BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF DON J. WOOD

ON BEHALF OF AT&T AND MCI

DOCKET NO. 960786-TL

July 17, 1997

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Don J. Wood, and my business address is 914 Stream Valley Trail, Alpharetta, Georgia 30202. I provide consulting services to the ratepayers and regulators of telecommunications utilities.

Q. PLEASE DESCRIBE YOUR BACKGROUND AND EXPERIENCE.

A. I received a BBA in Finance with distinction from Emory University and an MBA with concentrations in Finance and Microeconomics from the College of William and Mary. My telecommunications experience includes employment at both a Regional Bell Operating Company ("RBOC") and an Interexchange Carrier ("IXC").

I was employed in the local exchange industry by BellSouth Services, Inc. in its Pricing and Economics, Service Cost Division. My responsibilities included performing cost analyses of new and existing services, preparing documentation for filings with state regulatory commissions and the Federal Communications Commission ("FCC"), developing methodology and computer models for use by other analysts,

and performing special assembly cost studies. I was employed in the interexchange industry by MCI Telecommunications Corporation, as Manager of Regulatory Analysis for the Southern Division. In this capacity I was responsible for the development and implementation of regulatory policy for operations in the southern U. S. I then served as a Manager in the Economic Analysis and Regulatory Affairs Organization, where I participated in the development of regulatory policy for national issues.

Q. HAVE YOU PREVIOUSLY PRESENTED TESTIMONY BEFORE STATE REGULATORY COMMISSIONS?

A. Yes. I have testified on telecommunications issues before the regulatory commissions of twenty-five states, the District of Columbia, state courts, and have presented comments to the FCC. A listing of my previous testimony is attached as Exhibit ___ (DJW-1). I have presented testimony to this Commission on costing and pricing issues on a number of occasions.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. I have been asked by AT&T Communications of the Southern States, Inc. ("AT&T") and MCI Telecommunications Corporation ("MCI") to respond to BellSouth Telecommunications, Inc.'s ("BellSouth's")

application to provide in-region interLATA services pursuant to the provisions of section 271 of the Telecommunications Act of 1996 ("Act"). Specifically, I will explain why the requirements for compliance with item (ii) of the competitive checklist described in section 271 (c) (2) (B) of the Act has not been met (this requirement relates to access by competitors to unbundled network elements at cost-based prices). Because pursuant to sections 271 (c) (2) (A) and (B) all requirements of the competitive checklist must be met before BellSouth's application can be approved, failure to meet this single requirement precludes the approval of BellSouth's application at this time. In the context of this proceeding, BellSouth's failure to meet requirement (ii) of the checklist means that this Commission cannot verify BellSouth's compliance with each requirement of 271 (c) (2) (B) when consulted by the FCC as required by section 271 (d) (2) (b) of the Act. In short, it is premature for either this Commission or the FCC to conclude that BellSouth has met the conditions imposed by the Act for it to begin to offer in-region interLATA toll services.

Q. DO YOUR CONCLUSIONS DEPEND ON WHETHER BELLSOUTH PROCEEDS WITH ITS APPLICATION UNDER TRACK A OR TRACK B (AS DESCRIBED IN SECTION 271 (c) (1) (A) AND (B)?

A. No. Section 271 (c) (2) (A) (ii) makes that clear that whether BellSouth

proceeds based on either Track A or Track B, it must be providing (if Track A) or offering (if Track B) access to unbundled network elements pursuant to each of the requirements of the competitive checklist. While a determination of whether BellSouth must proceed according to Track A or Track B has certain implications for the decision and recommendation that the Commission must make in this proceeding, such a determination does not affect the standard that must be applied with regard to cost-based pricing for unbundled network elements. Under either scenario, BellSouth must comply with item (ii), which requires nondiscriminatory access to unbundled network elements in accordance with the requirements of sections 251 (c) (3) and 252 (d) (1). If the Commission determines that BellSouth should proceed according to Track A (i. e. that BellSouth has received qualifying requests for access and interconnection to its network facilities from one or more unaffiliated competing providers), BellSouth must demonstrate that all rates associated with such access and interconnection comply with section 252 (d) (1). If the Commission determines that BellSouth may proceed under Track B, then all rates in BellSouth's proposed Statement of Generally Available Terms and Conditions for Interconnection, Unbundling, and Resale ("SGAT") must comply with section 252 (d) (1).

As I will explain in detail in section 2 of my testimony, the

requirement that access to unbundled network elements be available at the cost-based rates described in section 252 (d) (1) has not yet been met for several reasons. First, in spite of clear direction by this Commission, BellSouth has refused to permit new entrants to purchase combinations of unbundled network elements at the rates ordered by this Commission. Second, a number of rates for unbundled network elements ordered by the Commission in arbitration proceedings (and incorporated into the Interconnection Agreements entered into by the carriers) are interim rates that are not based on cost (and therefore which do not comply with the requirements of section 252 (d) (1)). In addition, because of limitations in the cost information available to this Commission in the BellSouth arbitration proceeding with AT&T and MCI, many of the permanent rates adopted by the Commission in that proceeding are not cost based as required by section 252 (d) (1). Any one of these reasons is sufficient to render BellSouth's current pricing non-compliant with section 252 (d) (1) and therefore with item (ii) of the section 271 competitive checklist. Taken together, these reasons serve as a clear demonstration that BellSouth's application is premature and its approval should not be recommended by this Commission.

Q. HOW IS YOUR TESTIMONY ORGANIZED?

A. The remainder of my testimony is divided into three sections. Section 1

describes the role of the section 271 competitive checklist and describes the logical context within which the checklist should be interpreted. Section 2 evaluates the facts relevant to whether requirement (ii) of the competitive checklist has been met in the state of Florida. Section 3 summarizes my testimony and presents my conclusions and recommendations to the Commission.

