BellSouth is attempting to obtain indirectly through the price of interconnection the surcharge on interconnection which the Commission rejected in the USF proceeding;

4) BellSouth's proposal's lack of reciprocity is similar to a price squeeze and further denies the full benefits of competition to consumers;

5) Full switched access rates are discriminatory on their face when compared to the rates in the Stipulation particularly since BellSouth conceded that the lower rates exceeded cost and provide some contribution; and

6) The proposal contains incentives for BellSouth or ALECs to incur inefficient costs and pass them to its competitors as well as to manipulate the nature of its customer base to achieve cost savings.

BellSouth also states that with the use of switched access rate levels, contribution could be made to shared and common costs. (TR 674 and 683) BellSouth explains that if it were prohibited from including contribution for shared and common costs in the rate level for local interconnection, it could not cover all of its costs. (TR 653)

BellSouth also disputes the assertion that setting the rate level for local interconnection at switched access rates would cause a price squeeze because of the contribution element. (TR 82-83, and 382) BellSouth proposes an imputation test that requires that the incumbent LEC's price for the competitive retail service must equal the direct cost of providing the retail service plus the contribution earned from the wholesale service, in this case, local interconnection. (TR 666-667)

MCImetro proposes an imputation test that would require the incumbent LEC to recover from its retail service the price it charges for local interconnection plus all of the remaining costs of providing the retail service. In this way, if the incumbent LEC provides bottleneck monopoly inputs in less than the most efficient manner, the entrants are not put under a price squeeze by the forced inefficiency of the LEC. (TR 723)

BellSouth's proposal acknowledges that the rate level for local interconnection was subject to change based on the interim universal service mechanism adopted by the Commission. BellSouth notes that the Commission did not establish a specific universal service mechanism but funded universal service and carrier of last resort obligations through markups on services offered by the incumbent LECs. See Order No. PSC-95-1592-FOF-TP. BellSouth points out that such markups could extend to services such as local interconnection. Id. at 28.

BellSouth contends that its proposal does not violate Chapter 364 by linking universal service and local interconnection as asserted by MCImetro and MFS-FL. (TR 54-56; EXH 1, p.25) BellSouth states that MFS-FL and MCImetro argue that because language was omitted from the statute that relied on the local interconnection charge to provide for the total cost of universal service, BellSouth could not mention universal service and local interconnection at the same time. BellSouth contends that this is incorrect because the amendment eliminated specific language but did not add new language that would forbid consideration of whether universal service could have an effect on the local interconnection rate, and that the provision addressed funding all of the cost of universal service through a premium on the local interconnection charge. (TR 55) BellSouth, however, proposes that local interconnection be marked up to partially fund universal service.

Staff believes that BellSouth's proposal of using full switched access charges, including the RIC and CCL charges, as a local interconnection rate is not appropriate. Staff agrees with the other parties that the use of full switched access rates could create a price squeeze and create unnecessary barriers to competition. Staff also agrees that a full switched access charge as a local interconnection rate is not appropriate because it inappropriately includes contribution towards universal service obligations. The issue of contribution towards universal service obligations was resolved in Docket No. 950969-TP. The appropriate mechanism for recovering contribution towards universal service obligations was established in that docket. Therefore, BellSouth's proposal to use its full switched access rates should be rejected.

Analysis of Mutual Traffic Exchange

MCImetro proposes that the best compensation arrangement for local interconnection is mutual traffic exchange. In support of its proposal, MCImetro argues that mutual traffic exchange has the following advantages:

1) reciprocity - both BellSouth and the ALECs "pay" each other exactly the same amount for terminating access (TR 370);

2) least cost - unnecessary measurement and billing costs are avoided and each carrier has an incentive to minimize the costs of terminating local traffic (TR 370-375);

3) minimizes burdens on entrants - mutual traffic exchange provides the least ability for BellSouth to use the compensation mechanism to impose unnecessary and anticompetitive costs on new entrants (TR 371);

4) technology neutral - the amount paid to a carrier does not depend on that carrier's choice of technology or architecture (TR 371-375); and

5) incentive to cooperate for permanent number portability - since BellSouth benefits from temporary number portability, it has an incentive to resist development and deployment of permanent number portability. (TR 371, 376)

MFS-FL states that under mutual traffic exchange, each carrier would be compensated in two ways for terminating local calls originated by customers of other carriers. First, each carrier receives the reciprocal right to receive termination of local calls made by its own customers to subscribers on the other carrier's network without cash payment. This is also referred to as payment in kind. Second, the terminating carrier is compensated for call termination by its own customer, who pays the terminating carrier a monthly fee for service, including the right to receive calls without a separate charge. (Devine TR 76)

According to witnesses for AT&T, MCImetro, and MFS-FL there are a number of advantages to the mutual traffic exchange method. One advantage is that mutual traffic exchange minimizes on the costs of measurement and billing. (Devine TR 76; Guedel TR 430) Witness Devine described mutual traffic exchange as a reciprocal method of compensation for interconnection. (TR 76) Witness Devine argued that since BellSouth has flat-rated residential service, BellSouth may have to put measurement systems in place to monitor outbound traffic in order to measure and audit BellSouth outbound calling. (TR 76) Putting in measuring devices would cause a significant increase in the total service long run incremental cost of the switching function for terminating traffic, resulting in higher prices for consumers. (Devine TR 77) These measurement costs, according to witness Devine, would create barriers to entry. Costs of measurement would be added to entrants' costs for calls terminated on BellSouth's network resulting in deterred competition. (Devine TR 77) With mutual exchange of traffic, there would be no need for terminating companies to measure delivered traffic. (Guedel TR 430) Witness Cornell added that mutual traffic exchange is the least cost means of compensating for terminating traffic and is therefore the method most likely to help drive local exchange rates to the lowest possible level. (Cornell TR 371-372)

Another advantage to the mutual exchange method is that mutual exchange provides carriers with the incentive to adopt an efficient network architecture. Such an architecture would allow for termination of calls with the fewest resources. Witness Devine contended that a compensation scheme in which the terminating carrier is able to transfer termination costs to the originating carrier reduces the incentive of the terminating carrier to utilize an efficient call termination design. (Devine TR 77-78) Mutual traffic exchange offers the least ability for BellSouth to use the compensation mechanism to try to impose both unnecessary and anticompetitive costs upon entrants, thereby making it the method least likely to result in new unnecessary barriers to entry. (Cornell TR 370)

BellSouth claimed that there are a number of disadvantages to mutual traffic exchange. For example, mutual traffic exchange does not recognize different types of technical interconnection arrangements that may exist. ALECs would have no incentive to provide their own efficient networks. Instead they would use the efficiencies inherent in BellSouth's network. Contrary to the testimony offered by MFS-FL witness Devine, BellSouth contended that the mutual exchange method would not eliminate the need for billing and administrative systems. There would still be a need for handing off toll and 800 traffic to IXCs, LECs, and ALECs. (Scheye TR 454-455)

Witness Scheye argues further that unlike BellSouth's proposal of switched access, a mutual traffic exchange plan will not be able to distinguish whether or not a call terminating on its network is local or toll. (Scheye TR 452) Number portability and the assignment of NXX codes will compound the problem. (Scheye TR 452-453) Mutual traffic exchange erroneously assumes that local and toll distinctions can be maintained. (Scheye TR 496) MFS-FL's PLU proposal, while acceptable for determining terminating traffic, does not address originating traffic. (EXH 16, p.18) MFS-FL's proposal does not require that all usage be measured. (EXH 16, p.18) Witness Scheye contends that ALECs can use NXX codes in a way that blurs the distinction between toll and local calls. (Scheye TR 498)

To address the ability of distinguishing local from toll traffic, BellSouth is proposing to provide ALECs with NXX codes to the extent that the ALECs require them for use in the calling areas they, the ALECs, wish to establish. (EXH 16, p.17) BellSouth is also proposing a toll default whereby if a BellSouth customer is calling an ALEC and the NXX code used by the ALEC is such that BellSouth cannot determine whether the call is local or toll, then BellSouth will treat that ALEC for that call in the same manner that it treats an interexchange carrier; it would charge originating switched access for that call. (EXH 16, p.17) To avoid paying BellSouth originating intrastate network access charges, the ALEC will have to provide sufficient information to determine whether the traffic is local or toll. However, if BellSouth does not provide an ALEC with access to a sufficient number of numbering resources so that BellSouth can tell whether or not a call is local or toll, the call will be deemed local. (EXH, RCS-7, 15, p.7)

In addition, BellSouth is proposing that on the terminating side of calls, in addition to the percentage interstate usage factor used today for switched access, a percent local usage factor be used for determining local traffic from toll traffic. (EXH 16, p.17) BellSouth, however, states that eventually there should be one rate structure for toll and local calls. (Scheye TR 452)

Witness Cornell testified that MCImetro should be allowed to file an access charge tariff of its own, with the only requirement being that the total charge for originating and terminating toll calls by MCImetro not exceed the total rate that would have been paid to BellSouth. (TR 390)

MFS-FL also offers the use of a percent local utilization (PLU) factor to determine the amount of calls that are local versus toll. (Devine TR 65) The PLU factor is similar to the percent interstate utilization used by IXCs.(Devine TR 107) This system would be subject to LEC audit. (TR 107) Under MFS-FL's proposed PLU system, when MFS-FL sends calls to BellSouth, MFS-FL would provide on a quarterly basis a percentage breakdown between calls sent to BellSouth that were local versus toll. (Devine TR 272-273) BellSouth would apply the percentages and apply them to the total local and toll minutes that they receive and send a bill to MFS-FL for those calls. (Devine TR 273) The PLU will solve jurisdictional problems for both originating and terminating calls. Even under mutual traffic exchange, contends witness Devine, you would still want to use the PLU since local and toll traffic would be carried on the same trunk. (Devine TR 274) This way an ALEC would know how many calls would be billed at the toll rate and how many calls would be under mutual traffic exchange. (Devine TR 276)

The fundamental problem with the mutual traffic exchange arrangement, according to witness Scheye, is that there would be no mechanism for recovery of the costs associated with the termination of local calls. (Scheye TR 488) In his testimony witness Scheye provided the following example:

> If it costs BellSouth five cents a minute to terminate a local call, and it costs an ALEC three cents to make a call, the bill and keep arrangement will not allow either party to recover its costs. At best, in the situation I illustrated, if the traffic were perfectly balanced, the carrier with the lower cost might be able to conclude that it somehow is okay because the payments it avoided making to the other carrier exceeded its own costs. However, and using the numbers I gave above, BellSouth would be unable to recover the net difference of two cents per minute under any theory. If the traffic is unbalanced, the situation could be worse or better, depending on the direction of the imbalance. The point remains, however, that unless both parties' costs are identical and the traffic is perfectly balanced, this interconnection arrangement does not provide, even in theory, a mechanism for BellSouth as well as other parties to recover the costs incurred. (Scheye TR 488-489)

There is also some question as to whether or not the traffic between BellSouth and an ALEC will be in balance. Witness Devine testified that as of September 1995 the Borough of Manhattan was the only area where MFS was providing local exchange dial tone service. (TR 237) MFS's primary focus in Manhattan has been the business customer. (Devine TR 239) MFS does not have a mutual traffic exchange arrangement in Manhattan; rather, a per minute rate to terminate calls. (EXH 5, p. 61; TR 254) Witness Devine testified that MFS receives more calls from NYNEX than sends to NYNEX. Sixty-one percent of the traffic flowing between MFS and

NYNEX terminates on MFS's network, while thirty-nine percent of the traffic terminates on NYNEX's network. (EXH 6, p.31) MFS has been providing local exchange service in Manhattan for more than two years. (EXH 5, p.11; EXH 7, p.1; Devine TR 254)

Staff's Primary Recommendation

The Commission's charge in deciding this issue is to promote and foster competition, and reduce barriers to entry, while covering the incumbent's costs to provide interconnection. Staff believes that the arrangement in the Stipulation, conceptually, is a good compromise between BellSouth's and the ALECs' positions. We believe that the interconnection among LECs and ALECs should be such that it does not constitute a barrier to entry. Therefore, the rate charged for interconnection should ideally be set based on BellSouth's incremental cost of providing the service, including some contribution to joint and common cost. Given the compressed time frames in this docket, BellSouth's incremental cost data could not be scrutinized to the extent desired. Therefore, while imperfect, the rate in the Stipulation appears to be a reasonable starting point in that the rate is tied to the existing switched access prices. The rate agreed to in the Stipulation is BellSouth's switched access rates minus the CCL and RIC, which are non-traffic sensitive recovery elements.

Staff recommends the following: for the exchange of local traffic, BellSouth and the ALECs should compensate each other on a per minute of use basis for terminating local traffic on each other's network. The rate for such interconnection should be equal to the rates provided in the Stipulation which are approximately $.01052. As discussed earlier, we do not believe, based on MFS-FL's experience in New York, that traffic should be in balance. To reduce any adverse impact resulting from an imbalance of terminating local traffic between BellSouth and ALECs, a local exchange provider should not be required to compensate another local exchange provider for more than 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.

Staff also recommends that for originating and terminating intrastate toll traffic the Commission require the parties to pay each other BellSouth's tariffed intrastate switched network access service rate on a per minute of use basis. The charges are already tariffed and cover the cost of terminating and originating toll traffic. When an ALEC customer places a toll call to a BellSouth customer and the ALEC serves as the toll carrier, BellSouth should charge the ALEC terminating network access service rates and vice versa. If the ALEC is serving as a BellSouth customer's presubscribed long distance carrier, then BellSouth can charge the ALEC originating access charges and vice versa. We believe that since IXCs are currently treated this way, ALECs and LECs competing in the long distance market should also be treated this way.

