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April 5, 1996

**ORIGINAL
FILE COPY**

BY HAND DELIVERY

Ms. Blanca S. Bayó
Director, Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 950984-TP (Sprint/GTEFL)
(Unbundling)

Dear Ms. Bayó:

Enclosed for filing on behalf of MCI Metro Access
Transmission Services, Inc. (MCImetro) in the above referenced
docket are the original and 15 copies of MCImetro's Post-Hearing
Brief, together with a WordPerfect 5.1 disk.

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Very truly yours,

Richard D. Melson

Richard D. Melson

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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In re: Resolution of petition(s))
to establish nondiscriminatory rates,)
terms, and conditions for)
resale involving local)
exchange companies and alternative)
local exchange companies pursuant to)
Section 364.161, Florida Statutes.)

Docket No. 950984-TP

Filed: April 5, 1996

**MCI METRO ACCESS TRANSMISSION SERVICES, INC.'S
POST-HEARING BRIEF**

MCI Metro Access Transmission Services, Inc. (MCImetro) hereby submits its Post-Hearing Brief in the above-captioned docket.

SUMMARY

The Commission's consideration of unbundling requests should be guided by the legislative goal to promote full competition in local exchange telecommunications services. The unbundling and correct pricing of local loops is essential if Florida consumers are to receive the maximum benefit from local exchange entry. The Commission must also be guided by Section 364.161, which requires the LECs, upon request, to unbundle all of their network features, functions and capabilities, to the extent technically and economically feasible.

Applying these principles and guidelines, GTEFL and United/Centel should be required to provide the unbundled local loops, ports, loop transport, and loop concentration which have been requested by MFS-FL. The unbundling of such elements is technically and economically feasible.

The price for loops, loop transport, and loop concentration, which are essential inputs to the ALECs' provision of competitive local exchange service, should be set equal to their direct economic cost (i.e. TSLRIC).¹ Pricing those elements at TSLRIC will ensure that GTEFL and United/Centel recover their cost of providing the facilities, including a normal profit, while eliminating (or at least minimizing) any price squeeze.

The prices for unbundled loops should be set on a deaveraged basis, to reflect that the TSLRIC cost of providing loops varies by both distance and density. Since GTEFL provided cost studies based on both distance and density, its unbundled loop rates initially should be set on that basis. United/Centel's loop rates initially should be set on a distance-sensitive basis, since that is the only basis on which cost data was provided. United/Centel then should be required to file cost studies reflecting both density and distance, so that prices can be reset to reflect density-based cost differences as well.

In addition to the unbundled elements requested by MFS-FL, GTEFL and United/Centel should be required to provide additional unbundled elements that may be requested in the future by MCImetro, MFS-FL, or any other telecommunications provider. In handling such requests, the LECs and the Commission should be governed by the requirements of Section 364.161, which establishes a timetable for

¹ As discussed later, TSLRIC includes a return on capital investment, but it includes no contribution toward the firm's shared costs.

processing unbundling requests, and by any applicable provisions of the Telecommunications Act of 1996.

The principle for pricing unbundled elements which best serves the competitive goals of Chapter 364 is as follows:

- The price for any elements which cannot be competitively provided in the near term, and therefore are essential inputs, should be set equal to their total service long run incremental cost. TSLRIC includes the associated cost of capital, but does not include any contribution toward the LEC's shared costs.
- The price for any elements which can be competitively provided in the near term should be set by the market, and therefore could contain contribution toward the LEC's shared costs, subject to the limitation that the amount of contribution is not anti-competitive or unreasonably discriminatory.