Section 1: The Role of the Section 271 Competitive Checklist and the Importance of Timing to the Successful Implementation of the Act

Q. WHAT IS THE PURPOSE OF THE SECTION 271 COMPETITIVE CHECKLIST?

A. Section 271 of the Act generally, and competitive checklist specifically, requires a demonstration that there is meaningful competition in the market for local exchange services in the area served by the Bell Operating Company and that all 14 items of the competitive checklist have been provided. This fundamental objective should be kept in mind in evaluating the satisfaction of each item of the competitive checklist.

Q. THE REQUIREMENTS OF SECTION 271 DETERMINE THE TIMING OF IN-REGION INTERLATA ENTRY BY BELLSOUTH. WHY IS THE TIMING OF MARKET ENTRY SO IMPORTANT?

A. Both the development of full and robust competition for local telecommunications services and the preservation of competition for long distance services will provide benefits to end users, and the Act contemplates each of these outcomes. Because of fundamental differences in the local and long distance markets, including the level of monopoly power currently exercised by the incumbent providers of local services and the significant disparity in the level of investment needed to enter each market, the Act appropriately mandates a sequence of events: local competition must have the opportunity to develop first, then BOC entry into the interLATA long distance market may be permitted. If this order of events is followed, consumers of both local and long distance services can benefit. If BellSouth is permitted to enter the interLATA market before effective competition can develop in the markets for local exchange services, however, it is likely that local competition will never develop and that long distance competition will be reduced or eliminated.

Primary sponsors of the Senate and conference bills have made clear the importance of this sequence of events for both the development of competition and protection of consumers:

> The basic thrust of the bill is clear: competition is the best regulator of the marketplace. Until that competition exists, monopoly providers of services must not be able to exploit their monopoly power to the consumer's disadvantage. . . telecommunications services should be deregulated after, not before, markets become competitive.
> (Statement of Senator Hollings, 142 Cong. Rec. S688 (Feb 1, 1996))

Senator Kerry also noted that only the conference bill "had sufficient provisions to ensure that the local telephone market was open to competitors before the RBOCs entered long distance."(Statement of Senator Kerry, 142 Cong. Rec. S697 (Feb. 1, 1996)) Members of the House of Representatives have stated the same intent and understanding: "Before any regional Bell company enters the long distance market, there must be competition in its local market. That is what fair competition is all about," (Statement of Rep. Forbes, 142 Cong Rec. E204 (Feb 23, 1996)) and "We should not allow the regional Bells into the long distance market until there is real competition in the local business and residential markets."(Statement of Rep. Bunning, 141 Cong. Rec. H8458 (Aug. 4, 1995))

As the language of the Act and the statements of its proponents make clear, the development of effective competition for both business and residential local services is contemplated before BellSouth begins to offer in-region interLATA services. If this approach is used by the Commission, compliance with the requirements of the section 271 (c) (2) (B) competitive checklist will be a necessary but not a sufficient condition for BellSouth to enter the long distance market. If the objectives of the Act are to be successfully met and consumers are to be protected throughout the process, it is essential that competition actually develop for local services before BellSouth is granted interLATA entry. The requirements of the section 271 competitive checklist are necessary to make such competition possible, but they are not sufficient to create such competition overnight. Of course, if BellSouth's fails to comply with any of the requirements of the competitive checklist, then neither standard will be met: actual competition will not be present, and the potential for the development of such competition will have been restricted or eliminated.

In a similar section 271 proceeding, the Staff of the Tennessee Regulatory Authority has reached this conclusion. Specifically, the Staff noted that

> Opening the local telephone market to competition is what the new federal and state

telecommunications laws are all about. Evidence to date has been that this will be "slow going." Technology may have opened the doors, but there are a lot of "real world" business problems to deal with in entering the local telephone market. . . There is still work to be done on costs and rates before BellSouth can be said to have complied with the technical requirements of the law. "(Report by the Staff of the Tennessee Regulatory Authority, January 31, 1997, p. 7)

The Tennessee Consumer Advocate reached the same conclusion: "BellSouth has signed interconnection and unbundling agreements with companies that intend to provide local service, but the agreements alone do not qualify as competition in fact or as protection for the consumer in fact. The agreements must still be *successfully and materially implemented.* (Consumer Advocate's Comments: How a BellSouth Application for Authorization to Provide In-Tennessee InterLATA Service Would Bear on the Public Interest, January 23, 1997, p.2, emphasis added).

As I will explain in section 2 of my testimony, the concerns articulated by the Tennessee Staff and Consumer Advocate are not

hypothetical; BellSouth's documented refusal to provide combinations of unbundled network elements at the rates ordered by the Commission (and incorporated into the Interconnection Agreements with AT&T and MCI) illustrates the importance of such successful and material implementation of the Interconnection Agreements. An agreement on paper that is not being implemented simply cannot, as the Tennessee Consumer Advocate points out, qualify "as competition in fact or as protection for the consumer in fact."

Q. YOU REFERRED TO THE LEVEL OF MONOPOLY POWER CURRENTLY EXERCISED BY THE INCUMBENT PROVIDERS OF LOCAL SERVICES AND THE SIGNIFICANT DISPARITY IN THE LEVEL OF INVESTMENT NEEDED TO ENTER EACH MARKET AS INDICATORS OF THE IMPORTANCE OF APPROPRIATE TIMING OF MARKET ENTRY. PLEASE EXPLAIN.

A. As the framers of the Act realized, the characteristics of the local exchange and long distance markets are very different, making entry into the local market by a long distance provider a much more daunting task than long distance entry by a local company. It is for this reason that the Act requires that all barriers be eliminated and that local competition have the opportunity to develop before entry by the incumbent Bell Operating Company into in-region interLATA long

distance.