While the parties have not demonstrated any opposition to use of switched access charges for the exchange of toll traffic, the parties do differ on a mechanism that distinguishes local and toll traffic. BellSouth and MFS-FL agree on the use of a PLU factor to distinguish between local and toll calls. While staff is not averse to the use of a PLU factor, staff cannot recommend that the Commission approve a PLU factor at this time because the record does not contain sufficient evidence that could be used to calculate a PLU. To address the issue of distinguishing between local and toll calls, staff recommends that when it cannot be determined whether a call is local or toll, the local exchange provider should be assessed originating switched access charges for that call unless the local exchange provider originating the call can provide evidence that the call is actually a local call. BellSouth and the ALECs are free to negotiate alternative terms for compensating each other for exchanging toll traffic. If an agreement for such terms is negotiated, the agreement should be filed with the Commission before it becomes effective.

ALTERNATIVE STAFF ANALYSIS: Staff's primary recommendation may be appropriate if traffic is not in balance. If traffic moves significantly in one direction, but not in the other, a usage rate would ensure that each company would pay its fair share for interconnection. Staff, however, has two fundamental concerns regarding a usage-based rate and the Stipulation. Staff also discusses BellSouth's argument that mutual traffic exchange does not cover interconnection costs.

First, staff believes it highly speculative to predict that traffic will be imbalanced to BellSouth's detriment (i.e., BellSouth terminates far more ALEC traffic than it sends to them). There was no evidence presented that suggested such a phenomenon. On the contrary, MCImetro witness Cornell said: "I have seen different figures mentioned in different contexts. Some of them with a lot more traffic going to the entrant, which is opposite of what most people expect. Some with the other way around." (EXH 12, p. 11) Witness Cornell also stated that she believed traffic would be balanced over time. (EXH 12, p. 10)

Witness Devine went further. He presented the only practical experience with local interconnection. He stated that in New York, MFS was terminating more traffic than it originated. (EXH 7, p.1; EXH 5, p.11) BellSouth offered no practical experience as to whether traffic would be balanced or not. Staff believes that a supposition that BellSouth will terminate significantly more traffic than it originates through local interconnection is unfounded at this time.

Second, staff believes that the Stipulation does virtually nothing to ensure that each company is compensated fairly if traffic is significantly out of balance. The Stipulation provides for the following: "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." (EXH 15, RCS-7, p. 4) This means that the carrier with the most traffic terminating on the other carrier's network is only financially liable for 5% of the total traffic of the lower-minutes carrier.

To determine how much traffic would have to be exchanged to create a significant payment, staff has developed a simple example. Staff assumed that a net exchange of $10,000 per month ($120,000/year) <u>might</u> cover the administrative costs of measuring and rating local traffic. So $10,000 per month served as the minimum amount exchanged to make measuring local traffic "worthwhile." At the Stipulation's proposed rate of approximately $0.01 per minute, 1 million minutes would equal $10,000. This means that one carrier would have to terminate 1 million more minutes than the other. Also, this 1 million minutes could only be 5% of the total traffic the carrier with the least minutes terminated.

Therefore, one carrier would have to terminate <u>20 million local minutes</u> in one month to the other's network, while the other carrier terminated 21 million minutes. These again are <u>local</u> switched minutes, and do not include toll usage or private line/special access usage. All this for a net payment of $10,000. If BellSouth, for example, terminated 20 million minutes to MFS-FL's network, and MFS-FL terminated 21 million, 30 million, or 50 million minutes of traffic to BellSouth's network, the net payment would still be $10,000.

Staff fails to see where the Stipulation ensures each company will recover its costs of local interconnection through usage-based rates. On the contrary, staff believes the Stipulation foresees a movement to mutual traffic exchange in the future: "If it is mutually agreed that the administrative costs associated with the exchange of local traffic 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." (EXH 15, RCS-7, p. 4) Staff believes these provisions in the Stipulation anticipate a nearly balanced exchange of traffic.

MCImetro also criticizes the Stipulation because the rates are well in excess of cost and would fail any imputation test. MCImetro also states that the rates are not reciprocal since the LEC or the ALEC can only bill for those functions it performs which in turn creates an incentive to manipulate its traffic flows to maximize revenues. Finally, MCImetro argues that the Stipulation suffers from several other flaws such as the price for unbundled loops, the requirement to stipulate that the Stipulation is consistent with Chapter 364, and its failure to adequately detail necessary operational details. (EXH 15, RCS 7, p.22) Staff agrees with MCImetro's arguments.

Finally, staff disagrees with BellSouth's arguments against mutual traffic exchange. Witness Scheye pointed out that mutual traffic exchange will provide no incentive for ALECs to connect at the end office; rather, it will provide incentive for them to connect at the access tandem, taking advantage of BellSouth's network efficiencies. (Scheye TR 454) Staff sees this as an <u>advantage</u> for mutual traffic exchange. Taking advantage of inherent network efficiencies is precisely what staff believes the Commission should be encouraging. Connecting at the access tandem to access several end offices is also what the Commission encouraged for IXCs at divestiture. At that time, the Commission created access charge structures that promoted IXC connections to the access tandem.

Witness Scheye also pointed out that mutual traffic exchange would not eliminate the need for billing and administrative systems. (TR 455) Although it is true that toll traffic will be measured and billed, there is a significant expense to measuring local traffic. Witness Cornell stated that mutual traffic exchange is by far the least-cost method of interconnection. (TR 370)

Witness Scheye also stated that mutual traffic exchange did not allow BellSouth to recover its costs for terminating local traffic. Although it is true no monies would be traded under mutual traffic exchange, witness Cornell summarized it best:

> ...when you provide something in kind, you are essentially providing it at cost...you are not giving it to each other for free. I mean when you give somebody something for free, there is no exchange of anything. When you exchange something, it's not a for-free transaction; that is a swap; that is an in-kind transaction. Now most of the time we use money so that I can give you something, you pay me money, and I turn around and buy something from somebody else. And instead of having to arrange a three-way or a six-way or a 12-way barter, we do it with money; that is what money is intended to do.
>
> This is a case where two companies directly need to exchange something, they need to exchange traffic. They are going to swap it. They are going to barter it. They

1820

> are going to trade it in kind. It's not for free. (EXH 12, p. 9)

This follows the concept that a company's costs for furnishing local interconnection consist of two parts: the company's internal costs for terminating calls, and the rates it pays to other companies for terminating its calls. These are all true economic costs of furnishing local interconnection. By mutual traffic exchange, each company avoids the cost of the rates it pays to the other company, and therefore receives benefits equal to the benefits it provides. (Cornell EXH 12, p. 10)

Witness Scheye's example of BellSouth's cost of five cents to terminate a call versus an ALEC's cost of three cents is also countered by witness Cornell. She testified that mutual traffic exchange will provide proper incentives for all companies to minimize their costs of terminating calls. Because no money is exchanged, companies must reduce their internal costs to maximize the benefits they receive from interconnection. (Cornell TR 372-373)

BellSouth contends that adoption of mutual traffic exchange would violate Section 364.162(4), Florida Statutes. Specifically, this section states that

> In setting the local interconnection charge, the commission shall determine that the charge is sufficient to cover the cost of furnishing interconnection.

BellSouth argues that the statute does not mention bill and keep, mutual traffic exchange, trade, or barter as a basis for exchanging traffic, and that it is clear that the legislature expected a monetary amount. BellSouth asserts that the interpretation must be consistent with legislative intent, be reasonable so that absurd results are avoided, and be interpreted as a whole so that all parts are consistent with one another. Also, BellSouth contends that not only must there be a charge, it must cover the costs of interconnection. The problem with implementing mutual traffic exchange, BellSouth asserts, is that it contains no recovery for costs associated with termination of local calls. (TR 488)

BellSouth asserts that under mutual traffic exchange, the ALECs want to use BellSouth's network free of charge and that BellSouth is just seeking payment for use of its facilities. (TR 506) BellSouth contends that it will be unable to raise its basic local exchange residential rates to cover the cost of local interconnection and the increased cost associated with the increased usage on the local exchange network. (TR 250-251, and Section 364.051(2)(a), Florida Statutes). The problem, BellSouth asserts, will only be exacerbated as BellSouth provides additional functionalities as part of the interconnection arrangement because

BellSouth's costs will increase even more. (TR 489) Therefore, BellSouth argues, there must be a financial component in any local interconnection plan.

MCImetro contends that mutual traffic exchange would meet the statutory requirements. MCImetro argues that BellSouth's own cost studies estimate that the cost of interconnection can be expressed in "tenths of a cent" per minute. (Scheye TR 548-549, EX 18) Thus, any cash charge at or above this level would indisputably comply with the statutory requirement. Contrary to BellSouth's assertion that compensation for terminating local traffic must be in cash for terminating local traffic, MCImetro asserts that mutual traffic exchange provides compensation "in kind" which is sufficient in economic terms to cover BellSouth's cost of providing interconnection. (Cornell TR 402) MCImetro further argues that the value received from the ALEC's termination of BellSouth's calls will cover the cost of terminating ALEC traffic. (TR 402) Further, because of the value received from the termination of calls by the ALEC, neither BellSouth nor the ALECs are using anyone's network for "free". (TR 379, 726) MCImetro further notes that, despite BellSouth's claim that payment should be in cash, BellSouth, the only one with the necessary cost information, presented no evidence of those costs.

Staff believes these arguments are compelling ones. Mutual traffic exchange appears to be the most efficient, least-cost method of interconnection, and should provide the lowest barrier to entry of any method discussed. However, if traffic becomes imbalanced to a significant degree, a usage-based rate may be more appropriate. Staff believes that the companies will be the best judges of which method is least-cost, so they should be allowed to request that the method be changed if traffic becomes imbalanced.

Staff disagrees with BellSouth's argument that mutual traffic exchange would violate Section 364.162(4), Florida Statutes. The Commission is obligated to foster competition while ensuring that the charge set for interconnection covers BellSouth's cost. Staff agrees with BellSouth that the statute must be construed as a whole so that absurd results are avoided. The intent of the Section 364.162(4) is to ensure that interconnection rates are not set below BellSouth's costs. Witness Cornell's testimony asserts that mutual traffic exchange is akin to payment in kind as mentioned above. To construe the statutory language so narrowly to say that mutual traffic exchange would not be an adequate form of compensation would, in staff's opinion, yield an absurd result. In addition, staff finds BellSouth's argument incredulous since in BellSouth's Stipulation there is a 105% cap on the exchange of traffic with a default to mutual traffic exchange. Assuming arguendo that BellSouth is correct that mutual exchange of traffic violates Section 364.162(4), then it is also true that the provisions of the BellSouth Stipulation providing a limit on compensation of 105% as well as the default provision to mutual exchange is also violative of the same provision. Nothing in the BellSouth even pretends to insure recovery of costs of termination. In view of the provisions of the BellSouth Stipulation, the BellSouth proposal appears to be simply punitive with respect to those that did not sign the agreement.

Staff's Alternative Recommendation

Staff recommends that for the termination of local traffic, LECs and ALECs should compensate each other by mutual traffic exchange. Any party that believes that traffic is imbalanced to the point that the party is not receiving benefits equivalent to those it is providing through mutual traffic exchange may request the compensation mechanism be changed. Such a request should not be made until after at least one year of practical experience with local interconnection.

For originating and terminating intrastate toll traffic, staff recommends that the Commission require the parties to pay each other BellSouth's tariffed intrastate switched access service rate on a per minute of use basis. This is identical to staff's primary recommendation for the exchange of toll traffic.

When it cannot be determined whether a call is local or toll, staff recommends that the local exchange provider should be assessed originating switched access charges for that call. This is identical to staff's primary recommendation.

ISSUE 2: If the Commission sets rates, terms, and conditions for interconnection between the respective ALECs and BellSouth, should BellSouth tariff the interconnection rate(s) or other arrangements?

RECOMMENDATION: Staff recommends that the Commission require BellSouth to tariff its interconnection rates and other arrangements. By tariffing the rates, BellSouth meets the statute's requirement that interconnection rates be filed with the Commission. Tariffing the interconnection rates makes these rates generally available. **[DREW]**

POSITION OF PARTIES:

MFS-FL: Yes, BellSouth should tariff the interconnection rate(s) or other arrangements.

MCIMETRO: Yes, interconnection rates or other arrangements established by the Commission should be tariffed and should be available on a non-discriminatory basis to all parties similarly situated.

BELLSOUTH: Yes. BellSouth intends to file its rate for local exchange interconnection in a tariff or in contracts filed with the Commission.

AT&T: Yes.

CONTINENTAL: No position at this time.

FCTA: Yes.

INTERMEDIA: No position.

MCCAW: Yes.

SPRINT: Yes. Sprint believes that BellSouth should tariff the interconnection rate(s) or other arrangements as may be established by the Commission.

TCG: Yes. BellSouth should tariff its interconnection rate and other technical interconnection arrangements.

TIME WARNER: The Commission has approved a settlement of local interconnection issues between BellSouth and various other ALECs. Because local interconnection is an essential service, the Commission should establish no rate, term or condition for interconnection with BellSouth in this proceeding that is anticompetitive or discriminatory.

STAFF ANALYSIS: Staff's review of the record indicates that the parties agree that BellSouth should file a tariff for its interconnection rates and other arrangements. These interconnection rates and other arrangements should be available to all similarly situated ALECs on a non-discriminatory basis. Section 364.162 (2), Florida Statutes, states that whether set by negotiation or by the Commission, interconnection prices, rates, terms, and conditions shall be filed with the Commission before their effective date.

Tariffing the interconnection rates makes these rates generally available. If a company believes that its situation is different from the other ALECs in this proceeding, it may negotiate its own rates, terms, and conditions with BellSouth.

ISSUE 3: What are the appropriate technical and financial arrangements which should govern interconnection between the respective ALECs and BellSouth for the delivery of calls originated and/or terminated from carriers not directly connected to the respective ALEC's network?

RECOMMENDATION: BellSouth should establish meet-point billing arrangements with ALECs as it has with adjacent LECs. Meet-points, for rating purposes, should be established at mutually agreeable locations.

ALECs collocated in the same BellSouth wire center should be permitted to cross-connect without transiting the BellSouth switch. BellSouth should charge each ALEC one-half its special access cross-connect rate.