In determining whether a particular element or function can be competitively provided, it is important to determine whether the function provided by the potential competitor relies on any monopoly input [such as collocation] whose price contains contribution above TSLRIC. For example, transport from a LEC central office to an ALEC's switch provided by a "competitive" alternative access vendor (AAV) is not competitive with transport provided by the LEC if the rate the AAV must pay for collocation (a monopoly input) contains contribution above TSLRIC. Thus loop transport must be priced at TSLRIC unless and until all

contribution is removed from the LEC's colocation charges, and loop transport can become a fully competitive service. (Cornell, T 234-5, 287)

ISSUE-BY-ISSUE ANALYSIS

Issue 1. What elements should be made available by GTEFL and United/Centel to MFS-FL on an unbundled basis (e.g. link elements, port elements, loop concentration, loop transport)?

****MCImetro:** United/Centel should make available the unbundled loops, ports, loop concentration and loop transport requested by MFS-FL. Unbundling such elements is technically and economically feasible. In addition, United/Centel should make available, upon request, any other element that it is technically and economically feasible to unbundle.**

Note: This issue has been settled by MFS-FL and GTEFL. The Commission's decision on this issue will therefore affect only United/Centel.

MFS-FL has requested that United/Centel provide a variety of grades of unbundled local loops and ports, and that United/Centel permit the colocation of digital loop carrier (loop concentration) equipment. (Devine, T 80-1; 86-7) Although MCImetro has not filed an unbundling complaint against United/Centel, MCImetro submits that the Commission should require United/Centel to make loop transport and LEC-provided loop concentration available to ALECs on an unbundled basis, in addition to all types of unbundled loops and ports.² (Cornell, T 229-32, 242, 291-2)

² ALECs refers to the petitioner, MFS-FL, and to any other parties who are bound by the Commission's order in this proceeding. Since MFS-FL has not specifically requested unbundled local transport and LEC-provided loop concentration, the Commission may not be required to consider those elements in this docket. Nevertheless, some Commission guidance on the necessity to unbundle these elements could reduce the likelihood that further complaint

United/Centel agrees to provide some, but not all, of the types of unbundled loops and ports requested by MFS-FL. (Khazraee, T 498-500; Poag, T 535) It proposes to offer the loops at the currently tariffed rates for special access service, and to offer ports at rates that have not yet been developed. (Khazraee, T 500) United/Centel also agrees to permit collocation of loop concentration equipment (Poag, T 563-4), but is unclear about whether it will offer loop concentration as an unbundled element. (Khazraee, T 501-2) As discussed in Issue 3, pricing unbundled local loops at averaged special access rates creates a price squeeze which makes it economically infeasible for an ALEC to use such unbundled loops. (Cornell, T 242)

As discussed below, the provision of each of these unbundled elements is technically and economically feasible. United/Centel is therefore required by law to offer them on an unbundled basis. §364.161, Florida Statutes.

Local Loops

The local loop is nothing more than the transmission path, typically a two- or four-wire facility which may be multiplexed and/or concentrated, which takes a call from a customer's premises to a United/Centel central office where it gets connected to a switch, through a line card or its equivalent. (See Cornell, T 230-1) There is no dispute that it is technically and economically feasible to offer local loops on an unbundled basis -- at least

proceedings will be required to consider these issues.

two-wire and four-wire analog voice grade loops and some data loops -- and United/Centel proposes to offer them (Khazraee, T 498-9), albeit at an inappropriate price. (See Issue 3)

The unbundling of the other types of loop facilities requested by MFS-FL is technically feasible, as evidenced by the fact that such facilities are offered on an unbundled basis in other states. (Devine, T 84-5) United/Centel has presented no evidence to demonstrate that it is not technically or economically feasible to offer local loops in any of the requested configurations. Therefore, Section 364.161(1), Florida Statutes, which requires United/Centel to unbundle upon request "all network features, functions, and capabilities," compels the Commission to grant this portion of MFS' unbundling request.