There are two fundamental differences between the local and long distance markets that make this timing of events essential. First, the Bell Operating Companies and other incumbent LECs retain monopoly control of essential local facilities. The nature of these bottleneck monopoly facilities arises because they are essential inputs to the services offered by long distance carriers and other potential providers of competitive local services. Until effective competition exists for these facilities, BellSouth retains the ability to leverage this monopoly control into competitive long distance markets. Concern about such a danger is not hypothetical: documented anticompetitive behavior of this type resulted in the long distance restriction imposed by the consent decree. As the court noted, divestiture and the interLATA long distance prohibition were necessary in order to achieve "the decree's objective of sharply limiting the ability of businesses with bottleneck control of local telephone service to utilize their monopoly advantages to affect competition in competitive markets (United States v. Western Electric Co., 797 F.2d 1082, 1088 (D.C. Cir. 1986)). This danger has not diminished merely with the passage of time; if BellSouth is granted interLATA entry before local competition develops -- including the presence of alternative suppliers of local facilities -- it will have both the incentive and the opportunity to use its control of these

local bottleneck facilities to again gain an advantage in the interLATA market.

Second, the investment required by a company seeking to enter long distance is dwarfed by the investment necessary by a company attempting to enter the local market. If BellSouth were granted its request to enter the interLATA market today, it would be able to do so with little additional investment of its own. Numerous long distance carriers have capacity to sell or lease (some carriers, in fact, specialize as "carrier's carriers), so BellSouth would be able to acquire the necessary facilities in a competitive marketplace and at competitive prices. In addition, there is substantial evidence that BellSouth's interLATA "administrative" network has sufficient capacity to allow the company to offer in-region interLATA services immediately with no additional investment. In direct contrast, companies seeking to enter the local markets face a very different environment. These companies have a choice of investing the billions necessary to duplicate the local network (ultimately not a feasible choice at all) or attempting to purchase or lease the necessary facilities from a monopoly supplier that is hardly a motivated seller and faces no competitive constraints on the rates it seeks to charge. Unlike BellSouth's entry into the long distance market, the entry of other companies into the local market cannot take place overnight. Because of this disparity, the Act correctly established

a sequence of events that will allow local competition to develop before BellSouth is permitted to offer in-region interLATA services.

Q. ARE THERE OTHER CONSEQUENCES OF PERMITTING BELLSOUTH TO OFFER IN-REGION INTERLATA SERVICES PREMATURELY?

A. Yes. In order for local competition to become a reality, it is necessary for BellSouth to fully cooperate in this Commission's efforts to lay the groundwork for such competition, including the production of the required cost studies and participation in upcoming investigations of cost information so that cost-based rates can replace the current interim rates for a number of unbundled network elements. Potential competing providers of local services need BellSouth's continued cooperation in attempts to resolve technical and operational issues. BellSouth, of course, has no self-interest in such cooperation. Some means of motivation is necessary, therefore, in order for the most basic prerequisites of local competition to become a reality. To encourage this, the Act offers a carrot: BellSouth's entry into in-region interLATA long distance. If this carrot is given away too soon, both the Commission and new entrants may find it difficult or impossible to inspire BellSouth to continue in these efforts.

Such a concern has been stated by both the framers of the Act

and those responsible for its implementation. For example, Rep. Bliley stated that "the key to this bill is the creation of an incentive for the current monopolies to open their markets to competition. (Statement of Rep. Bliley, 141 Cong. Rec. H8282 (Aug. 2, 1995)). The Staff of the Tennessee Regulatory Authority also recently concluded that "The price for BellSouth entry into long distance is the opening of their local markets. If such entry is permitted before local markets are truly open to competition, BellSouth's motivation for complying with competitors' interconnection requests diminishes. This is why special consideration must be given to the timing of BellSouth's entry into the long distance market" (Report by the Staff of the Tennessee Regulatory Authority, January 31, 1997, p. 5). In order to ensure that BellSouth has sufficient motivation to engage in meaningful efforts to permit local competition to develop, the Commission should withhold the single carrot it possesses until such a reward is actually earned.

Section 2: Requirement (ii) of the Competitive Checklist Has Not Been Satisfied in Florida

Q. PLEASE DESCRIBE THE SPECIFIC REQUIREMENT OF THE ACT RELATED TO COST-BASED PRICING TO BE DISCUSSED IN YOUR TESTIMONY.

A. Section 271 (c) (2) (B) (ii) requires that the access and interconnection

provided or generally offered by BellSouth include "non discriminatory access to network elements in accordance with the requirements of sections 251 (c) (3) and 252 (d) (1)." Such compliance with section 252 (d) (1) requires:

> Determinations by a State commission of the just and reasonable rate for the interconnection of facilities and equipment for purposes of subsection (c) (2) of section 251, and the just and reasonable rate for network elements for purposes of subsection (c) (3) of such section,
>
> (A) shall be
>
> (i) based on the cost (determined without reference to a rate-of-return or other rate-based proceeding) of providing the interconnection or network element (whichever is applicable), and
>
> (ii) nondiscriminatory, and
>
> (B) may include a reasonable profit.

Q. HAVE THE REQUIREMENTS OF SECTION 271 (c) (2) (B) (ii), INCLUDING THE ABOVE-STATED REQUIREMENT FOR THE DETERMINATION OF COST-BASED RATES PURSUANT TO 252

(d) (1), BEEN SATISFIED IN FLORIDA?

A. No. At a minimum, compliance with item (ii) of the competitive checklist requires 1) that BellSouth be currently providing (if proceeding under Track A) or be willing to and capable of providing (if proceeding under Track B) unbundled network elements -- when purchased separately or in combination -- at the cost-based rates determined by the Commission and reflected in the Interconnection Agreements between BellSouth and other carriers, and 2) that these cost-based rates (both recurring and nonrecurring, if applicable) be determined by the Commission for each of the unbundled network elements (and combinations of elements) requested by carriers seeking to compete with BellSouth's local exchange services. To date, neither of these two requirements has been met.

First, BellSouth has made it clear to AT&T and MCI that it neither currently provides unbundled network elements at the rates which were ordered by this Commission (and which appear in BellSouth's Interconnection Agreements with AT&T and MCI), nor stands ready to provide unbundled network elements at the rates which appear in its draft SGAT, if certain unbundled network elements are purchased in combination.