Carriers providing tandem switching or other intermediary functions should collect only those access charges that apply to the functions they perform. The Residual Interconnection Charge should be billed and collected by the carrier terminating the call, just as it is today among adjacent LECs. **[LONG]**

POSITION OF PARTIES:

MFS-FL: All carriers should be permitted to subtend the LEC tandem. Meet-point billing should follow established industry guidelines. Collocated ALECs should be permitted to cross-connect without transiting the BellSouth network. The carrier providing terminating access should collect the RIC as is the case between BellSouth and independents today.

MCIMETRO: For local traffic, BellSouth should provide the intermediary function to ALECs at a price equal to its direct economic cost (i.e. TSLRIC). For toll traffic, BellSouth should provide the intermediary function to ALECs on the same basis that it is provided to other LECs.

BELLSOUTH: If necessary, and if the technical and financial issues can be resolved, BellSouth will provide an intermediary function to allow calls from an ALEC customer to transmit through BellSouth's network to another ALEC's network.

AT&T: For local calls, BellSouth should be entitled to charge the originating ALEC the TSLRIC associated with the tandem switching function. For toll calls, standard meet point billing arrangements should apply.

CONTINENTAL: The technical and financial arrangements contained in the Stipulation that govern the interconnection of calls originated and/or terminated from carriers not directly connected to the respective ALECs network are appropriate, and Continental urges the Commission to adopt them in resolution of this issue.

FCTA: The terms and conditions of the December 11, 1995 Stipulation and Agreement should apply.

INTERMEDIA: No position.

MCCAW: The requests of the ALECs should be approved.

SPRINT: The technical and financial arrangements governing interconnection should be reasonable and should reflect the actual costs involved in transporting the local call. For example, BellSouth and the terminating ALEC should not charge duplicate interconnection rate elements unless costs were incurred to support the charging of these elements. The Commission should establish a general framework with the parties free to negotiate other arrangements.

TCG: The Commission should resolve this issue in a manner which is not anticompetitive or discriminatory with respect to TCG.

TIME WARNER: The Commission has approved a settlement of local interconnection issues between BellSouth and various other ALECs. Because local interconnection is an essential service, the Commission should establish no rate, term or condition for interconnection with BellSouth in this proceeding that is anticompetitive or discriminatory.

STAFF ANALYSIS: This issue deals with ALECs and IXCs that are interconnected with BellSouth but not with each other. Under this arrangement, BellSouth would perform an intermediary function by passing calls from one carrier's network to the other's. MFS-FL, MCIMetro, AT&T, Sprint and BellSouth had positions on this issue. McCaw agreed with the requests of the ALECs. TCG, Time Warner, FCTA and Continental signed a Stipulation on this issue.

As with most of the issues in this docket other than Issue 1 (price), this issue was not hotly contested among the parties. Staff believes that, once the issue of price is determined, many of these issues could have been negotiated among the parties. However, staff is recommending actions on each point raised in this issue.

MFS-FL's position on this issue was the most comprehensive. MFS-FL witness Devine requested four items regarding intermediary interconnection. The four requests are discussed below.

1. **All carriers should be permitted to subtend the LEC tandem.** This provision would allow ALECs to connect to BellSouth's

access tandem. Access tandems are switches designed to aggregate and switch toll traffic. Every LEC central office within a LATA is connected either directly or indirectly with an access tandem. Therefore, connection at the access tandem can provide access to all customers within a LATA (every LATA has at least one access tandem). Staff addresses this provision in Issue 11.

2. **Meet-point billing should follow established industry guidelines.** All parties agreed that meet-point billing arrangements are appropriate for this traffic. (Scheye TR 461; Devine TR 59; Price TR 315; Cornell TR 394) The ALECs agreed that standard meet-point billing arrangements that currently exist among adjacent LECs are appropriate and should apply.

BellSouth did not offer a position on the details of meet-point billing arrangements. MFS-FL witness Devine claimed that BellSouth wanted a more restrictive meet-point billing arrangement with ALECs than it had with other LECs. (Devine TR 63) Although this may have been true in negotiations, staff was unable to find support for such a position in the record. Witness Scheye stated simply that "meet-point billing arrangements, where each carrier bills its portion of the interconnection arrangement, may be required." (TR 461) Staff interprets this statement as an open-ended supposition that meet-point billing may be appropriate. Staff interprets ". . .where each carrier bills its portion of the interconnection arrangement" as simply that whatever rates each company agrees to or is entitled to recover should be reflected in the agreement.

Accordingly, staff recommends that BellSouth should establish meet-point billing arrangements with ALECs as it has with adjacent LECs. Meet-points for rating purposes should be established at mutually agreeable locations.

3. **Collocated ALECs should be permitted to cross-connect without transiting the BellSouth network.** This provision would allow two ALECs that are both collocated at a BellSouth central office to connect directly with each other. MFS-FL witness Devine believed this was an important issue. (TR 147) He stated that BellSouth should charge MFS-FL and the other connecting entity one-half the currently tariffed BellSouth special access cross-connect rate. (TR 147) Devine states that MFS-FL would simply be sharing the cost with whomever MFS-FL is cross-connected. (EXH 5, p. 76) Witness Devine testified that the LEC should not be permitted to build inefficiencies into ALEC networks by requiring them to interconnect to facilities other than ones where they are already adjacent. (TR 148)

BellSouth witness Scheye disagreed. He believed that collocation was not intended for carriers other than the LEC to interconnect with each other. (TR 475) Second, he believed that such arrangements are prohibited under BellSouth's current access tariff. (TR 476)

BellSouth's position appears to have changed somewhat during the course of this proceeding. Witness Scheye's testimony stated "BellSouth is analyzing the appropriateness of providing an intermediary function... it may not be appropriate for BellSouth to be involved in these situations..." (TR 460) However, BellSouth's posthearing position provided for this possibility, if the details could be worked out. (Brief at 35-36)

Staff believes MFS-FL's request is appropriate. Although staff agrees that Commission-established collocation orders did not address third-party interconnection, staff also agrees that it is an efficient way for ALECs to interconnect with each other and should be implemented. (Order No. PSC-94-0285-FOF-TP, issued March 10, 1994, in Docket No. 921074-TP; Order No. PSC-95-0034-FOF-TP, issued January 9, 1995, in Docket No. 920174-TP) Therefore, staff recommends that BellSouth should offer such arrangements at one-half its special access cross-connect rate.

4. The carrier providing terminating access should collect the RIC as is the case between BellSouth and independents today. This provision created the most contention in this issue. The Residual Interconnection Charge (RIC) is a charge created by the FCC when it restructured interstate local transport rates. When the rates were restructured, local transport and tandem switching rates were lowered. To make up for the lost revenue, the RIC was implemented as a rate element to recover these revenues. When intrastate local transport rates were restructured in Florida, a similar rate was implemented for intrastate toll. (Order No. PSC-95-0034-FOF-TP, issued January 9, 1995, in Docket No. 920174-TP; Order No. PSC-95-0680-FOF-TP, issued June 6, 1995, in Docket No. 920174-TP)

The issue here involves toll calls sent through BellSouth's network and terminated on an ALEC's network. BellSouth maintains that it should bill and keep the RIC, while the ALECs argue that the company terminating the call should collect the RIC. (EXH 5, pp. 44-45)

AT&T's witness Guedel addressed the question of RIC collection. He stated in his testimony that "(t)he RIC has been purposefully disassociated with the local transport function..." (TR 435) AT&T and MFS-FL agreed that the RIC should flow through to the company terminating the call. (Devine TR 62; Guedel TR 435) Witness Guedel also stated that BellSouth's position was that it should keep the RIC on all calls, whether originating, transporting, or terminating. (TR 435) Witness Guedel went further and stated that the RIC should be eliminated altogether: "(t)here is no underlying direct cost associated with the RIC and even with its elimination, BellSouth's switched access charges would still be many hundred percent above cost." (TR 435)

BellSouth argued to keep the RIC. Witness Scheye stated:

> The RIC recovers a portion of a LEC's transport and tandem revenue requirements, and was established as a part of the FCC's local transport restructure decision. When local transport was restructured, the RIC was established to recover the shortfall between the overall local transport revenue requirement and the revenues generated by the new and lower transport and tandem switching charges... The method selected to collect the RIC was to simply apply the charge to terminating access minutes measured at the end office where the call was terminated...
>
> Occasionally one LEC will transport and switch the call while another LEC terminates the call at its end office. Currently this happens most often when a call involves BellSouth and an independent telephone company. In this case the LEC providing transport and switching collects its charges and the LEC terminating the call collects the RIC. This is the most practical way to handle this situation and has an element of fairness. (TR 502-503)

Witness Scheye continued his argument by stating the collection of the RIC was a revenue requirement issue. (TR 503-504) The reason that current LEC arrangements allow for the terminating company to collect the RIC is that they both have RIC revenue requirements, so collecting the RIC helped each company recover its revenue requirements. By collecting the RIC when terminating the call, instead of the company transporting its own call, each company was in fact recovering the other company's revenue requirement. (TR 503)

Witness Scheye concluded his argument by differentiating the LECs' revenue requirements from the ALECs':

> On the other hand, the ALECs will not have a revenue requirement associated with a RIC charge. The RIC arose from a situation involving existing transport and switching charges levied by LECs. . . . Since the ALEC will not have a RIC cost, there would be no legitimate reason to allow the ALEC to collect the RIC. On the other hand, the LEC transporting and switching the call will still have such a revenue requirement. (TR 504)

Staff disagrees with BellSouth's arguments. Staff believes that collection of the RIC is no longer a revenue requirement issue. BellSouth is no longer rate base regulated; it is price regulated. Revenue requirements are a concept only applicable under rate base regulation; they are neither consistent with nor relevant to price regulation. Therefore, it is staff's position that BellSouth no longer has any revenue requirements that this Commission should consider in its policy decisions.

Staff recommends that carriers providing tandem switching or other intermediary functions should collect only those access charges that apply to the functions they perform. If a LEC provides tandem switching, it should be entitled to tandem switching revenues. If a LEC provides some local transport to a meet-point location, then it should receive a portion of the local transport and/or switching revenues. This is a simple, fair concept. Access charges should be split fairly according to the functions each carrier performs. The Residual Interconnection Charge should be billed and collected by the carrier terminating the call, just as it is today among adjacent LECs. This will ensure fairness to all carriers.

In summary, staff recommends that: BellSouth should establish meet-point billing arrangements with ALECs as it has with adjacent LECs. Meet-points, for rating purposes, should be established at mutually agreeable locations.

ALECs collocated in BellSouth wire centers should be permitted to cross-connect without transiting the BellSouth switch. BellSouth should charge each ALEC one-half its special access cross-connect rate.

Carriers providing tandem switching or other intermediary functions should collect only those access charges that apply to the functions they perform. The Residual Interconnection Charge should be billed and collected by the carrier terminating the call, just as it is today among adjacent LECs.

ISSUE 4: What are the appropriate technical and financial requirements for the exchange of intraLATA 800 traffic which originates from the respective ALEC's customer and terminates to an 800 number served by or through BellSouth?

RECOMMENDATION: Staff believes that the compensation arrangement provided in the Stipulation is appropriate for 800 calls originated by an ALEC's customer and terminating to an 800 number served by or through BellSouth. BellSouth should 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 should provide to BellSouth the appropriate records necessary for BellSouth to bill its customers. The records should 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 should reciprocate this arrangement. **[DREW]**

POSITION OF PARTIES:

MFS-FL: ALECs cannot route 800 numbers to the appropriate carrier. BellSouth 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.

MCIMETRO: The companies should compensate each other through switched access charges applied in the same manner as when two LECs exchange intraLATA 800 traffic today. In addition, the ALEC should be permitted to utilize BellSouth's tariffed 800 access features at those tariffed rates.

BELLSOUTH: Procedures are needed for the exchange of data in both directions for billing purposes between the ALECs and BellSouth.

AT&T: When an ALEC customer places an 800 call that terminates to a BellSouth 800 number, BellSouth should compensate the ALEC with appropriate 800 originating access charges and an 800 number database query charge.

CONTINENTAL: The technical and financial requirements for the exchange of intraLATA 800 traffic contained in the Stipulation are appropriate, and Continental urges the Commission to adopt them in resolution of this issue.

FCTA: BellSouth should compensate an ALEC 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 should provide to BellSouth the appropriate records necessary for BellSouth to bill its customers. The records should be provided in a standard ASR/EMR format for a fee of $0.015 per record. At such time as the ALEC elects to provide 800 services, BellSouth should reciprocate this arrangement. Should BellSouth be permitted to provide interLATA 800 services, BellSouth should be responsible for compensating the ALECs for the origination of such traffic as well on the same terms and conditions.

INTERMEDIA: No position.

MCCAW: The requests of the ALECs should be approved.

SPRINT: In originating an 800 call, the ALEC must determine where to send the call through querying an 800 database. If BellSouth is the route for the call, the originating ALEC should transmit the call to BellSouth with call detail information. BellSouth can then bill its 800 customer. BellSouth should pay the originating ALEC the 800 originating access charges with 800 database query charge.

TCG: The Commission should resolve this issue in a manner which is not anticompetitive or discriminatory with respect to TCG.

TIME WARNER: The Commission has approved a settlement of local interconnection issues between BellSouth and various other ALECs. Because local interconnection is an essential service, the Commission should establish no rate, term or condition for interconnection with BellSouth in this proceeding that is anticompetitive or discriminatory.