Loop Concentration and Loop Transport

Loop concentration is the use of electronics to increase the number of loops which can be supported by a single feeder or inter-office facility. It is a more advanced form of transmission than simple multiplexing. With multiplexing, a number of local loops can be "mapped" to, and carried over, a single feeder or inter-office facility, but one electronic "path" in the multiplexed facility is still dedicated to each loop. With concentration, a greater number of local loops can be carried over a single feeder or interoffice facility, because the electronic "paths" in the concentrated facility are not dedicated to particular loops. (See Cornell, T 230-2)

Today, loops terminate at United/Centel's switch. In tomorrow's competitive environment, the unbundled loop must be "extended" so that it terminates at the new entrant's switch. Loop transport is simply the function extending the feeder portion of the loop facility from the United/Centel end office to the ALEC's switch. If United/Centel refuses to provide loop concentration for this portion of the extended loop facility, it is requiring the ALEC to use a less efficient arrangement for connecting loops to switches than it uses in its own network today. (Cornell, T 232-3) If an unbundled loop terminates in a United/Centel central office and is left to be taken to the network of the entrant using inefficient facilities, the new entrant will be handicapped and the number of unbundled loops that it can economically utilize will be reduced.

The record does not demonstrate any technical problems with providing loop concentration to ALECs. Therefore United/Centel should be required to offer this functionality to ALECs. Otherwise it would be discriminating against new entrants by denying them the use of the same modern, efficient technology that United/Centel uses to transport its own local loop traffic to its switching equipment.

Issue 2. What are the appropriate technical arrangements for the provision of such unbundled elements?

****MCImetro:** Unbundled loops should be interconnected at United/Centel's central office to (i) the colocated facilities, including loop concentration facilities, of the ALEC or another carrier, or (ii) loop transport facilities provided by

United/Centel. Loop concentration should be provided to maximize the efficiency with which traffic is delivered through transport facilities.**

Once the Commission determines that the elements and functions requested by MFS-FL must be made available on an unbundled basis, there appears to be only one current technical issue regarding the way that the elements should be provided. That issue arises from United/Centel's refusal to allow an unbundled loop to be connected to an unbundled port. (Khazraee, T 500) Since MCImetro currently intends to provide its own switching, and not to rely on unbundled ports, it leaves the briefing of this question to the parties who are more directly affected.

Although there are only limited technical issues at this time, the Commission should keep this docket open to provide a forum to exercise its authority to arbitrate any unforeseen technical issues that the parties are unable to resolve. (See §364.162(2), F.S.)

Issue 3. What are the appropriate financial arrangements for the provision of each such unbundled element?

****MCImetro:** The price of each unbundled element which is not competitively available should be set equal to its direct economic cost (i.e. TSLRIC) in order to avoid a price squeeze and to bring the lowest possible prices to Florida consumers. Prices for loops should be set on a deaveraged basis to reflect cost differences based on distance and density.**

Pricing Principle Required To Promote Competition

The price for any unbundled element provided by GTEFL or United/Centel which is an essential input into end-user services provided by the LEC and its competitors should be set at its direct

economic cost (TSLRIC). Any other level of price above cost would not permit the LEC to pass an economically correct imputation test, thereby creating a price squeeze. (Cornell, T 234) In particular, GTEFL and United/Centel's proposals to price unbundled local loops at the rates contained in their Special Access Tariffs would create a price squeeze, as demonstrated in more detail below. (Cornell, T 237) Their pricing proposals also discriminate between the LEC on the one hand and its competitors on the other hand, since the ALEC must pay special access rates for a function that the LEC obtains itself at TSLRIC. (Cornell, T 240)

Today, unbundled loops and loop concentration are essential inputs and should therefore be priced at TSLRIC. Loop transport is also an essential input today, and should also be priced at TSLRIC. Loop transport will remain an essential input so long as collocation, which competitors need from the incumbent LEC as an essential input to their "competitive" loop transport services, contains a contribution above TSLRIC. (Cornell, T 234-5, 286-7)