Second, a number of the prices for unbundled network elements in the Commission's Order No. PSC-96-1579-FOF-TP (these rates also

appear in the Interconnection Agreements and in BellSouth's draft SGAT) are interim rates which are not rates that have been determined by the Commission to be cost-based as required by section 252 (d) (1). In addition, limitations in the cost data available to the Commission in the arbitration proceedings appears to have resulted in the establishment of a number of permanent rates for unbundled network elements that are not cost-based and which therefore cannot be used to demonstrate compliance with item (ii) of the competitive checklist.

Q. WHAT IS THE BASIS FOR YOUR CONCLUSION THAT BELLSOUTH IS NOT PROVIDING UNBUNDLED NETWORK ELEMENTS AT THE RATES ORDERED BY THIS COMMISSION OR STANDING WILLING TO PROVIDE THOSE UNBUNDLED NETWORK ELEMENTS AT THE RATES INCLUDED IN THE DRAFT SGAT?

A. As described in AT&T's Motion to Compel Compliance in Docket No. 960833-TP and Docket No. 960846-TP filed June 9, 1997, BellSouth has refused to comply with the Commission's orders to provide unbundled network elements, at the prices ordered by the Commission, without restrictions on the ways in which those network elements are combined to form the competing carrier's service. According to the AT&T Motion, it was only during final planning for a test of

BellSouth's ability to deliver network elements together with the associated billing and usage information that it became clear that BellSouth is unwilling to comply with the Commission's Order and the resulting Interconnection Agreements.

In its Response and Memorandum in opposition to AT&T's Motion to Compel Compliance, BellSouth contends that the Commission has not made it sufficiently clear that combinations of network elements can be purchased for -- at most -- the sum of the rates established for each of the individual elements. A review of Orders PSC-96-1579-FOF-TP ("Arbitration Order") and PSC-97-0298-FOF-TP ("Order on Reconsideration") indicates that BellSouth's argument is unsupported. The Commission discusses in detail the so-called "rebundling" issue at pages 34-38 of the Arbitration Order, concluding at page 38 that since "the FCC's Rules and order permit AT&T and MCI to combine unbundled network elements in any manner they choose, including recreating existing BellSouth services, that they may do so for now." In its Order on Reconsideration, the Commission again provides a detailed discussion of the issues (pages 3-7) and decides at page 7 not to reconsider the "rebundling issue."

When considering BellSouth's argument, it is important not to confuse two distinct yet superficially related issues. BellSouth has argued that competitors should not be able to purchase multiple network

elements and combine them to form a service that is (at least in BellSouth's view) equivalent to a BellSouth retail service. On this issue, the Commission has made it clear that rates have been established: the competitor should pay the sum of the rates for each individual element, and should not be required to pay BellSouth the retail rate (minus the applicable discount) for the service that BellSouth argues is equivalent. At page 27 of its Order on Reconsideration, the Commission also responded to a separate and distinct issue: AT&T's assertions that when certain combinations of network elements are purchased, BellSouth will double-recover certain costs unless a rate adjustment is made. Regarding this issue, the Commission instructed the parties to work together to identify the costs that would be recovered twice under the existing rate structure and to agree, if possible, on rates for combinations of network elements. These are two separate issues, however; there is nothing in this section of the Order on Reconsideration (pages 27-29) that suggests that the Commission's previous decision (upheld previously on page 7 of the same order) has been rendered moot. In fact, the Orders quite clearly state the contrary.

As a result, BellSouth has no basis for refusing to provide the network elements that comprise the so-called "platform" at the rates determined by the Commission in the Arbitration Order. In fact, when considered carefully, BellSouth's position on this issue is inconsistent

with its 271 application. If BellSouth is correct that these rates have not been established by the Commission, then the requirements of section 252 (d) (1) and item (ii) of the competitive checklist have not been met, and the application should be rejected for that reason. If BellSouth is incorrect and these rates have been established, its refusal to provide these network elements to competitors at the rates determined by the Commission creates a *per se* violation of both the Track A and Track B requirements.

Q. YOU STATED THAT THE INTERIM RATES ADOPTED BY THE COMMISSION FOR A NUMBER OF UNBUNDLED NETWORK ELEMENTS CANNOT BE USED TO SATISFY THE REQUIREMENTS OF SECTION 252 (d) (1). WHAT IS THE BASIS FOR YOUR CONCLUSION?

A. Section 252 (d) (1) requires a determination by a state commission of just and reasonable rates for unbundled network elements based on the cost of providing those elements. Item (ii) of the competitive checklist requires that nondiscriminatory access to these unbundled network elements be available at these rates. Neither of these requirements is anticipatory in any way; in other words, compliance with section 252 (d) (1) is not created by the *expectation* that the Commission will determine cost-based rates for unbundled network elements in the future,

and item (ii) of the competitive checklist likewise cannot be met by the expectation that cost-based rates pursuant to 252 (d) (1) will be determined. The required rates must be in place -- and BellSouth must be willing to provide unbundled network elements (including combinations of elements) at these rates -- in order for this checklist item to be met.

In addition, item (ii) of the checklist and the requirements of section 252 (d) (1) apply to all technically feasible unbundled network elements requested by competing carriers. Section 252 (d) (1) requires that the Commission determine cost-based rates for all such network elements requested, and item (ii) of the competitive checklist cannot be met if some, but not all, of the requested network elements have been priced in accordance with section 252 (d) (1). The absence of Commission-determined cost-based rates for certain unbundled network elements means that item (ii) of the competitive checklist has not been met, and for this reason alone BellSouth's application for in-region interLATA authority is premature.

Q. WHICH NETWORK ELEMENTS CURRENTLY HAVE NON COST-BASED, INTERIM RATES?

A. According to Attachment A to Order No. PSC-96-1579-FOF-TP, the following rates are interim and subject to true-up: the Network

Interface Device, or NID (recurring only); access to the NID (nonrecurring only); loop distribution for both 2-wire and 4-wire circuits (recurring and nonrecurring); 4-wire analog ports (recurring and nonrecurring); DA transport switched local channel, dedicated DS-1 transport per mile and per termination (recurring and nonrecurring); dedicated transport per termination (nonrecurring only); virtual collocation (recurring and nonrecurring); and physical collocation (recurring and nonrecurring).