STAFF ANALYSIS: BellSouth believes that during the initial phase of competition, the exchange of 800 traffic will be minimal. (Scheye TR 461) Since the exchange of traffic will be minimal, BellSouth proposes that the parties resolve on their own the issue of technical and financial arrangements for exchanging 800 traffic. (TR 462) In the Stipulation between BellSouth and the signed parties, there is an agreement that 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. (EXH 15, RCS-7, p.28). The ALEC will provide to BellSouth the appropriate records necessary for BellSouth to bill its customers. (EXH 15, RCS-7, p.28) The records will be provided in a standard ASR/EMR format for a fee of $0.015 per record. (EXH 15, RCS-7, p.28) At such time as an ALEC elects to provide 800 services, the ALEC will reciprocate this arrangement. (EXH 15, RCS-7, p.28)

Staff found no evidence in the record offered by MCImetro or AT&T that opposed the terms for intraLATA 800 calls described in the Stipulation. MFS agreed that BellSouth should compensate ALECs for the origination of 800 traffic terminated to BellSouth pursuant to the ALEC's originating switched access charges including data-base queries. (Devine TR 112) MFS-FL took issue with the Stipulation's requirement that BellSouth and ALECs mutually provide appropriate records in the standard ASR format for a fee of $0.015. MFS-FL stated that assessing such a fee would increase prices for end-users. MFS-FL argues that BellSouth will be compensated for these queries by billing the IXCs switched access. Further, MFS-FL states that LECs and ALECs will be required to reciprocally exchange significant amounts of information as competiton develops, and therefore, these records should be reciprocally exchanged without any fees. (Devine TR 112-113)

Staff believes that compensating a local exchange service provider for the origination of 800 traffic is appropriate. BellSouth should 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 should provide to BellSouth the appropriate records necessary for BellSouth to bill its customers. The records should 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 should reciprocate this arrangement.

ISSUE 5a: What are the appropriate technical arrangements for the interconnection of the respective ALEC's network to BellSouth's 911 provisioning network such that the respective ALEC's customers are ensured the same level of 911 service as they would receive as a customer of BellSouth?

RECOMMENDATION: The Commission should require that:

1) BellSouth provide the ALECs with access to the appropriate BellSouth 911 tandems.

2) The ALECs should be responsible for providing the trunking, via leased or owned facilities which are capable of carrying Automatic Number Identification, to the 911 tandems.

3) All technical arrangements should conform with industry standards.

4) BellSouth should notify the ALECs 48 hours in advance of any scheduled testing or maintenance, and provide immediate notification of any unscheduled outage.

5) BellSouth should provide a list consisting of each municipality in Florida that subscribes to Basic 911 service, the E911 conversion date and a ten-digit directory number representing the appropriate emergency answering position for each municipality subscribing to 911 service.

6) Each ALEC should arrange to accept 911 calls from its customer and translate the 911 call to the appropriate 10-digit directory number and route that call to BellSouth at the appropriate tandem or end office.

7) When a municipality converts to E911 service, the ALEC should discontinue the Basic 911 procedures and begin the E911 procedures. **[REITH]**

POSITION OF PARTIES:

MFS-FL: BellSouth must provide trunk connections to its 911/E-911 selective routers/911 tandems for the provision of 911/E911 services and for access to subtending Public Safety Answering Points ("PSAPs"). Interconnection should be made at the Designated Network Interconnection Point ("D-NIP").

MCIMETRO: BellSouth should be required to make trunking and network arrangements available so that an ALEC can route 911 calls through the existing 911 network. Such arrangements should be equal in type and quality to the arrangements BellSouth provides itself.

BELLSOUTH: Each ALEC should provide its own or lease facilities to connect the trunk side of the ALEC's end office to the BellSouth 911 tandem serving the calling customer's Public Safety Answering Point ("PSAP"). The trunks must carry Automatic Number Identification and conform with the industry interface standard.

AT&T: The provisioning of 911 to ALEC customers requires interconnection of ALEC facilities at the appropriate BellSouth 911 tandem. The ALEC will be required to build or lease the necessary trunking facilities to the appropriate interconnection point.

CONTINENTAL: The technical arrangements for the interconnection of the respective ALEC's network to BellSouth's 911 provisioning network contained in the Stipulation are appropriate, and Continental urges the Commission to adopt them in resolution of this issue.

FCTA: The terms and conditions of the December 11, 1995 Stipulation and Agreement should apply.

INTERMEDIA: No position.

MCCAW: The requests of the ALECs should be approved.

SPRINT: Sprint believes that ALECs should have access to 911 services provided by the incumbent local telephone company on the same terms and conditions as enjoyed by the incumbent local telephone company.

TCG: The Commission should resolve this issue in a manner which is not anticompetitive or discriminatory with respect to TCG.

TIME WARNER: The Commission has approved a settlement of local interconnection issues between BellSouth and various other ALECs. Because local interconnection is an essential service, the Commission should establish no rate, term or condition for interconnection with BellSouth in this proceeding that is anticompetitive or discriminatory.

STAFF ANALYSIS: This issue addresses the provision of Basic 911 service to ALEC customers. The following issue, Issue 5b, will address Enhanced 911. Basic 911 provides direct access to an emergency operator so the caller can report its location and reason for calling. Enhanced 911 automatically provides the emergency operators with the customer's location and telephone number.

BellSouth states that it does not have any basic 911 customers in Florida. (EXH 20, p.22) Therefore, staff believes it can be construed that this issue is rendered moot. However, in the interest of public safety and welfare, staff prefers to make a recommendation on this issue in the event BellSouth's basic 911 status changes. The viewpoints of parties who took positions can be summarized as follows:

MFS-FL, MCImetro, AT&T and BellSouth agree that 911 trunking arrangements should be provided through ALEC leased or owned facilities to the appropriate BellSouth 911 tandem that contains the customer's Public Safety Answering Point.

Sprint asserts that 911 services should be available to the ALECs at the same rates, terms and conditions enjoyed by the incumbent LECs. McCaw supports the ALECs' requests.

Continental and FCTA state that 911 service should be provisioned under the same terms and conditions as listed in their Stipulation with BellSouth. TCG and Time Warner, who also signed the Stipulation, state that resolution of this issue should not be anticompetitive or discriminatory. The relevant terms and conditions of the Stipulation are as follows:

> 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 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 customer 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. (EXH 15, p.1)

MFS-FL and MCImetro agree that the above Stipulation language addresses a majority of their 911 concerns. (Devine TR 175, Price TR 341) However, MFS-FL and MCImetro state that the Stipulation has some deficiencies that they would like addressed. MCImetro asserts that BellSouth should work cooperatively with MCImetro to ensure that MCImetro's customer data is in the proper format for inclusion into the appropriate 911 databases. (Price TR 307) Witness Price believes that all 911 trunking arrangements should conform with industry standards and that MCImetro's 911 trunks should be afforded the same level of restoration as BellSouth's 911 trunks. Price adds that BellSouth should give MCImetro at least 48 hours advanced notice of any scheduled testing or maintenance of the 911 network, and provide immediate notification of any unscheduled outage. (TR 308-309; EXH 10, p.10) BellSouth states 911 trunks must be capable of carrying Automatic Number Identification (ANI) and conform with industry interface standards. (Scheye TR 463) Staff agrees customer data must be provided in the proper format, trunking arrangements must agree with industry standards, and that ALECs should be notified of any work or outages, both scheduled and unscheduled, to the 911 network.

MFS-FL states that interconnection to BellSouth's 911/E911 network should occur at MFS-FL's proposed Designated Network Interconnection Point. (Devine EXH 5, p.101) Staff believes this proposal is appropriately addressed in Issue 11.

From staff's viewpoint there were no real points of contention with this issue, only areas in need of clarification. Staff believes that, at a minimum, the customers in BellSouth's service territory are entitled to the same level of emergency service as provided today. Therefore, staff recommends that the Commission require that:

> BellSouth should provide the ALECs with access to the appropriate BellSouth 911 tandems.
>
> The ALECs should be responsible for providing the trunking, via leased or owned facilities which are capable of carrying Automatic Number Identification, to the 911 tandems.
>
> All technical arrangements should conform with industry standards.
>
> BellSouth should notify the ALECs 48 hours in advance of any scheduled testing or maintenance, and provide immediate notification of any unscheduled outage.
>
> BellSouth should provide a list consisting of each municipality in Florida that subscribes to Basic 911 service, the E911 conversion date and a ten-digit directory number representing the appropriate emergency answering position for each municipality subscribing to 911 service.
>
> Each ALEC should arrange to accept 911 calls from its customer and translate the 911 call to the appropriate 10-digit directory number and route that call to BellSouth at the appropriate tandem or end office.

When a municipality converts to E911 service, the ALEC should discontinue the Basic 911 procedures and begin the E911 procedures.

ISSUE 5b: What procedures should be in place for the timely exchange and updating of the respective ALEC's customer information for inclusion in appropriate E911 databases?

RECOMMENDATION: Staff recommends that the Commission require that:

1) BellSouth provide the ALECs with access to the appropriate BellSouth E911 tandems, including the designated secondary tandem.

2) If the primary tandem trunks are not available, the ALEC should alternate route the call to the designated secondary E911 tandem. If the secondary tandem trunks are not available, the ALEC should alternate route the call to the appropriate Traffic Operator Position System (TOPS) tandem.

3) The ALECs should be responsible for providing the trunking, via leased or owned facilities which are capable of carrying Automatic Number Identification, to the E911 tandems.

4) All technical arrangements should conform with industry standards.

5) BellSouth should notify the ALECs 48 hours in advance of any scheduled testing or maintenance, and provide immediate notification of any unscheduled outage.

6) BellSouth should provide ALECs with mechanized access to any database used for provisioning E911 service. MFS-FL, MCImetro and BellSouth should work together and file with this Commission, within 60 days from the date of this order, a comprehensive proposal for mechanized access to any database used for provisioning E911 service. The proposal should include cost and price support, and a list of operational procedures.

7) If a municipality has converted to E911 service, the ALEC should forward 911 calls to the appropriate E911 primary tandem along with the ANI, based upon the current E911 end office to tandem homing arrangement as provided by BellSouth. **[REITH]**

POSITION OF PARTIES:

MFS-FL: BellSouth should provide on-line access for immediate E-911 database updates.

MCIMETRO: BellSouth should be required to provide ALECs with access to the "master street address guide" that is used to ensure that address information is in the correct format for inclusion in the 911 Automatic Location Identification (ALI) database.

BELLSOUTH: Procedures are needed to handle the transmission, receipt, and daily updates of the customer telephone number and the name and address associated with that number. The Master Street Address Guide, Telephone Number, and Network Information databases are required to provide data for display at the PSAP.

AT&T: Procedures must be established to ensure that the ALEC customer information is updated as effectively as is the customer information of the incumbent LEC. Optimally, electronic interfaces should be established between the ALEC and the appropriate 911/E911 databases.

CONTINENTAL: The procedures provided in the Stipulation for exchanging and updating customer information for inclusion in E911 databases are appropriate, and Continental urges the Commission to adopt them in resolution of this issue.

FCTA: The terms and conditions of the December 11, 1995 Stipulation and Agreement should apply.

INTERMEDIA: No position.

MCCAW: The requests of the ALECs should be approved.

SPRINT: Sprint believes that ALECs should have access to 911 services provided by the incumbent local telephone company on the same terms and conditions as enjoyed by the incumbent local telephone company. Procedures should be established to ensure that the ALEC customer information is updated as promptly as that of the incumbent LEC.

TCG: The Commission should resolve this issue in a manner which is not anticompetitive or discriminatory with respect to TCG.

TIME WARNER: The Commission has approved a settlement of local interconnection issues between BellSouth and various other ALECs. Because local interconnection is an essential service, the Commission should establish no rate, term or condition for interconnection with BellSouth in this proceeding that is anticompetitive or discriminatory.

STAFF ANALYSIS: This issue addresses the provision of Enhanced 911 service to ALEC customers. The viewpoints of parties which took positions can be summarized as follows:

MFS-FL, MCImetro, AT&T and BellSouth agree that procedures are needed for updating appropriate E911 databases. MFS-FL, MCImetro and AT&T state that the procedures should include mechanized access to the databases.

Sprint asserts that 911 services should be available to the ALECs at the same rates, terms and conditions enjoyed by the incumbent LECs. McCaw supports the ALECs' requests.

Continental and FCTA state that E911 service should be provisioned under the same terms and conditions as listed in their Stipulation with BellSouth. TCG and Time Warner, who also signed the Stipulation, state that resolution of this issue should not be anticompetitive or discriminatory. The relevant terms and conditions of the Stipulation are as follows:

> 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 the 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 insure 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 purpose. (EXH 15, RCS-7, pp. 26-27)

MFS-FL and MCImetro agree that the above Stipulation language addresses a majority of their 911 concerns. (Devine TR 175, Price TR 341) However, both companies assert that the Stipulation does not sufficiently address database transactions and updates. MFS-FL and MCImetro assert that BellSouth should arrange for ALECs to have automated input and daily updating of the Master Street Address Guide and other E911 databases. (Devine TR 90, Price TR 308) BellSouth witness Scheye states that procedures must be in place to handle transmission, receipt and daily updates to the various databases used in provisioning E911 service. (TR 463) BellSouth has discussed providing the Master Street Address Guide to the ALECs either by print or diskette. (EXH 20, p. 66) Witness Scheye maintains that BellSouth will provide mechanized access to databases as soon as BellSouth is capable, but the Company does not have a timetable or a cost estimate for this function. In addition, BellSouth states it will verify and edit ALEC updates to the E911 database just as BellSouth does for the Independent Local Telephone companies. Any errors found will be returned to the ALECs and it will be the ALEC's responsibility to correct the data. (EXH 20, p.66) Staff believes that BellSouth should provide mechanized access to any database used for provisioning E911 service.

Staff also believes that the companies are in the best position to work out the particulars of mechanized database access. Staff recommends that MFS-FL, MCImetro and BellSouth be required to work together and file with this Commission, within 60 days from the date of this order, a comprehensive proposal for mechanized access to any database used for provisioning E911 service. The proposal should include cost and price support, and a list of operational procedures.

MFS-FL states that interconnection to BellSouth's 911/E911 network should occur at MFS-FL's proposed Designated Network Interconnection Point. (Devine EXH 5, p.101) Staff believes this proposal is appropriately addressed in Issue 11.