As noted above, the reason that essential inputs must be priced at TSLRIC -- which includes a reasonable return on capital in regulatory terms, or a normal profit in standard economic terms (Cornell, T 234, 267-9) -- but must contain no contribution above that level, is to prevent a price squeeze. If a price squeeze is allowed to occur, then an equally efficient firm will be prevented from entering the market. This happens because, in a price squeeze situation, the new entrant will not be able to cover its costs if it charges only the price established by the monopoly firm for the

end user service. (Cornell, T 235-6) Further, by including a non-competible contribution in the price of unbundled loops, the GTEFL and United/Centel proposals raise the price floor down to which competition can force rates. Their proposals thus deprive Florida consumers of some of the key benefits of competition. (Cornell, T 234, 248-9)

In setting prices at TSLRIC, the Commission should closely examine the cost studies provided by the LECs. GTEFL's unbundled loop cost study, for example, includes relatively high amounts of marketing costs that should not be included in the TSLRIC of unbundled loops -- LECs simply should not be incurring marketing costs for this, or any other, unbundled network element. Other problems with the GTEFL cost studies include the fact that some of the studies contain fully allocated cost information which is inconsistent with a TSLRIC costing approach, and the fact that back-up documentation was not provided for all components of the studies. (Trimble, T 406, 421, 422, 430)

Imputation Test Required to Prevent Price Squeeze

A price squeeze exists whenever the incumbent cannot pass an economically proper price imputation test.³ The appropriate imputation test to prevent the possibility of a price squeeze is

³ Dr. Duncan's testimony on this point was not helpful. Dr. Duncan claimed, incorrectly, that prices set in accordance with his "efficient component pricing" rule would automatically pass an imputation test. (Duncan, T 462) Yet he admitted in his deposition that he had no real definition of imputation (Ex. 16, Duncan Depo at 19), and at the final hearing that he did not understand price squeezes. (Duncan, T 462-3)

one in which the price floor for a LEC retail service (e.g. local exchange service) equals (a) the price charged to dependent competitors (ALECs) for any bottleneck monopoly inputs that they must purchase from the incumbent LEC (e.g. unbundled local loops), plus (b) the direct economic cost (TSLRIC) to the incumbent LEC of all other elements of its retail service (e.g. switching, transport, billing, directory listing, etc). (Cornell, T 235, 253)

The record in this case shows that GTEFL's proposed special access price for local loops creates a price squeeze under a proper imputation test. Assume that the incremental cost to GTEFL of providing residential local exchange service, including the local loop, is \$22.20 (Menard, T 486; Ex. 18, page 005, Item #4); that the internal cost to GTEFL of providing residential local loops is \$16.19 (Menard, T 486; Ex. 18, page 004, Item #2); that GTEFL proposes to charge its competitors the special access rate of \$23.00 for a two-wire, voice-grade loop (Trimble, T 361; Ex. 14); and that the cost to GTEFL of providing unbundled residential local loops to competitors is claimed to be \$20.46, or \$2.54 higher than their cost when used internally by GTEFL (Ex. 14)

In this situation, GTEFL's price for residential local exchange service would have to be \$29.01 in order to pass an imputation test and avoid a price squeeze.

IMPUTATION TEST	
Price to Competitor for Essential Input (Unbundled Loop)	\$ 23.00
Cost to GTEFL of Other Components of Local Service (\$22.20 - \$16.19)	\$ 6.01
GTEFL Retail Rate Required to Avoid a Price Squeeze	\$ 29.01

The average retail price for GTEFL's residential local exchange service is \$14.35 (\$10.85 per Exhibit 18, page 007, Item #11, plus the federal subscriber line charge of \$3.50). This price would have to more than double, to \$29.01, in order to allow GTEFL to pass an imputation test at its proposed price for unbundled loops.⁴ Yet, by statute, GTEFL's local rates are capped at their current level until January 1, 1999. §364.051(2), F.S. This means that there is no way to avoid a price squeeze if unbundled loops are set at GTEFL's requested levels.