Q. PLEASE EXPLAIN WHY THE INTERIM RATES SET FOR THESE NETWORK ELEMENTS DO NOT MEET THE REQUIREMENTS OF 252 (d) (1).

A. As established, the rates for the network elements listed above do not meet the requirements of section 252 (d) (1) for the establishment of cost-based rates for two primary reasons: 1) They are not cost-based, and 2) they are not rates. I will explain each of these reasons in more detail below.

The interim rates are not cost-based. At page 33 of the Arbitration Order, the Commission points out that it is establishing interim rates based on BellSouth's tariffed rates (or, in some cases, on based on modifications to the results of the Hatfield Study presented by AT&T and MCI). In doing so, the Commission made clear in the

Arbitration Order and in the Order on Reconsideration (page 14) that "tariffed rates are not an appropriate basis for pricing unbundled network elements." In order to determine cost-based rates for these elements, the Commission required BellSouth to provide cost studies within 60 days of the Arbitration Order (this requirement was upheld at page 20 of the Order on Reconsideration). It is my understanding that BellSouth has produced these studies, but that the Commission has not had the opportunity to conduct an investigation of the merits of these studies in order to determine the costs of providing the elements. Until this process is complete and cost-based rates are developed, the requirements of section 252 (d) (1) will not be met.

Interim rates, especially those subject to true-up mechanisms, are not "rates" pursuant to the requirements of 252 (d) (1). Interim rates, whether or not cost-based, simply cannot be used to meet the requirements of the Act; in other words, interim rates are not "rates" for purpose of permitting competition for local exchange services to develop. In order to begin to assemble the resources necessary to enter the markets for local exchange services, potential competitors will need to be able to determine, with a reasonable degree of accuracy, the costs of doing so. The capital budgeting process simply cannot be conducted if significant costs remain unknown. With interim rates for a number of important network elements, new entrants do not know what they will

be paying to BellSouth for these elements.

This uncertainty extends beyond the unbundled network elements listed above. As described at pages 27-29 of the Commission's Order on Reconsideration, the double-recovery of certain costs is possible (in both recurring and nonrecurring rates) if network elements are purchased in combination. While acknowledging this possibility, the Commission elected not to determine rates for each possible combination of network elements, but instead to direct the parties to work together to establish the applicable rates in those cases in which multiple network elements are being purchased. If the parties cannot agree on the applicable charges, the Commission will settle the dispute. Of course, in order to conduct meaningful capital budgeting and to make informed decisions regarding market entry, potential competitors will need to know what they will be paying to BellSouth for network elements when purchased individually and if purchased in conjunction with other elements. For those combinations of elements requested by competing carriers, compliance with section 252 (d) (1) requires that either 1) agreement between BellSouth and competing carriers is reached, the agreed-upon rate for element combinations is included in an Interconnection Agreement approved by the Commission, and the Commission determine that such rates are cost-based within the meaning of the Act, or 2) the Commission must resolve the dispute and establish

cost-based rates for the requested combinations that avoid double-recovery of costs. One of these two possible outcomes must be reached before the uncertainty for new entrants will be eliminated and the requirements of 252 (d) (1) will be met.

In summary, it is simply unreasonable to expect potential competitors to commit substantial resources to entering the markets for local exchange services before they know what they will be required to pay BellSouth for network elements (purchased separately and in combination). To be clear, interim rates serve an important purpose: they permit potential competitors to begin testing their market assumptions, training their employees, and testing the reasonableness and effectiveness of the processes established for interconnecting with BellSouth (as described in the AT&T Motion to Compel Compliance, such testing has proven to be both useful and revealing). A new entrant would hardly be exhibiting sound decision making skills (and from the point of view of its shareholders, would be acting irresponsibly), however, if it decided to commit substantial resources to local market entry without knowing with a reasonable degree of certainty what its costs of doing business will be. Interim rates, therefore, while useful for some limited purposes, represent a very real barrier to entry that must be removed before local competition can develop.

This Commission has put into place a reasonable process for the

determination of the remaining cost-based rates for network elements purchased both individually and in combination. BellSouth is now asking that this process be circumvented, and that the Commission conclude that cost-based rates have been established before the determination of costs has taken place. Such a request is both unreasonable and inconsistent with the requirements of the Act.

Q. HAVE OTHER STATE COMMISSIONS REACHED SIMILAR CONCLUSIONS?

A. Yes. In a recent proceeding established to review BellSouth's proposed SGAT and section 271 application, the Georgia Commission reached such a conclusion. Specifically, the Georgia Commission noted that it had adopted interim rates subject to true-up in the arbitration proceedings and had established a separate docket for establishing cost-based rates. It then concluded that it is "unreasonable" to expect the Commission to approve these prices as "cost based as required by the Act, when the determinations as to a reasonable cost basis have yet to be made." With regard to BellSouth's proposed SGAT (BellSouth was attempting to proceed under Track B in Georgia), the Georgia Commission concluded that "until the Commission has established the cost-based rates for interconnection including collocation, for unbundled network elements, for reciprocal compensation, and for access to poles

ducts, conduits, and rights of way, pursuant to sections 251 and 252 (d) which can be used for BellSouth's SGAT, the Commission must reject the SGAT." (Georgia Public Service Commission, Order Regarding Statement, Docket 7253-U, Issued March 21, 1997, p. 17.