Witness Price believes that all 911 trunking arrangements should conform with industry standards and that MCImetro's 911 trunks should be afforded the same level of restoration as BellSouth 911 trunks. Price adds that BellSouth should give MCImetro at least 48 hours advanced notice of any scheduled testing or maintenance of the 911 network, and provide immediate notification of any unscheduled outage. (TR 308-309; EXH 10, p.10) BellSouth states 911 trunks must be capable of carrying Automatic Number Identification (ANI) and conform with industry interface standards. (Scheye TR 463) Staff believes that the companies are refering to 911 service generically. Staff agrees that trunking arrangements must agree with industry standards, and ALECs should be notified of any work or outages, both scheduled and unscheduled, to the 911/E911 network.

Staff recommends that the Commission require that:

> BellSouth provide the ALECs with access to the appropriate BellSouth E911 tandems, including the designated secondary tandem.
>
> If the primary tandem trunks are not available, the ALEC should alternate route the call to the designated secondary E911 tandem. If the secondary tandem trunks

are not available, the ALEC should alternate route the call to the appropriate Traffic Operator Position System (TOPS) tandem.

The ALECs should be responsible for providing the trunking, via leased or owned facilities which are capable of carrying Automatic Number Identification, to the E911 tandems.

All technical arrangements should conform with industry standards.

BellSouth should notify the ALECs 48 hours in advance of any scheduled testing or maintenance, and provide immediate notification of any unscheduled outage.

BellSouth should provide ALECs with mechanized access to any database used for provisioning E911 service. MFS-FL, MCImetro and BellSouth should work together and file with this Commission, within 60 days from the date of this order, a comprehensive proposal for mechanized access to any database used for provisioning E911 service. The proposal should include cost and price support, and a list of operational procedures.

If a municipality has converted to E911 service, the ALEC should forward 911 calls to the appropriate E911 primary tandem along with the ANI, based upon the current E911 end office to tandem homing arrangement as provided by BellSouth.

ISSUE 6: What are the appropriate technical and financial requirements for operator handled traffic flowing between the respective ALECs and BellSouth including busy line verification and emergency interrupt services?

RECOMMENDATION: Staff recommends that the technical arrangement proposed by BellSouth be used to provide operator services. The technical arrangement is comprised of a dedicated trunk group arrangement from the ALEC's end office to the BellSouth Operator Service System. The trunk group can be the same as that used for Inward Operator Services (busy line verification and emergency interrupt services) and Operator Transfer Service. Staff also recommends that BellSouth's tariffed rates for busy line verification and emergency interrupt services be used to fulfill the financial requirements for operator handled traffic flowing between the respective ALECs and BellSouth. **[DREW]**

POSITION OF PARTIES:

MFS-FL: BellSouth should provide LEC-to-LEC Busy Line Verification and Interrupt ("BLV/I") trunks to one another to enable each carrier to support this functionality. ALECs and BellSouth should compensate one another for the use of BLV/I according to the effective rates listed in BellSouth's tariffs.

MCIMETRO: BellSouth should provide trunking and signalling that complies with industry standards, should institute procedures to enable ALEC operators to perform busy line verification and operator interrupt for BellSouth customers, and should provide operator services to ALECs on the same basis as other LECs.

BELLSOUTH: These services are currently tariffed in BellSouth's Access Service Tariff. A dedicated trunk group is required from the ALEC's end office to the BellSouth Operator Service System.

AT&T: Busy Line Verification and Emergency Interrupt (BLV/I) should be made available by all local service providers (i.e., LECs and ALECs). In most cases, inward trunking arrangements need to be established. If the ALEC utilizes BellSouth's BLV/I operators and services, BellSouth should charge the ALEC appropriate tariffed rates.

CONTINENTAL: The respective ALECs and BellSouth should mutually provide each other busy line verification and emergency interrupt services. To the extent this issue is dealt with in the Stipulation, Continental urges the Commission to adopt the provisions relating to operator-handled traffic that are contained there.

FCTA: The terms and conditions of the December 11, 1995 Stipulation and Agreement should apply.

INTERMEDIA: No Position.

MCCAW: The requests of the ALECs should be approved.

SPRINT: ALECs should be afforded co-carrier status such that operator handled traffic is provided in the same manner as current operator handled traffic is provisioned between LECs today. Conceptually, ALECs are independent LECs that are being implemented to overlay existing LEC territory. Therefore, procedures used today to provision an independent LEC should be used in connection with ALECs.

TCG: The Commission should resolve this issue in a manner which is not anticompetitive or discriminatory with respect to TCG.

TIME WARNER: The Commission has approved a settlement of local interconnection issues between BellSouth and various other ALECs. Because local interconnection is an essential service, the Commission should establish no rate, term or condition for interconnection with BellSouth in this proceeding that is anticompetitive or discriminatory.

STAFF ANALYSIS: Upon review of the evidence in the record, there appears to be no objection to the use of BellSouth's tariffed rates as the compensation arrangement for providing operator handled traffic between the respective ALECs and BellSouth. (Devine TR 94; Price TR 349-350; Scheye TR 464) However, MCImetro's witness Price had some concern as to whether the tariff references discussed in the Stipulation and BellSouth's testimony were the same methods for emergency interrupt service and busy line verification provided to independent LECs in Florida. (Price TR 349) Witness Price stated that MCImetro would like to either use contracts or the tariff, whichever was deemed more useful or economical. (Price TR 350) BellSouth should be required to provide such functions to ALECs at the same rates, terms, and conditions that the functions are made available to other LECs, whether LECs obtain these functions by contract or tariff. Witness Price did not provide any further testimony describing existing differences between the tariffed rates and any contract rates that are currently offered to independent LECs.

Witnesses Price, Cornell, or Guedel did not provide testimony documenting underlying costs of BellSouth's busy line verification or interrupt service. Since there is no overall objection to the use of BellSouth's tariffed rates and since none of the parties have proferred any additional evidence as to the unreasonableness of BellSouth's rates, staff recommends that BellSouth's tariffed rates for busy line verification and emergency interrupt services be used to fulfill the financial requirements for operator handled traffic flowing between the respective ALECs and BellSouth.

The technical arrangement proposed by BellSouth for operator handled traffic between ALECs and BellSouth is a dedicated trunk group, either one-way or two-way, between the ALEC's end office and BellSouth's Operator Services System. (Scheye TR 464) The trunk group can be the same as that used for Inward Operator Services (busy line verification and emergency interrupt services) and Operator Transfer Service. (Scheye TR 464) Busy line verification and emergency interrupt services are currently tariffed in BellSouth's Access Service Tariff. Witness Devine testified that MFS-FL and BellSouth should establish procedures whereby their operator bureaus will coordinate with each other to provide busy line verification and interrupt services. (Devine TR 94) Witness Devine further testified that BellSouth's proposal to provide busy line verification and interrupt services from BellSouth's tariff was acceptable as long as the rates were reasonable. Review of the record indicates that none of the parties had any objection to the technical provision of operator services as provided in BellSouth's tariff. Staff recommends that the technical arrangement proposed by BellSouth be used to provide operator services.

ISSUE 7: What are the appropriate arrangements for the provision of directory assistance services and data between the respective ALECs and BellSouth?

RECOMMENDATION: The Commission should require BellSouth to list the ALEC's customers in BellSouth's directory assistance database. To ensure compatibility with BellSouth's database, BellSouth should provide the ALECs with the appropriate database format in which to submit the necessary information. BellSouth should update its directory assistance database under the same timeframes afforded itself. BellSouth should provide branding upon a firm order for the service. **[REITH]**

POSITION OF PARTIES:

MFS-FL: The Commission should require BellSouth to list competing carriers' customers in their directory assistance databases. 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.

MCIMETRO: BellSouth should be required to list ALECs' customers in its directory assistance data bases at no charge and should be required to offer ALECs three options to support the ALECs' provision of directory assistance.

BELLSOUTH: BellSouth will list ALECs' customers in BellSouth's directory assistance database provided the information is supplied by the ALEC to BellSouth in the appropriate format. If the data is not submitted in the proper format, the ALEC should pay the cost of any translation.

AT&T: BellSouth should include directory information regarding ALEC customers in BellSouth's Directory Assistance Database. Electronic interfaces should be established to allow an ALEC to update database information regarding its customers.

CONTINENTAL: BellSouth should include the ALECs' customers' primary listings (residence and business listings) and yellow page (business) listings in its directory assistance database at no charge. To the extent this issue is dealt with in the Stipulation, Continental urges the Commission to adopt the directory assistance provisions contained there.

FCTA: The terms and conditions of the December 11, 1995 Stipulation and Agreement should apply.

INTERMEDIA: No Position.

MCCAW: The requests of the ALECs should be approved.

SPRINT: ALECs should be afforded co-carrier status such that operator handled traffic is provided in the identical manner that current operator handled traffic is provisioned between LECs today. Conceptually, ALECs are independent LECs that are being implemented to overlay existing LEC territory. Therefore, procedures used today to provision an independent LEC should be used in connection with ALECs. BellSouth should include in its Directory Assistance Database directory information concerning ALEC customers.

TCG: The Commission should resolve this issue in a manner which is not anticompetitive or discriminatory with respect to TCG.

TIME WARNER: The Commission has approved a settlement of local interconnection issues between BellSouth and various other ALECs. Because local interconnection is an essential service, the Commission should establish no rate, term or condition for interconnection with BellSouth in this proceeding that is anticompetitive or discriminatory.

STAFF ANALYSIS: This issue concerns the terms and conditions requested by MFS-FL and MCImetro with respect to BellSouth's directory assistance (DA) services and database. Only certain parties took positions, and their points of view are summarized below.

McCaw Cellular states that the ALECs' requests should be approved. Sprint's position is that ALECs are conceptually independent LECs that will overlay the incumbent LECs' territory. Therefore, ALECs should be afforded the same treatment as LECs, and ALEC customers should be listed in the LEC's DA database.

Continental states that ALEC customers should be included in BellSouth's DA database, but adds that the Commission should adopt the provisions for DA service that are in Continental's Stipulation with BellSouth. FCTA agrees to the extent that the provisions of the joint stipulation with BellSouth should apply to MFS-FL and MCImetro. TCG and Time Warner, who also signed the Stipulation, state that resolution of this issue should not be anticompetitive or discriminatory.

MFS-FL, MCImetro, BellSouth and AT&T agree that BellSouth should list ALEC customers in BellSouth's directory assistance database.

MCImetro asserts that BellSouth should provide at least three options for DA provision. First, there should be a resale arrangement where by MCImetro would be able to utilize BellSouth's DA service to provide DA to MCImetro's customers. Second, BellSouth should provide a mechanized database access option so that MCImetro's operators can obtain the necessary DA listing information. Third, there should be a purchase option that requires BellSouth to sell its DA database to MCImetro. (Price TR 310-311) MFS-FL is requesting these same service options but adds that BellSouth should also offer DA service under MFS-FL's brand (branding) which is comparable in every way to BellSouth DA service. (Devine TR 95) Witness Scheye addresses these requests by stating that BellSouth currently provides directory assistance service out of its access tariff. BellSouth also licenses the use of its DA database via its General Subscriber Services Tariff called Directory Assistance Database Service (DADS). (TR 465) In addition, BellSouth stated in response to an interrogatory that it will provide on-line access to BellSouth's directory assistance database to MFS-FL operators or an MFS-FL designated operator bureau. (EXH 20, p.31)

The only option that does not appear to be readily available at this time is MFS-FL's request for branding. However, BellSouth does explain that it will provide branding upon a firm order for service and a script of what the ALEC would like BellSouth operators to say. BellSouth asserts that it intends to charge for this service by filing a tariffed rate option for branding DA calls. (EXH 20, p.33)

BellSouth states that it will list ALEC customers in its directory assistance database if the necessary information is provided in the format specified by BellSouth. Witness Scheye maintains that to the extent BellSouth has to incur additional costs for storing inconsistent information, the ALEC should be required to pay these costs. (TR 464-465) Staff agrees that the ALECs should pay any additional costs incurred for incompatible information, but staff believes BellSouth should provide the ALECs with the appropriate format BellSouth requires to populate its database. In turn, the ALECs should submit their customer data in compliance with this format.

Staff recommends that the Commission require BellSouth to list the ALEC's customers in BellSouth's directory assistance database. To ensure compatibility with BellSouth's database, BellSouth should provide the ALECs with the appropriate database format in which to submit the necessary information. BellSouth should update its directory assistance database under the same timeframes afforded itself. BellSouth should provide branding upon a firm order for the service.

ISSUE 8: Under what terms and conditions should BellSouth be required to list the respective ALEC's customers in its white and yellow pages directories and to publish and distribute these directories to the respective ALEC's customers?

RECOMMENDATION: The Commission should require BellSouth to provide directory listings for ALEC customers in BellSouth's white page and yellow page directories at no charge. BellSouth should also distribute these directories to ALEC customers at no charge. To ensure compatibility with BellSouth's database, BellSouth should provide the ALECs with the appropriate database format in which to submit the necessary information. Enhanced listings should be provided to ALEC customers at the same rates, terms and conditions offered to BellSouth customers. **[REITH]**

POSITION OF PARTIES:

MFS-FL: BellSouth should be required to list competing carriers' customers in their White and Yellow Pages directories, should be required to distribute these directories to ALEC customers at no charge, and should provide enhanced listings, all in the identical manner that it does for BellSouth customers.

MCIMETRO: BellSouth should list ALEC customers in its white and yellow page directories, and should distribute directories to ALEC customers, at no charge, in the same manner as if they were BellSouth customers. BellSouth should also include information on ALECs' services in the "informational" section of the white pages directory.

BELLSOUTH: BellSouth will arrange to list ALEC customers in the appropriate BellSouth directory and will arrange for distribution of such directories to ALEC customers. Primary listings will be provided free, so long as the data is received in the proper format.

AT&T: BellSouth should include basic white page listings for ALEC residential customers and basic yellow page and business white page listings for ALEC business customers. BellSouth should distribute these directories to ALEC customers at no charge. ALECs will provide BellSouth its customer directory information.