United/Centel claimed confidentiality for many of the input numbers required to show a comparable imputation calculation. Nevertheless, the result of such a calculation demonstrates that the price of United's residential local exchange service would have to rise from \$12.26 (the average local rate of \$8.76 plus the federal subscriber line charge of \$3.50) to more than \$22 in order to avoid a price squeeze, given its proposed unbundled loop price of \$19.05. (See Conf. Ex. 24 at 0007)

⁴ If GTEFL's price for local interconnection were also set at its proposed level of just under 1 cent per minute, the imputation problem would be compounded, and the GTEFL end-user price required to avoid a price squeeze would be even higher.

The only ways to mitigate this price squeeze are to (1) raise the rate for the LEC's retail service, (2) reduce the price charged to the LEC's competitors for the essential inputs, or (3) implement a universal service fund. (See Cornell, T 254) In the short run, MCImetro advocates reducing the rate for essential inputs to TSLRIC, which will mitigate, but not eliminate, the price squeeze. In the long run, MCI recommends raising local rates to an affordable level and funding any remaining difference between price and cost (TSLRIC) through a competitively neutral universal service mechanism.

This means that, in the current docket, the price of unbundled loops should be reduced from the LEC's proposed special access rates to a price equal to their direct economic cost on a deaveraged basis. For anything but the highest density/shortest distance bands, even this reduced price will only mitigate the price squeeze, not eliminate it. Yet this is the only approach available to address the price squeeze under the current regulatory regime in which unbundled loop prices must cover costs, and local rates are capped at a level which is below the claimed average cost of an unbundled loop.

Deaveraged Prices for Unbundled Loops

The Commission should set the prices for unbundled local loops on a deaveraged basis. The cost of local loops is clearly both distance- and density-sensitive. (Cornell, T 256; Trimble, T 371; Poag, T 540).

GTEFL's cost study, for example, shows that loops of less than 12,000 feet in length are all less costly to provide than the weighted average cost of \$19.58 for loops of all lengths. (Trimble, T 379-80; Conf. Ex. 13, page 1000005) Because GTEFL aggregated all loops over 12,000 feet for study purposes, it is impossible to tell exactly where the cut-over point from "less than average cost" to "greater than average cost" occurs, although it clearly is somewhere above the 12,000 foot level. United/Centel's cost study shows that the comparable "cut-over" point for its loops is between 8,000 and 9,000 feet for residential loops, and between 10,000 and 11,000 feet for business loops.⁵ (Poag, T 542-3; Conf. Ex. 24 at 004, 005)

This means that under the LECs' proposed average special access pricing -- in which unbundled loops would make a significant contribution to shared costs (e.g. \$3.42 on average for GTEFL, see Ex. 14) -- short loops will produce much more than this "average" level of contribution. If the Commission correctly decides to price unbundled loops at TSLRIC, the use of an average price would still have the effect of charging all unbundled loops a share of non-integrated pair gain costs, even though loops under 12,000 feet do not use pair gain technology. (See Trimble, T 368-71, 381)

⁵ Cost studies for unbundled elements should be performed based on the functionality provided. One should expect to find no cost difference between a "business" loop and a "residential" loop if they are provided in the same manner. United/Centel, however, provided separate cost studies for business and residential loops. The record contains no explanation for the cost differences shown by these two studies.

As shown by GTEFL's cost studies, costs also vary by density, with loop costs in high density exchanges being lower than loop costs in low density exchanges. (Trimble, T 372-3; Ex. 14) Although United/Centel's cost studies did not analyze the impact of density, Mr. Poag agreed that its loop costs also vary with density. (Poag, T 542-3)

Dr. Cornell testified that consumers would be better off if unbundled loop prices were deaveraged by density and distance. (Cornell, T 256-7) First, deaveraging helps to identify the areas where there is a need for universal service support. Second, it allows rural customers to benefit from competition that they might not otherwise have. (Cornell, T 256-62) While the full benefits of deaveraging would not occur until a deaveraged universal service mechanism is in place, there is no need for the Commission to delay setting appropriate loop prices pending the establishment of a permanent universal service funding mechanism. (Cornell, T 261-2, 293-5)

Further, by setting unbundled loop prices equal to their deaveraged cost on a distance and density basis, the Commission would maximize the chance that a price squeeze could be totally eliminated for loops up to some length, particularly in higher density areas. This would enhance the likelihood of competitive entry in such areas. While this is not an ideal solution, it would allow real competition to begin to develop.