In Louisiana, BellSouth also produced an SGAT to support its application. A full hearing on the merits of BellSouth's application was conducted before an Administrative Law Judge, and the ALJ's recommendation to the Commission was issued on July 9, 1997. In that proceeding, the Commission Staff asserted that "it is unreasonable for BellSouth to ask the Commission to approve the SGAT's rates under section 252 (d) of the Act when the docket initiated for that purpose has not been concluded" (ALJ Recommendation, p. 12). The ALJ went on to note at p. 18 of her recommendation that "section 252 (f) and 252 (d) mandate a determination *by the Commission* that the rates for interconnection and unbundled network elements are based on the cost of providing the interconnection and unbundled network elements. As yet, the Commission has not made such a determination" (emphasis in original). The ALJ stated at page 21 that each rate in BellSouth's proposed SGAT must conform to "each and every federal requirement" before the SGAT can be approved, and went on to conclude that "The Act's implicit directive to the Commission through its 'may not approve - unless' language, is to *reject* the SGAT, *unless* it complies with each

and every requirement of section 251 and section 252 (d). As the Commission has not yet made a determination that the SGAT's rates for interconnection and unbundled network elements meet the requirements of section 252 (d), the Commission *must reject* BellSouth's SGAT at this time" (emphasis in original). As described previously in my testimony, the cost-based pricing standard of 252 (d) (1) is the same under Track A and Track B; if BellSouth proceeds under Track A in Florida, it must offer to competitors unbundled network elements at rates that likewise meet "each and every federal requirement," and the Commission must reject BellSouth's application if BellSouth is not currently offering requested network elements (and combination of elements) at rates that have been determined by the Commission to comply with section 252 (d) (1).

Q. YOU HAVE MENTIONED CONCERN ABOUT THE RATES THAT THE COMMISSION SET ON A PERMANENT BASIS IN THE BELLSOUTH ARBITRATION DOCKETS. PLEASE DESCRIBE THE NATURE OF YOUR CONCERN THAT THESE RATES MAY NOT BE COST-BASED PURSUANT TO SECTION 252 (d) (1).

A. At page 23 of the Arbitration Order, the Commission stated that its decisions were driven in part because "the record does not contain sufficient cost evidence." Specifically, the Commission stated that it did

not implement geographically deaveraged rates for this reason. Similarly, the Commission concluded that the costs for unbundled network elements should be developed using a methodology based on the premise that BellSouth's existing network should be assumed to exist going forward, and rejected the methodology proposed by the FCC which is based on an efficient network (constrained only by BellSouth's existing central office locations). The order indicates at page 24 that this decision was based, at least in part, on the Commission's assumption that there would not be a substantial difference between costs for network elements developed using these different methodologies. In each of these cases, currently available information compels a different conclusion.

Q. PLEASE EXPLAIN WHY THE RATES FOR SOME NETWORK ELEMENTS MUST BE GEOGRAPHICALLY DEAVERAGED IN ORDER TO BE COST-BASED AS REQUIRED BY SECTION 252 (d) (1) OF THE ACT.

A. In the arbitration proceedings and in subsequent cost investigations in other states, it has become clear that there is little dispute among the parties that the cost of providing some unbundled network elements varies, potentially significantly, based on the geographic area being studied. The cost of loop facilities, for example, has been shown to be

geographically sensitive because the primary drivers of the cost of these facilities -- loop length and line density -- vary depending on the area being studied.

In order for the rates for unbundled network elements to be cost-based, it is necessary for those rates to reflect any significant geographic cost differences that may exist (BellSouth has often attempted to confuse this issue by suggesting that it is the deaveraging of retail rates -- rather than the wholesale rates for unbundled network elements -- that is at issue; of course, it is both possible and appropriate for the rates for unbundled network elements to be geographically deaveraged while maintaining statewide average retail rates for end users). The results of the Hatfield Model present by AT&T and MCI in the arbitration proceedings illustrate the geographic cost differences for a 2-wire local loop. While the Commission chose not to rely on the results of this model when establishing rate levels (in part because the results of the model do not produce costs which are representative of the costs of BellSouth's existing network in Florida), it can and should rely on the results of model as a clear demonstration of the significant variations in the cost of providing a 2-wire loop in different geographic areas. BellSouth apparently agrees: in the cost proceeding established by the Georgia Commission to determine the cost of network elements, BellSouth has presented the results of the Benchmark Cost Proxy Model

("BCPM"), which is conceptually similar to the Hatfield Model. BellSouth has used BCPM results to illustrate the cost differences associated with providing local loops in different geographic areas, and has used the results of the model to support its geographically deaveraged pricing proposal for local loops in Georgia.

In summary, cost information which is apparently not in dispute indicates that the cost of providing some unbundled network elements, specifically local loops, varies significantly across different geographic areas. Cost-based rates, established pursuant to section 252 (d) (1), can and must reflect this demonstrated cost variability.

Q. YOU INDICATED THAT THE COMMISSION ADOPTED A COSTING METHODOLOGY THAT IS BASED ON BELLSOUTH'S EXISTING NETWORK. WHY DO YOU BELIEVE THAT THIS METHODOLOGY CANNOT BE USED TO DEVELOP COST-BASED RATES PURSUANT TO SECTION 252 (d) (1)?

A. As I described previously, the Arbitration Order indicates that the Commission's decision was based, at least in part, on the assumption that there would not be a substantial difference between costs for network elements developed using these different methodologies. Currently available information, however, strongly suggests otherwise. In the Georgia cost proceeding described above, BellSouth has presented

cost studies for network elements based on what it refers to as "TELRIC," but which calculates costs in a way that is constrained by the characteristics of BellSouth's embedded network and therefore is consistent (at least in this specific regard) with the Commission's definition of TSLRIC. These costs are substantially higher than the costs calculated using a methodology which is constrained only by the location of BellSouth's switches (the so-called "scorched node" approach). BellSouth's own Georgia cost studies reveal the magnitude of the differences in costs calculated using these different methodologies.

Q. WHAT ARE THE IMPLICATIONS OF ESTABLISHING RATES BASED ON EACH OF THESE TWO COSTING METHODOLOGIES?

A. If rates for unbundled network elements are based on the inefficiencies inherent in BellSouth's embedded network, the cost of these inefficiencies will be passed on to competitors and ultimately to end users. Such an approach serves to limit the benefits to consumers (both residential and business) of local exchange competition by creating an artificially high price floor for these services and removing BellSouth's incentives to increase efficiency. In contrast, rates for network elements set to recover costs that are calculated based on an efficient network with the capability of serving the same geographic area will permit

consumers to fully benefit (rates can fall to competitive levels) and will provide incentives to BellSouth to become as efficient as its competitors.