CONTINENTAL: To the extent that directory issues are dealt with in the Stipulation, Continental urges the Commission to adopt the directory provisions and procedures contained there.

FCTA: The terms and conditions of the December 11, 1995 Stipulation and Agreement should apply.

INTERMEDIA: No position.

MCCAW: The requests of the ALECs should be approved.

SPRINT: ALECs should be allowed to have their customer's telephone numbers included in telephone directories, directory assistance, LICB, AIN, 800, 700 and other databases and have access to such resources equal in price, functionality and quality as do incumbent local telephone service providers.

TCG: The Commission should resolve this issue in a manner which is not anticompetitive or discriminatory with respect to TCG.

TIME WARNER: The Commission has approved a settlement of local interconnection issues between BellSouth and various other ALECs. Because local interconnection is an essential service, the Commission should establish no rate, term or condition for interconnection with BellSouth in this proceeding that is anticompetitive or discriminatory.

STAFF ANALYSIS: This issue deals with the terms and conditions requested by MFS-FL and MCImetro with respect to BellSouth's white and yellow page directory. The viewpoints of parties who took positions are summarized below.

McCaw Cellular states that the ALECs' requests should be approved. Sprint's position is more generic in that ALECs should have access to the same databases and resources that the incumbent LECs do. Although Sprint's position is broader than the scope of this issue, it does support the ALECs' requests.

MFS-FL, MCImetro, and AT&T assert that BellSouth should include ALEC customers in the appropriate BellSouth white and yellow page directories and distribute directories to ALEC customers at no charge. BellSouth states that it will list ALEC business customers in BellSouth's yellow and white page directories as well as provde white page listings for ALEC residential customers. In addition, BellSouth intends to distribute the directories to ALEC customers. (Scheye TR 466)

Continental and FCTA have previously negotiated a settlement with BellSouth concerning terms and conditions for white and yellow page directories. Their position is that the Commission should adopt these terms and conditions with respect to MFS-FL and MCImetro. TCG and Time Warner, who also signed the Stipulation, state that resolution of this issue should not be anticompetitive or discriminatory. The relevant terms and conditions of their Stipulation are as follows:

> BellSouth will include ALEC customers' primary listing in the white page (residential and business listings) and yellow page (business listings) directories, as well as the directory assistance data-base, as long as the ALEC

1852

provides information to BellSouth in a manner compatible with BellSouth 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. (EXH 15, RCS-7, pp.27-28)

MFS-FL is requesting that enhanced listings, such as bolding and indention, be provided under the same rates, terms and conditions as are available to BellSouth's customers. In addition, witness Devine states that MFS-FL must provide BellSouth with directory listings and daily updates in an accepted industry format. In turn, BellSouth should provide MFS-FL with a magnetic tape or computer disk containing the proper format. (EXH 5, p. 105) Staff agrees that enhanced listings should be provided to the ALECs under the same rates, terms, and conditions as afforded to BellSouth's customers. We also believe that BellSouth should provide the ALECs with the appropriate format BellSouth requires to populate its database. In turn, the ALECs should submit their customer data in compliance with this format.

Yellow page maintenance is another concern for MFS-FL. Witness Devine believes that BellSouth and MFS-FL should work together to ensure that yellow page advertisements purchased by customers that switch their service to MFS-FL are maintained without interruption. (TR 96) Staff is in agreement with MFS-FL but would add that these parameters should apply anytime a customer changes its local exchange carrier (i.e., LEC to ALEC, ALEC to LEC, ALEC to ALEC).

Staff recommends that the Commission require BellSouth to provide directory listings for ALEC customers in BellSouth's white page and yellow page directories at no charge. BellSouth should also distribute these directories to ALEC customers at no charge. To ensure compatibility with BellSouth's database, BellSouth should provide the ALECs with the appropriate database format in which to submit the necessary information. Enhanced listings should be provided to ALEC customers at the same rates, terms and conditions offered to BellSouth customers.

ISSUE 9: What are the appropriate arrangements for the provision of billing and collection services between the respective ALECs and BellSouth, including billing and clearing credit card, collect, third party and audiotext calls?

RECOMMENDATION: Staff recommends that the Commission require BellSouth to offer to ALECs a choice between one of the two options offered by BellSouth for billing and collection services. Under the first option, an ALEC may elect to have another RBOC serve as its Centralized Message Distribution System (CMDS) host. CMDS will provide the ALEC with the ability to bill for its services when the messages are recorded by a local exchange company. All messages originated by the ALEC but billable by another company, or that are originated by another company and billable by the ALEC, will be sent through that RBOC host for distribution.

Under the second option, BellSouth can be elected by the ALEC to serve as the CMDS host. The only requirement for this option is that the ALEC have Regional Accounting Office status, which means that the ALEC has been assigned its own RAO code from Bellcore. BellSouth will send CMDS all messages that are originated by an ALEC customer that are billable outside the BellSouth region. BellSouth will also forward all messages that originate outside the BellSouth region from CMDS to the ALEC for billing. This service will be provided via contract between the two companies.

In addition, BellSouth and ALECs should transmit billing information via electronic line feed or magnetic tapes as described in MFS-FL's testimony. Staff recommends that BellSouth, MFS-FL, and MCImetro co-develop a billing and collection arrangement which addresses prices, methods, and procedures. This arrangement should be filed with the Commission within 60 days of the issuance of the Order. **[DREW]**

POSITION OF PARTIES:

MFS-FL: BellSouth 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 BellSouth's interim number portability service, consolidated billing should be required.

MCIMETRO: BellSouth should provide ALECs with access to the line information database (LIDB) in order to validate calls placed to BellSouth customers, and should be required to treat ALECs like any other LEC in the billing and clearing of fund transfers for credit card, collect, third-party and audiotext calls.

BELLSOUTH: Procedures are needed for the exchange of data in both directions for billing purposes between the ALECs and BellSouth.

AT&T: BellSouth will provide billing and collection services to ALECs either via tariff or contract.

CONTINENTAL: To the extent that billing and collection services are dealt with in the Stipulation, Continental urges the Commission to adopt the arrangements contained there which relate to such services.

FCTA: The terms and conditions of the December 11, 1995 Stipulation and Agreement should apply.

INTERMEDIA: No position.

MCCAW: The requests of the ALECs should be approved.

SPRINT: ALECs should be treated same as other LECs with respect to provisioning of billing and collection services.

TCG: TCG and BellSouth should bill and clear intraLATA credit card, collect and third party calls (calls where the recording company is different from the billing company) through Centralized Message Distribution Service provided by BellSouth.

TIME WARNER: The Commission has approved a settlement of local interconnection issues between BellSouth and various other ALECs. Because local interconnection is an essential service, the Commission should establish no rate, term or condition for interconnection with BellSouth in this proceeding that is anticompetitive or discriminatory.

STAFF ANALYSIS: The parties offered a number of alternatives for providing billing and collection services between BellSouth and ALECs. BellSouth discussed two options in its testimony (Scheye TR 467). First, an ALEC may elect to have another RBOC serve as its Centralized Message Distribution System (CMDS) host (Scheye TR 467). CMDS will provide the ALEC with the ability to bill for its services when the messages are recorded by a local exchange company (Scheye TR 467). This would include credit card, collect, and third-party calls (TR 467). Under this option, all messages originated by the ALEC but billable by another company, or that are originated by another company and billable by the ALEC, will be sent through that RBOC host for distribution (TR 467). If the ALEC elects to purchase operator and /or 800 database service from BellSouth, and BellSouth is therefore recording messages on the ALEC's behalf, BellSouth will send those messages directly to the ALEC for rating. The ALEC will then distribute the messages to the appropriate billing company via their RBOC host (TR 468).

In the second option, BellSouth can be elected by the ALEC to serve as the CMDS host (Scheye TR 468). The only requirement for this option is that the ALEC have Regional Accounting Office status, which means that the ALEC has been assigned its own RAO code from Bellcore (TR 468). BellSouth will send CMDS all messages that are originated by an ALEC customer that are billable outside the BellSouth region. BellSouth will also forward all messages that originate outside the BellSouth region from CMDS to the ALEC for billing where applicable (Scheye TR 468). This service will be provided via contract between the two companies.

Witness Devine testifies that MFS-FL will deliver information services traffic originated over its exchange services to information services provided over BellSouth's information services platform over the appropriate trunks.(Devine TR 91) BellSouth should provide at MFS-FL's option 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.(TR 91) Witness Devine testified that if MFS-FL provides its own information services platform, BellSouth should assist MFS-FL to develop LATA-wide NXX code(s) which MFS-FL may use in conjunction with such platform.(TR 92) MFS-FL will bill and collect from its end users the specific end user calling rates BellSouth bills its own end users for such services, unless MFS-FL obtains approval to charge rates different from those rates charged by BellSouth.(TR 92)

Staff's problem in this issue is that neither MFS-FL or BellSouth provided any testimony rebutting either parties' method for providing billing and collection services between respective ALECs and BellSouth. The parties did not provide testimony regarding prices for providing billing and collection. Neither party provided testimony about the disadvantages of the other party's alternative for providing billing and collection. Staff recommends that the Commission require BellSouth to offer to ALECs a choice between one of the two options discussed above for billing and collection services. In addition, BellSouth and ALECs can transmit billing information via electronic line feed or magnetic tapes as described in MFS-FL's testimony. Staff also recommends that MFS-FL, MCImetro, and BellSouth co-develop a billing and collection arrangement which addresses prices, methods, and procedures. This arrangement should be filed within sixty days of the issuance of the Order.

ISSUE 10: What arrangements are necessary to ensure the provision of CLASS/LASS services between the respective ALEC's and BellSouth's networks?

RECOMMENDATION: Staff recommends that ALECs and BellSouth should provide LEC-to-LEC Common Channel Signalling (CCS) to one another, where available, in conjunction with all POTS traffic, in order to enable full interoperability of CLASS/LASS features and functions. All privacy indicators should be honored, and ALECs and BellSouth should use industry standards for CCS signalling between their networks. Because CCS will be used cooperatively for the mutual handling of traffic, the ALECs and BellSouth should each be responsible for the costs associated with the installation and use of their respective CCS networks. **[CHASE]**

POSITION OF PARTIES:

MFS-FL: ALECs and BellSouth should provide LEC-to-LEC CCS to one another, where available, in conjunction with LATA-wide traffic. All CCS signaling parameters should be provided. BellSouth and MFS should cooperate on the exchange of Transactional Capabilities Application Part ("TCAP") messages to facilitate full interoperability of CCS-based features between their respective networks.

MCIMETRO: BellSouth should deliver to ALECs, without limitation or modification, any and all CCS7 signalling information generated by the caller or by BellSouth on behalf of the caller.

BELLSOUTH: Full Signaling System 7 ("SS7") connectivity is required between end offices to ensure the provision of CLASS/LASS services between BellSouth and an ALEC. BellSouth plans to unbundle same in its Switched Access Service tariff.

AT&T: The provision of CLASS features requires the unbundling and interconnection of the SS7 signaling network. BellSouth and the ALECs should work together in linking the SS7 arrangements and protocols to ensure total interoperability of CLASS/LASS features between their respective networks.

CONTINENTAL: To the extent that issues concerning the provisioning of CLASS/LASS services are dealt with in the Stipulation, Continental urges the Commission to adopt the provisions contained there which relate to such services.

FCTA: The terms and conditions of the December 11, 1995 Stipulation and Agreement should apply.

INTERMEDIA: No position.

MCCAW: The requests of the ALECs should be approved.

SPRINT: The provision of CLASS features will require the unbundling and interconnection of the SS7 signaling network. BellSouth and the ALECs should cooperate in linking the SS7 arrangements and protocols to ensure total interoperability of CLASS/LASS features between their respective networks.

TCG: The Commission should resolve this issue in a manner which is not anticompetitive or discriminatory with respect to TCG.

TIME WARNER: The Commission has approved a settlement of local interconnection issues between BellSouth and various other ALECs. Because local interconnection is an essential service, the Commission should establish no rate, term or condition for interconnection with BellSouth in this proceeding that is anticompetitive or discriminatory.