Although United/Centel did not propose deaveraged prices in this docket, its official corporate position is that unbundled loop

prices should be deaveraged, at least by distance. (Poag, T 545, Conf. Ex. 25 at 415)

On this record, the Commission should set unbundled loop prices for GTEFL that vary by both distance and density. As shown by Mr. Trimble's testimony, the cost figures necessary to perform this calculation are contained in Confidential Exhibit 13. (Trimble, T 381-2; Conf. Ex. 13 at 004, 005). Since only distance-sensitive cost information is available for United/Centel, prices for its unbundled loops should initially be set on a distance-sensitive basis. The Commission should further order United/Centel to prepare TSLRIC loop cost studies that take into account both distance and density characteristics, and to submit them for Commission review in a fairly short period of time. This would give the Commission the information necessary to reset unbundled loop prices on a more rational economic basis.

What's Wrong With Dr. Duncan's Efficient Component Pricing Rule

The Commission should reject any suggestion by GTEFL and United/Centel that unbundled loops, or any other essential input, should be priced in accordance with the efficient component pricing (ECP) rule. As advocated by Dr. Duncan, the ECP rule would set the price for an unbundled element equal to the lesser of (1) the TSLRIC cost of the element and related wholesale marketing activities plus the contribution that the LEC would have received from using the network element in the provision of its own end-user service, or (2) the stand-alone cost of providing the unbundled

element.⁶ (Duncan, T 448, 455) As Dr. Cornell testified, this rule is badly misnamed, since the prices it sets are anything but efficient. (Cornell, T 238) Further, by making the LEC indifferent to whether it keeps the customer or loses the customer to competition, the rule insulates the LEC from any market pressure to become more efficient.⁷ (Cornell, T 263)

The evidence in this case shows that the application of the first part of the ECP rule leads to ridiculously high prices. GTEFL calculated that if the price of an unbundled loop were set equal to the TSLRIC of providing the loop plus the lost contribution to margin, the price would be \$61.69 for an unbundled business loop and \$28.67 for an unbundled residential loop. This high price results because the rule calls for GTEFL to retain the contribution that would have been made by a customer's purchase of vertical services, intraLATA toll, and his IXC's purchase of

⁶ Dr. Duncan points out that this rule has been advocated by such luminaries as Alfred Kahn, "the great guru of regulation." (Duncan, T 465) He failed to point out that when Dr. Kahn advocated this principle as the basis for pricing local interconnection in Maryland, that theory was soundly rejected by the Maryland Public Service Commission. (See, Maryland Order No. 71155. 4/25/94 at 4-5, 45-48; Maryland Order No. 72348, 12/28/95, at 20)

⁷ As Dr. Duncan stated, the ECP rule does not keep the LEC "revenue neutral," but it does keep the LEC "contribution neutral." (Duncan, T 458-9) This is a distinction without much of a difference. When the non-confidential contribution preserving rates for unbundled loops on Mr. Trimble's Table 3 are compared to the non-confidential current per line revenue figures on his Table 1, it becomes clear that GTEFL would collect nearly the same revenues if loop prices were set at this "contribution preserving" rate. (Conf. Ex. 12 at 0011, 0013)

switched access, even though GTEFL has lost the customer to a competitor.