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. My testimony addresses item (ii) of the section 271 competitive checklist. This checklist item cannot be met until cost-based rates for unbundled network elements (including the rates for combinations of elements) are determined by the Commission pursuant to section 252 (d) (1) of the Act. This requirement applies to either a Track A or a Track B application by BST. Depending on the track taken, BST must then demonstrate that is it is providing, or is willing to and capable of providing, the requested elements at these rates.

To date, these requirements have not been met. BST has refused to provide network elements to AT&T at the rates ordered by the Commission and contained in the Interconnection Agreement. As a result, it cannot proceed under either Track A or Track B. In addition, the rates adopted in the Commission's Arbitration Order do not meet the cost standard of section 252 (d) (1). A number of these rates are interim and not based on cost, and therefore do not meet the requirements of the Act. Others were adopted by the Commission based on conclusions that it reached in the absence of the necessary cost data. When all available information is considered, it is clear that many of the

permanent rates adopted by the Commission also do not comply with 252 (d) (1). For these reasons alone, BST's application -- whether pursued as Track A or Track B -- is premature.

Concerns regarding the timing of BST's entry into the market for in-region interLATA services is not academic. Both the language of the Act and the legislative history indicate that Congress envisioned a clear sequence of events: local competition must have the opportunity to develop first, then BOC entry into interLATA long distance may be permitted. Fundamental differences in the local and long distance markets make such a sequence essential. If BellSouth is granted in-region interLATA authority too soon, it will lose all incentives to continue to make the basic prerequisites of local competition possible and gain the ability to leverage its existing monopoly power into the market for interLATA long distance services. In order for the objectives of the Act to be met and for Florida consumers to be protected, it is essential that BellSouth not be granted premature interLATA entry.

In the Separate Statement of Chairman Reed E. Hundt in the FCC's recent Oklahoma 271 Order, Chairman Hundt remarked that:

> (T)he power to enter the long distance market lies in the hands of the Bell Companies -- if they have the will, the law makes clear the way.

If BellSouth develops the will to comply with the qualifying requests that it has received for access to unbundled network elements and interconnection, it may earn its admittance to the interLATA market. In the absence of a clear demonstration of such will, the Commission should not recommend approval of BST's application.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

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EDUCATION

Emory University, Atlanta, Ga.
BBA in Finance, with Distinction.

College of William and Mary, Williamsburg, Va.
MBA, with concentration in Finance and Microeconomics.

CURRENT EMPLOYMENT

Don J. Wood is a principal in the firm of Wood & Wood. He provides economic and regulatory analysis services in telecommunications and related industries. Mr. Wood has been employed in a management capacity at a major Local Exchange Company and an Interexchange Carrier, and has been directly involved in both the development and implementation of regulatory policy. He has presented testimony before the Regulatory Commissions of twenty-five states and the District of Columbia, state courts, and has prepared comments for filing with the Federal Communications Commission.

PREVIOUS INDUSTRY EMPLOYMENT

BellSouth Services, Inc.

Staff Manager responsible for conducting cost of service studies to be filed for regulatory purposes at State Commissions and FCC.

MCI Telecommunications Corporation

Manager of Regulatory Analysis, Southeast Division. Responsible for development and implementation of regulatory policy for nine state and later fifteen state division of the company.

Manager, Corporate Economic Analysis and Regulatory Affairs. Responsible for national regulatory policy development and implementation, with specific assignments to new and complex issues.

TESTIMONY - STATE REGULATORY COMMISSIONS:

Alabama Public Service Commission

Docket No. 19356, Phase III: Alabama Public Service Commission vs. All Telephone Companies Operating in Alabama, and Docket 21455: AT&T Communications of the South Central States, Inc., Applicant, Application for a Certificate of Public Convenience and Necessity to Provide Limited IntraLATA Telecommunications Service in the State of Alabama.

Docket No. 20895: In Re: Petition for Approval to Introduce Business Line Termination for MCI's 800 Service.

Docket No. 21071: In Re: Petition by South Central Bell for Introduction of Bidirectional Measured Service.

Docket No. 21067: In Re: Petition by South Central Bell to Offer Dial Back-Up Service and 2400 BPS Central Office Data Set for Use with PulseLink Public Packet Switching Network Service.

Docket No. 21378: In Re: Petition by South Central Bell for Approval of Tariff Revisions to Restructure ESSX and Digital ESSX Service.

Docket No. 21865: In Re: Petition by South Central Bell for Approval of Tariff Revisions to Introduce Network Services to be Offered as a Part of Open Network Architecture.

Docket No. 25703: In Re: In the Matter of the Interconnection Agreement Between AT&T Communications of the South Central States, Inc. and BellSouth Telecommunications, Inc., Pursuant to 47 U.S.C. § 252.

Docket No. 25704: In Re: Petition by AT&T Communications of the South Central States, Inc. for Arbitration of Certain Terms and Conditions of a Proposed Agreement with GTE South Incorporated and CONTEL of the South, Inc. Concerning Interconnection and Resale under the Telecommunications Act of 1996.

Arkansas Public Service Commission

Docket No. 92-337-R: In the Matter of the Application for a Rule Limiting Collocation for Special Access to Virtual or Physical Collocation at the Option of the Local Exchange Carrier.

Public Utilities Commission of the State of Colorado

Docket No. 96A-345T: In the Matter of the Interconnection Contract Negotiations Between AT&T Communications of the Mountain States, Inc., and US West Communications, Inc., Pursuant to 47 U.S.C. Section 252. Docket No. 96A-366T: In the Matter of the Petition of MCIMetro Access Transmission

Services, Inc., for Arbitration Pursuant to 47 U.S.C. § 252(b) of the Telecommunications Act of 1996 to Establish an Interconnection Agreement with US West Communications, Inc. (consolidated).