STAFF ANALYSIS: CLASS or LASS features are certain features that are available to end users. These include such features as Automatic Call Back, Call Trace, Caller ID and related blocking features, Distinctive Ring, Call Waiting, Selective Call Forwarding, and Selective Call Rejection. (EXH 3, TDD-5, p.3)

CLASS features utilize Common Channel Signalling (CCS), or CCS7, which is a method of digitally transmitting call set-up and network control data over a special network. Signalling is how information on call processing is passed between various network elements to permit facilities to be utilized when needed, and rendered idle when not needed. The term "common channel" signalling is used to describe signalling which is accomplished using a network that is separate from the public switched network elements that carry the actual call. (EXH 3, TDD-5, p.3; Price TR 302-303) CCS signalling parameters include automatic number identification (ANI), originating line information, calling party category, and charge number. (EXH 5, p.107)

MFS-FL states that ALECs and BellSouth should provide LEC-to-LEC CCS to one another, where available, for LATA-wide traffic. All CCS signaling parameters should be provided. BellSouth and MFS should cooperate on the exchange of messages to facilitate full interoperability of CCS-based features between their respective networks. MFS-FL states that CCS should be provided by signal transfer point (STP) to STP connections. (EXH 5, p.107) MFS-FL further asserts that carriers should provide each other the same form and quality of interoffice signalling, CCS, that they use within their own networks, and SS7 signalling should be provided where the carrier's own network is so equipped. (Devine TR 70)

In addition, MFS-FL states that since the CCS will be used cooperatively for the mutual handling of traffic, link facility and link termination charges should be prorated 50% each between parties. MFS-FL states that for traffic where CCS is not available, in-band multi-frequency, wink start, and E&M channel-associated signalling should be forwarded. The originating carrier should also be required to transmit the privacy indicator where it applies. The privacy indicator is a signal that is sent when the calling party has blocked release of its number, either by per line or per-call blocking. (EXH 5, p.107; Devine TR 70-72) In addition, MFS-FL asserts that BellSouth should offer use of its signalling network on an unbundled basis at tariffed rates. (Devine TR 116)

MFS-FL states that while there is general agreement on the CLASS interoperability issues, as indicated by the related provisions of the Stipulation (EXH 15, RCS-7, p.30), BellSouth would not sign a detailed business agreement addressing all of the necessary aspects of this issue. (Devine TR 179-180)

MCImetro states that BellSouth should deliver to ALECs, without limitation or modification, any and all CCS7 signalling information generated by the caller or by BellSouth on behalf of the caller. Further, MCImetro states that BellSouth should be required to provide CCS7 signalling on all trunk types which according to industry standards support such signalling. (Price TR 302-303) MCImetro states that this issue would be resolved if the Commission ordered BellSouth to make related provisions of the BellSouth-TCG Agreement available to MCImetro. (See EXH 14, RCS-3, p.24; Price TR 339) The language on CLASS interoperability in the BellSouth-TCG Stipulation is identical to the language in the BellSouth-FCTA Stipulation. (EXH 15, RCS-7, p. 30)

BellSouth states that Full Signaling System 7 (SS7) connectivity is required between end offices to ensure the provision of CLASS/LASS services between BellSouth and an ALEC. BellSouth plans to unbundle the same in its Switched Access Service tariff. (Scheye TR 470) BellSouth asserts that the Stipulation and Agreement provides that BellSouth and ALECs will provide CCS to enable full interoperability of class features and functions. (EXH 15, RCS-7, p.30)

The BellSouth-FCTA Stipulation addresses CLASS interoperability. It states that:

> 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, and charge number. 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 interoperability of CCS-based features between their respective networks. (EXH 15, RCS-7, p.30)

AT&T states that at a conceptual level it does not see any major disagreement between AT&T and BellSouth on CLASS interoperability and that it is optimistic that it could be resolved. (Guedel TR 440)

FCTA and Continental both assert that the terms and conditions relating to CLASS interoperability addressed in the Stipulation should be adopted. Time Warner agrees in its post-hearing statement and also states that the Commission should establish no rate, term or condition for interconnection that is anticompetitive or discriminatory.

McCaw and Sprint had no substantial or additional argument beyond their Post-Hearing position, and Intermedia has no position on this issue.

It appears from the evidence in this proceeding that all parties agree on the arrangements necessary to ensure the provision of CLASS/LASS services between the respective ALECs and BellSouth's networks. Staff believes that the parties, especially MFS-FL, MCImetro, and BellSouth, understand what is necessary to make the CLASS/LASS services work between each other's networks. MFS-FL states that it has found in dealing with this issue in other states that there are no impediments to full CLASS interoperability between carriers. (EXH 2, p.8)

In addition, MFS-FL and MCImetro have agreements on CLASS/LASS interoperability with a LEC in another state, New England Telephone in Massachusetts. Both MFS-FL's and MCImetro's agreements with New England Telephone contain identical language on CLASS/LASS interoperability. (EXH 5, p. 142; EXH 10, p. 111) MFS-FL is proposing these same terms and conditions be adopted for its interconnection arrangement with BellSouth. (EXH 5, p. 107) This language also is consistent with what MCImetro is requesting. (Price TR 339)

Staff believes that the terms and conditions for CLASS/LASS interoperability advocated by all parties including BellSouth are very similar to the language in the Stipulation. MFS-FL and BellSouth agree that BellSouth should offer use of its signalling network pursuant to tariff. (Devine TR 116; Scheye TR 470) MFS-FL states that since the CCS will be used cooperatively for the mutual handling of traffic, link facility and link termination charges should be prorated 50% between parties; however, BellSouth did not present any evidence either for or against MFS-FL's position regarding the CCS link facilities and link termination charges. Staff believes that it would be appropriate for each party to pay for its share of the costs since these signalling arrangements benefit both carriers.

Therefore, staff recommends that ALECs and BellSouth should provide LEC-to-LEC Common Channel Signalling (CCS) to one another, where available, in conjunction with all POTS traffic, in order to enable full interoperability of CLASS/LASS features and functions. In addition, all privacy indicators should be honored, and ALECs and BellSouth should use industry standards for CCS signalling between their networks. Because CCS will be used cooperatively for the mutual handling of traffic, the ALECs and BellSouth should each be responsible for the costs associated with the installation and use of their respective CCS networks.

ISSUE 11: What are the appropriate arrangements for physical interconnection between the respective ALECs and BellSouth, including trunking and signalling arrangements?

RECOMMENDATION: The Commission should require BellSouth to provide interconnection, trunking and signalling arrangements at the tandem and end office levels. BellSouth should also provide ALECs with the option of interconnecting via one-way or two-way trunks. Mid-span meets should be permitted where technically and economically feasible and should be a negotiated arrangement. **[REITH]**

POSITION OF PARTIES:

MFS-FL: ALECs and BellSouth should jointly establish at least one location per LATA as a Designated Network Interconnection Point ("D-NIP"). BellSouth should exchange traffic between its network and ALEC networks using reasonably efficient routing, trunking, and signaling arrangements. ALECs and BellSouth should reciprocally terminate LATA-wide traffic via two-way trunking arrangements.

MCIMETRO: ALECs should be permitted to designate one point of interconnection (POI) in each local calling area and should have the option to establish the POI via collocation, an entrance arrangement, or a mid-span meet. ALECs should have the option to use either one-way or two-way trunks, and BellSouth should be required to provide CCS7 signalling on all trunk types that support it.

BELLSOUTH: Local interconnection, which includes trunking and signaling, should be provided at the access tandem and end office level. This is the only currently feasible arrangement and is the arrangement that currently exists with the interexchange carriers.

AT&T: Interconnection should take place at either the BellSouth tandem, BellSouth end office or a central point. Collocation of ALEC facilities and various trunking arrangements should be permitted. Separate trunk groups for local and toll traffic should not be required. Unbundled SS7 signaling and interface arrangements should be provided.

CONTINENTAL: The physical interconnection arrangements and procedures contained in the Stipulation are appropriate, and Continental urges the Commission to adopt them in resolution of this issue.

FCTA: The terms and conditions of the December 11, 1995 Stipulation and Agreement should apply.

INTERMEDIA: No position.

MCCAW: The requests of the ALECs should be approved.

SPRINT: Local interconnection, which includes trunking and signaling, should be provided at the access tandem, end office level, or some common meet point.

TCG: The Commission should resolve this issue in a manner which is not anticompetitive or discriminatory with respect to TCG.

TIME WARNER: The Commission has approved a settlement of local interconnection issues between BellSouth and various other ALECs. Because local interconnection is an essential service, the Commission should establish no rate, term or condition for interconnection with BellSouth in this proceeding that is anticompetitive or discriminatory.

STAFF ANALYSIS: This issue pertains to the physical arrangements requested by MFS-FL and MCImetro with respect to where interconnection should take place with BellSouth. The viewpoints of parties which took positions are summarized below.

BellSouth is advocating interconnection at the access tandem and end office levels. AT&T takes this proposal further by adding that interconnection should also be furnished at some central point and that unbundled SS7 signalling should be provided.

MFS-FL and MCImetro propose that ALECs be permitted to establish at least one interconnection point in a given area. MFS-FL believes there should be one per LATA, while MCImetro is proposing one per local calling area. In addition, they are requesting the flexibility of using one-way or two-way trunking arrangements for terminating traffic. McCaw and Sprint support the ALECs' requests.

Continental states that the Commission should adopt the provisions for physical interconnection that are in Continental's Stipulation with BellSouth. FCTA agrees to the extent that the provisions of the Stipulation with BellSouth should apply to MFS-FL and MCImetro. TCG and Time Warner, who also signed the Stipulation, state that resolution of this issue should not be anticompetitive or discriminatory. The only relevant language staff found in the Stipulation is that certain physical interconnection arrangements were not resolved and that the parties will work towards a resolution. (EXH 15, RCS-7, p. 6)

BellSouth's position is that local interconnection should be provided at the access tandem and end office level. Witness Scheye states that this is the only technically feasible arrangement and is the arrangement that exists with the interexchange carriers. (TR 470) MCImetro asserts that it should have the option of specifying a meet point, also know as midspan meet, for interconnection between its network and BellSouth's network. Each carrier would be responsible for providing its own facilities to and from the point of interconnection. (EXH 10, p.16) MFS-FL's proposal is that within each LATA served, MFS-FL and BellSouth will identify a wire center to serve as the Default Network Interconnection Point (D-NIP). At the D-NIP MFS-FL would have the right to specify one of the following methods of interconnection: a) a mid-fiber meet at the D-NIP or some point near the D-NIP; b) a digital cross connect hand off where MFS-FL and BellSouth maintain such facilities at the D-NIP; or c) a collocation facility maintained by MFS-FL, BellSouth or a third party. (Devine TR 65-66) Witness Price points out that BellSouth currently interconnects with independent LECs on a meet point basis; therefore, meet point interconnection is technically feasible. (TR 318) BellSouth witness Scheye asserts that without knowing the different ALECs' capabilities versus BellSouth's, BellSouth did not want to make midspan meets a general offering. Scheye points out that if the circumstance arises, BellSouth would be willing to investigate a midspan meet with a particular carrier. (TR 561) Staff believes that mid-span meets should be permitted where technically and economically feasible. Midspan meets should be tailored to each individual company's specifications and therefore, should be a negotiated arrangement.

MCImetro believes that ALECs should have the option of using one-way or two-way trunks to interconnect with BellSouth. This flexibility will allow MCImetro to select the option that best suit their needs. (Price TR 301-302) MFS-FL witness Devine states that two-way trunk groups are the most efficient means of interconnecting for MFS-FL because they minimize the number of ports needed. MFS-FL asserts that this is standard practice among the incumbent LECs today. (TR 73) BellSouth does not directly address the request for one-way or two-way trunking in its testimony. However, BellSouth counsel asked witness Price if Bellsouth had ever told MCImetro that BellSouth would not provide one-way or two-way trunking. Witness Price replied, "I don't believe so, no." (TR 340) Staff recommends the ALECs should have the option of interconnection using one-way or two-way trunking arrangements. These types of trunking arrangements are used by the incumbent LECs today and should be made available to the ALECs.

The Commission should require BellSouth to provide interconnection, trunking and signalling arrangements at the tandem and end office levels. BellSouth should also provide ALECs with the option of interconnecting via one-way or two-way trunks. Mid-span meets should be permitted where technically and economically feasible and should be a negotiated arrangement.

ISSUE 12: 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 ALECs?

RECOMMENDATION: Carriers providing any intermediary functions on calls routed through number portability solutions should collect only those access charges that apply to the functions they perform. The Residual Interconnection Charge should be billed and collected by the carrier terminating the call, just as it is today among adjacent LECs. **[LONG]**

POSITION OF PARTIES:

MFS-FL: Switched access (toll) or local compensation (local) should still apply when calls are completed using interim number portability. BellSouth should compensate ALECs as if traffic were terminated directly to the ALEC. Interim number portability processing and billing procedures should be established herein.

MCIMETRO: Since the ALEC is the carrier terminating the call, it is entitled to terminating access charges. Any such charges collected by BellSouth with respect to such a call should be remitted to the ALEC.

BELLSOUTH: BellSouth should bill its switched access rate elements to the interexchange carrier and would anticipate that ALECs would do likewise. The IXC would receive two bills for the call, one from BellSouth and one from the ALEC, but the total charges would only constitute one access charge.

AT&T: BellSouth is entitled to the switched access charges associated with the local transport function (either the dedicated or tandem/common transport elements). If BellSouth bills the non-transport switched access charges, they should be remitted to the ALEC or local number portability charges should be adjusted.

TCG: ALECs that receive a call forwarded under an interim number portability arrangement must receive all access charges associated with the "ported" number.

CONTINENTAL: The financial and operational arrangements and procedures concerning such calls to "ported" numbers contained in the Stipulation are appropriate, and Continental urges the Commission to adopt them in resolution of this issue.

FCTA: The terms and conditions of the December 11, 1995 Stipulation and Agreement should apply.

INTERMEDIA: No position.

MCCAW: The requests of the ALECs should be approved.

SPRINT: Number portability issues will be addressed in Docket No. 950737-TP.

TCG: ALECs that receive a call forwarded under an interim number portability arrangement must receive all access charges associated with the "ported" number.

TIME WARNER: The Commission has approved a settlement of local interconnection issues between BellSouth and various other ALECs. Because local interconnection is an essential service, the Commission should establish no rate, term or condition for interconnection with BellSouth in this proceeding that is anticompetitive or discriminatory.

STAFF ANALYSIS: The only issue raised that was not resolved in the number portability docket was the destination of switched access charges on toll calls. The ALECs maintained that BellSouth desired to retain all of the switched access charges associated with a toll call routed through remote call forwarding for number portability (a "ported" call). (Devine TR 143; Price TR 304-305) However, BellSouth maintained that it envisioned a "meet point billing situation where we would retain our rate elements and MFS or the other alternate carrier would bill their rate elements" on ported calls, and "we have never suggested that we retain all the switched access revenues without some compensation" going to the ALECs. (Scheye TR 573-574) BellSouth's Stipulation with the cable companies reflects this approach. (EXH 15, RCS-7, pp. 14-15) Thus, there was really little difference among the parties on this issue.

The sole difference staff was able to discern on this issue was the collection of the RIC (see Issue 3). BellSouth, consistent with its position that the RIC is a revenue requirements issue, argued it should retain the RIC. The Stipulation also reflects this policy. (EXH 15, RCS-7, pp. 14-15) The ALECs argued that the terminating company should get the RIC. (EXH 5, p. 45-47)

Staff believes this situation is no different than the intermediary functions described in Issue 3. Since staff believes that revenue requirements are no longer relevant to BellSouth, The Residual Interconnection Charge should be billed and collected by the carrier terminating the call, just as it is today among adjacent LECs.

ISSUE 13: What arrangements, if any, are necessary to address other operational issues?