Since these prices were too high even for Mr. Trimble to propose, he invoked the second part of the rule and proposed to set prices at the special access tariff rate of \$23 per month, which he described as a "surrogate" for stand-alone cost. (Trimble, T 360, 361) Cross examination revealed, however, that GTEFL has not performed a stand-alone cost study of local loops. Mr. Trimble was therefore unable to state whether his "surrogate" was higher or lower than stand-alone costs. (Trimble, T 365-6) In essence, GTEFL could not apply the ECP rule without the stand-alone cost limitation because it produced unreasonably high prices, and GTEFL could not apply the stand-alone cost limitation because it has no study of stand-alone costs. Thus despite the presentation of a theory that it borrowed from "academic luminaries" in the field of economics, at the end of the day GTEFL did nothing more than what United/Centel had done -- propose to use currently tariffed special access rates without any basis in economic theory for that price.

GTEFL-ICI and United/Centel ICI Agreements Are Not a Good Model

The Commission should not indulge in a presumption that the provision in the GTEFL-ICI and United/Centel-ICI Agreements that unbundled loops should be priced at special access rates is good for competition simply because ICI has accepted its terms. This price may be unimportant to ICI, which may not plan to serve residential customers, and may plan to serve business customers only through existing fiber facilities. Such parties in fact have

an incentive to agree to an unreasonably high price for unbundled loops that they do not intend to use, since that price would act as a barrier to entry by other competitors whose business plans require the use of those monopoly inputs. Further, because the agreement is a package deal, signatories to the United/Centel package must "acknowledge" that the application of current tariffed prices for resale purposes is not inconsistent with Chapter 364, despite the existence of language in Section 364.162(5) which shows that it is inconsistent. For these reasons, the unbundled local loop pricing contained in the GTEFL-ICI and United/Centel-ICI agreements should be given no weight in the Commission's deliberations in this docket. The Commission should establish pricing consistent with good public policy. It should not delegate that responsibility to the incumbent LECs and other private parties.

Summary

The Commission should require GTEFL and United/Centel to provide the unbundled loops (in all the forms requested by MFS), loop concentration, and loop transport at prices equal to their direct economic costs.

In the case of unbundled local loops, these prices should be set on a deaveraged distance and density-sensitive basis to the extent that cost information has been provided on that basis. Because United/Centel has provided deaveraged costs by distance, but not density, its rates should be set temporarily on a distance-

sensitive basis until such time as United/Centel produces a TSLRIC study based on both distance and density.

Further, to the extent that the Commission concludes that the cost studies provided by GTEFL and United/Centel present costs that are overstated, or not adequately supported, the Commission should set rates based on the best data available at this time, and should require GTEFL and United/Centel to submit updated studies by a date certain so that rates can be reset on a more appropriate basis.

Issue 4. What arrangements, if any, are necessary to address other operational issues?

****MCImetro:** The LECs should provide order entry, repair, testing, and any other administrative systems required for the provision of unbundled facilities, on a mechanized basis.**

Note: MFS-FL and GTEFL have agreed that this issue need not be resolved by the Commission at this time. The Commission's decision on this issue will therefore affect only United/Centel.

The only true operational issue of which MCImetro is aware is the timetable on which United/Centel will be required to provide mechanized access to the order entry, repair, testing, and other administrative systems necessary to utilize unbundled local loops in a network of networks environment.

This issue has been handled by the parties and the staff as a local interconnection issue in the companion docket, not as an unbundling issue. To the extent any decision is required in this docket, MCImetro refers the Commission to the discussion of Issue No. 13 in its post-hearing brief dated March 22, 1996, in Docket No. 950985-TP.

Issue 5. To what extent are the non-petitioning parties that actively participate in this proceeding bound by the Commission's decision in this docket at it relates to Sprint-United/Centel and GTEFL?

This issue was ruled on by the Commission at the beginning of the hearing in the companion docket(Docket No. 950985-TP), and the parties therefore are not required to brief this issue.

RESPECTFULLY SUBMITTED this 5th day of April, 1996.

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