RECOMMENDATION: Mechanized intercompany operational procedures, similar to the ones between IXCs and LECs today, should be co-developed by the ALECs and BellSouth. Operational disputes that ALECs and BellSouth are unable to resolve through negotiations should be handled by filing a petition or motion with the Commission. Further, staff recommends that ALECs and BellSouth should adhere to the following requirements:

(1) ALECs and BellSouth should provide their respective repair contact numbers to one another on a reciprocal basis;

(2) Misdirected repair calls should be referred to the proper company at no charge, and the end user should be provided the correct contact telephone number;

(3) Extraneous communications beyond the direct referral to the correct repair telephone number should be prohibited;

(4) BellSouth should provide operator reference database (ORDB) updates on a monthly basis at no charge to enable ALEC operators to respond in emergency situations; and

(5) BellSouth should work with ALECs to ensure that the appropriate ALEC data, such as calling areas, service installation, repair, and customer service, is included in the informational pages of BellSouth's directory. **[CHASE]**

POSITION OF PARTIES:

MFS-FL: The Commission should establish reasonable arrangements to address transfer of service announcements, coordinated repair calls, information pages, and the operator reference database.

MCIMETRO: BellSouth must provide mechanized procedures to support the ordering by ALECs of unbundled loops, interoffice facilities, remote call forwarding, and any other service or function necessary for the interoperability of the networks. Mechanized intercompany procedures must also be developed to support all types of repair services.

BELLSOUTH: To the extent that issues arise between the parties that cannot be resolved through a negotiation process, the Commission's existing complaint procedures are the appropriate means for resolution.

AT&T: AT&T has not identified at this time any other arrangements that are necessary to address other operational issues.

CONTINENTAL: The procedures for resolving operational issues, as they arise, which are contained in the Stipulation are appropriate, and Continental urges the Commission to adopt them as the appropriate method of resolving such issues in resolution of this issue.

FCTA: The terms and conditions of the December 11, 1995 Stipulation and Agreement should apply.

INTERMEDIA: No position.

MCCAW: The requests of the ALECs should be approved.

SPRINT: Sprint has no other issues to address at this time.

TCG: No position.

TIME WARNER: The Commission has approved a settlement of local interconnection issues between BellSouth and various other ALECs. Because local interconnection is an essential service, the Commission should establish no rate, term or condition for interconnection with BellSouth in this proceeding that is anticompetitive or discriminatory.

STAFF ANALYSIS: This issue addresses how and to what extent other operational issues that arise between ALECs and BellSouth should be addressed. It is not possible to identify every operational problem that might occur when an ALEC begins operation in the local market.

MFS-FL states that the Commission should establish detailed arrangements for certain additional operational issues such as transfer of service announcements, repair calls, information pages, service announcements and the operator reference database. (Devine TR 97-98; EXH 5, p.110) MFS-FL's witness Devine states that "MFS's experience has been that any aspect of interconnection that is not nailed down in writing creates potential for delay, dispute and discord. The best way to swiftly implement competition is, therefore, in a detailed comprehensive business arrangement." (TR 155) MFS-FL disagrees with BellSouth's position that these issues should be resolved using the negotiation process. (Devine TR 151)

MFS-FL argues the Commission should establish more detailed operational arrangements because it has always had difficulty with the LECs in the past on these types of issues. MFS-FL asserts that: (1) ALECs and BellSouth should provide their respective repair contact numbers to one another on a reciprocal basis; (2) misdirected repair calls should be referred to the proper company at no charge, and the end user should be provided the correct contact telephone number; (3) extraneous communications beyond the direct referral to the correct repair telephone number should be prohibited; and (4) BellSouth should provide operator reference database (ORDB) updates on a monthly basis at no charge to enable MFS-FL operators to respond in emergency situations. (Devine TR 97-98)

Included in BellSouth's whitepages directory is an "informational" section which provides a listing of BellSouth services. Witness Devine believes that MFS-FL should have access to this section in order to provide its customers with data on MFS-FL calling areas, services installation, repair and other customer services. (TR 98) MCImetro is requesting that its services be included in this section also. (Price TR 312) BellSouth states that BellSouth Advertising & Publishing Corporation (BAPCO) is willing to offer ALECs limited space in the informational section of the white pages directory. (EXH 20, p. 9)

MCImetro asserts that the use of mechanized interfaces between the ALEC and BellSouth is critical to the development of an effectively competitive local exchange market. (Price TR 305-306) Further, MCImetro states that intercompany operational procedures must be developed to support the ordering of unbundled loops, interoffice facilities, interim number portability mechanisms, and customer listing databases on some type of mechanized basis. These mechanized systems are similar to the ones used today between IXCs and LECs. MCImetro asserts that such mechanized procedures should be developed as soon as possible, but in any event within one year. (Price TR 306; 345)

BellSouth argues that operational issues are most appropriately resolved through the negotiation process. If the issues cannot be resolved then the existing Commission complaint process is appropriate. (Scheye TR 471)

BellSouth does not oppose some type of mechanized interface between ALECs and LECs and is currently working on such an interface. (Scheye TR 559) However, during BellSouth's cross examination of MCImetro's witness Price, witness Price agrees that parties have not provided sufficient evidence supporting how much an interface would cost, how long it would take to develop, and who should pay for it. (Price TR 344-346) BellSouth and MFS-FL agree that a standard intercept message should be provided to a customer who changes local exchange companies but does not choose to keep their original telephone number. (Scheye TR 476; Devine TR 97 and 175-176)

AT&T states that it has not identified any other arrangements that are necessary to address other operational issues at this time.

FCTA and Continental both assert that the terms and conditions relating to CLASS interoperability addressed in the Stipulation should be adopted. Time Warner agrees in its post-hearing statement and also states that the Commission should establish no rate, term or condition for interconnection that is anticompetitive or discriminatory.

McCaw and Sprint had no substantial or additional argument beyond their Post-Hearing position, and Intermedia has no position on this issue.

The Stipulation states that various aspects of the interconnection process are "not resolved in this document." These aspects include:

> ...physical interconnection arrangements (e.g., 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... (EXH 15, RCS-7, p.6)

The Stipulation further states that the parties agree to cooperatively work toward resolution of these issues no later than January 31, 1996, and that either party may petition the Commission for resolution should unresolved issues remain on January 31, 1996. (EXH 15, RCS-7, p.6)

Staff understands that there are many operational issues that will come up as the ALECs begin to provide service. Staff believes that the mechanized intercompany operational procedures supported by MCImetro are appropriate, since these procedures are currently used today between LECs and IXCs. The parties need to work together to determine how much such an interface would cost, how long it would take to develop, and who should pay for it. However, staff believes that MFS-FL's requests for detailed arrangements regarding repair calls, information pages, service announcements and the operator reference database should be granted at this time. Staff recommends that the Commission should implement MFS-FL's specific operational requests now because they will make the transition to local competition more seamless for consumers. The specific operational issues are listed at the end of this issue.

Staff believes that on a going forward basis, parties should attempt to work out operational problems that arise. If the parties cannot come to a resolution, they can file for resolution of the problem with the Commission by filing a petition or motion.

Therefore, staff recommends that mechanized intercompany operational procedures, similar to the ones between IXCs and LECs today, should be co-developed by the ALECs and LECs. In addition, operational disputes that ALECs and LECs are unable to resolve through negotiations should be handled by filing a petition or motion with the Commission. Further, staff recommends that ALECs and BellSouth should adhere to the following requirements:

(1) ALECs and BellSouth should provide their respective repair contact numbers to one another on a reciprocal basis;

(2) Misdirected repair calls should be referred to the proper company at no charge, and the end user should be provided the correct contact telephone number;

(3) Extraneous communications beyond the direct referral to the correct repair telephone number should be prohibited;

(4) BellSouth should provide operator reference database (ORDB) updates on a monthly basis at no charge to enable MFS-FL operators to respond in emergency situations; and

(5) BellSouth should work with MFS-FL and MCImetro to ensure that the appropriate ALEC data, such as calling areas, service installation, repair, and customer service, is included in the informational pages of BellSouth's directory.

ISSUE 14: What arrangements, if any, are appropriate for the assignment of NXX codes to the respective ALECs?

RECOMMENDATION: BellSouth, as the current code administrator, should provide nondiscriminatory NXX assignments to ALECs on the same basis that such assignments are made to itself and other code holders today until the issue of a neutral administrator is decided at the federal level. **[CHASE]**

POSITION OF PARTIES:

MFS-FL: MFS is entitled to the same nondiscriminatory number resources as any Florida LEC under the Central Office Code Assignment Guidelines. BellSouth, as Central Office Code Administrator for Florida, should therefore support all MFS requests related to central office (NXX) code administration and assignments in an effective and timely manner.

MCIMETRO: Until the NXX code administration function is moved to a neutral third party administrator, BellSouth should be required to provide nondiscriminatory NXX assignments to ALECs on the same basis that such assignments are made to other LECs, including BellSouth.

BELLSOUTH: Numbers should be available to all carriers on an equal basis in a competitive local exchange environment. As long as BellSouth is the NXX administrator for its region, ALECs must process requests through BellSouth.

AT&T: BellSouth, as administrator of the number assignment process for Florida, should make numbers available to all ALECs in the same manner as it makes numbers available to itself or other LECs.

CONTINENTAL: The arrangements for assigning NXX codes contained in the Stipulation are appropriate, and Continental urges the Commission to adopt them in resolution of this issue.

FCTA: The terms and conditions of the December 11, 1995 Stipulation and Agreement should apply.

INTERMEDIA: No position.

MCCAW: Such assignments should be made on a nondiscriminatory basis, with each carrier recovering its own NXX establishment charges.

SPRINT: 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.

TCG: The Commission should resolve this issue in a manner which is not anticompetitive or discriminatory with respect to TCG.

TIME WARNER: The Commission has approved a settlement of local interconnection issues between BellSouth and various other ALECs. Because local interconnection is an essential service, the Commission should establish no rate, term or condition for interconnection with BellSouth in this proceeding that is anticompetitive or discriminatory.

STAFF ANALYSIS: BellSouth is currently the Central Office Code Assignment Administrator for its region. (Scheye TR 472) There are currently discussions and forums at the national level to assign an independent number administrator. (Scheye TR 472; Price TR 322-323)

MFS-FL asserts that it is entitled to the same nondiscriminatory number resources as any Florida LEC under the Central Office Code Assignment Guidelines, and that BellSouth, as the administrator, should support all MFS-FL requests related to NXX code administration and assignments in an effective and timely manner. Further, MFS-FL states that MFS-FL and BellSouth should comply with code administration requirements as prescribed by the FCC, the Commission, and accepted industry guidelines. (EXH 5, p.111)

MCImetro argues that to be able to assign telephone numbers to its end users, it must have access to NXX codes. MCImetro further states that the issue of who should handle the administration of numbering resources is the subject of a current FCC investigation, and it appears that most industry players agree that number administration should be placed in the hands of a neutral third party with no business interest in how numbers are assigned. MCImetro asserts that until a neutral number administrator replaces BellSouth, ALECs should have access to NXX codes on a nondiscriminatory basis. (Price TR 307, 322-323) In addition, MCImetro states that it has communicated with BellSouth its intentions to use NXX codes in the same manner as BellSouth uses such codes. (Price TR 322-323)

BellSouth states that numbers should be available to all carriers on an equal basis and asserts that this issue is being examined on the federal level. BellSouth states that it supports the national work and the establishment of an independent administrator for the assignment and control of NPA and NXX codes. BellSouth states that until the issues are decided at the national level, ALECs must process requests through BellSouth since it is the administrator for the region. (Scheye TR 472)

AT&T states that it does not perceive any major disagreement between AT&T and BellSouth on the assignment of NXX codes and that it is optimistic that a resolution could be reached. (Guedel TR 440) Sprint agrees with MCImetro that ALECs must have access to codes on a nondiscriminatory basis until such time as a neutral administrator replaces BellSouth.

FCTA and Continental both assert that the terms and conditions relating to assignment of NXX codes addressed in the Stipulation should be adopted. Time Warner agrees in its post-hearing statement and also states that the Commission should establish no rate, term or condition for interconnection that is anticompetitive or discriminatory.

McCaw states that such assignments should be made on a nondiscriminatory basis, with each carrier recovering its own NXX establishment charges. Intermedia has no position on this issue.

The Stipulation states that BellSouth agrees to sponsor any ALEC which makes a request and assist the ALEC in obtaining revenue accounting office (RAO) codes, and any other billing and accounting codes necessary for the provision of local numbers within BellSouth's jurisdiction. (EXH 15, RCS-7, p.4) Staff agrees with MCImetro in that RAO codes are a different issue than the one addressed in this proceeding which deals with assignment of NXXs codes. (Price TR 357) However, the assignment of NXX codes was addressed in BellSouth's earlier stipulation with TCG. The BellSouth-TCG stipulation stated:

> So long as BellSouth continues to act as the local administrator of the North American Numbering Plan, (it) will assign and administer Central Office Codes (NNX/NXX) consistent with the industry developed "Central Office Code Assignment Guidelines." (EXH 14, RCS-3, p.23)

This position appears to be the one advocated by all of the parties, including BellSouth. MCImetro specifically agrees with the language in the BellSouth-TCG stipulation. (Price TR 347)

It appears from the evidence and post-hearing positions of the parties that there is general agreement on the assignment of NXX codes. All parties, including BellSouth, state that NXX assignments should be on a nondiscriminatory basis. Therefore, staff recommends that until the issue of a neutral administrator is decided at the federal level, BellSouth, as the current code administrator, should provide nondiscriminatory NXX assignments to ALECs on the same basis that such assignments are made to itself and other code holders today.

ISSUE 15: Should this docket be closed?

RECOMMENDATION: No. Staff has recommended that the parties file additional information in several of the issues. In addition, this docket should remain open to address the petitions filed by Continental, Time Warner, MFS-FL for interconnection with Sprint United/Centel and for MFS-FL with GTE Florida Incorporated.