Docket No. 96S-257T: In Re: The Investigation and Suspension of Tariff Sheets Filed by US West Communications, Inc., with Advice Letter No. 2608 Regarding Proposed Rate Changes.

State of Connecticut, Department of Utility Control

Docket 91-12-19: DPUC Review of Intrastate Telecommunications Services Open to Competition (Comments).

Docket No. 94-07-02: Development of the Assumptions, Tests, Analysis, and Review to Govern Telecommunications Service Reclassifications in Light of the Eight Criteria Set Forth in Section 6 of Public Act 94-83 (Comments).

Delaware Public Service Commission

Docket No. 93-31T: In the Matter of the Application of The Diamond State Telephone Company for Establishment of Rules and Rates for the Provision of IntelliLinQ-PRI and IntelliLinQ-BRI.

Docket No. 41: In the Matter of the Development of Regulations for the Implementation of the Telecommunications Technology Investment Act.

Florida Public Service Commission

Docket No. 881257-TL: In Re: Proposed Tariff by Southern Bell to Introduce New Features for Digital ESSX Service, and to Provide Structural Changes for both ESSX Service and Digital ESSX Service.

Docket No. 880812-TP: In Re: Investigation into Equal Access Exchange Areas (EAEAs), Toll Monopoly Areas (TMAs), 1+ Restriction to the Local Exchange Companies (LECs), and Elimination of the Access Discount.

Docket No. 890183-TL: In Re: Generic Investigation into the Operations of Alternate Access Vendors.

Docket No. 870347-TI: In Re: Petition of AT&T Communications of the Southern States for Commission Forbearance from Earnings Regulation and Waiver of Rule 25-4.495(1) and 25-24.480 (1) (b), F.A.C., for a trial period.

Docket No. 900708-TL: In Re: Investigation of Methodology to Account for Access Charges in Local Exchange Company (LEC) Toll Pricing.

Docket No. 900633-TL: In Re: Development of Local Exchange Company Cost of Service Study Methodology.

Docket No. 910757-TP: In Re: Investigation into the Regulatory Safeguards Required to Prevent Cross-Subsidization by Telephone Companies.

Docket No. 920260-TL: In Re: Petition of Southern Bell Telephone and Telegraph Company for Rate Stabilization, Implementation Orders, and Other Relief.

Docket No. 950985-TP: In Re: Resolution of Petitions to establish 1995 rates, terms, and conditions for interconnection involving local exchange companies and alternative local exchange companies pursuant to Section 364.162, Florida Statutes.

Docket No. 960846-TP: In Re: Petition by MCI Telecommunications Corporation and MCI Metro Access Transmission Services, Inc. for Arbitration of Certain Terms and Conditions of a proposed agreement with BellSouth Telecommunications, Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996.

Docket No. 960847-TP and 960980-TP: In Re: Petition by AT&T Communications of the Southern States, Inc., MCI Telecommunications Corporation, MCI Metro Access Transmission Service, Inc., for Arbitration of Certain Terms and Conditions of a Proposed Agreement with GTE Florida Incorporated Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996 (consolidated).

Docket No. 961230-TP: In Re: Petition by MCI Telecommunications Corporation for Arbitration with United Telephone Company of Florida and Central Telephone Company of Florida Concerning Interconnection Rates, Terms, and Conditions, Pursuant to the Federal Telecommunications Act of 1996.

<u>Georgia Public Service Commission</u>

Docket No. 3882-U: In Re: Investigation into Incentive Telephone Regulation in Georgia.

Docket No. 3883-U: In Re: Investigation into the Level and Structure of Intrastate Access Charges.

Docket No. 3921-U: In Re: Compliance and Implementation of Senate Bill 524.

Docket No. 3905-U: In Re: Southern Bell Rule Nisi.

Docket No. 3995-U: In Re: IntraLATA Toll Competition.

Docket No. 4018-U: In Re: Review of Open Network Architecture (ONA) (Comments).

Docket No. 5258-U: In Re: Petition of BellSouth Telecommunications for Consideration and Approval of its "Georgians FIRST" (Price Caps) Proposal.

Docket No. 5825-U: In Re: The Creation of a Universal Access Fund as Required by the Telecommunications Competition and Development Act of 1995.

Docket No. 6801-U: In Re: Interconnection Negotiations Between BellSouth Telecommunications, Inc.

and AT&T Communications of the Southern States, Inc., Pursuant to Sections 251-252 and 271 of the Telecommunications Act of 1996.

Docket No. 6865-U: In Re: Petition by MCI for Arbitration of Certain Terms and Conditions of Proposed Agreement with BellSouth Telecommunications, Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996.

Docket No. 7253-U: In Re: BellSouth Telecommunications, Inc.'s Statement of Generally Available Terms and Conditions Under Section 252 (f) of the Telecommunications Act of 1996.

Iowa Utilities Board

Docket No. RPU-95-10.

Docket No. RPU-95-11.

Kentucky Public Service Commission

Administrative Case No. 10321: In the Matter of the Tariff Filing of South Central Bell Telephone Company to Establish and Offer Pulselink Service.

Administrative Case No. 323: In the Matter of An Inquiry into IntraLATA Toll Competition, An Appropriate Compensation Scheme for Completion of IntraLATA Calls by Interexchange Carriers, and WATS Jurisdictionality.

- Phase IA: Determination of whether intraLATA toll competition is in the public interest.
- Phase IB: Determination of a method of implementing intraLATA competition.
- Rehearing on issue of Imputation.

Administrative Case No. 90-256, Phase II: In the Matter of A Review of the Rates and Charges and Incentive Regulation Plan of South Central Bell Telephone Company.

Administrative Case No. 336: In the Matter of an Investigation into the Elimination of Switched Access Service Discounts and Adoption of Time of Day Switch Access Service Rates.

Administrative Case No. 91-250: In the Matter of South Central Bell Telephone Company's Proposed Area Calling Service Tariff.

Administrative Case No. 96-431: In Re: Petition by MCI for Arbitration of Certain Terms and Conditions of a Proposed Agreement with BellSouth Telecommunications, Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996.

Administrative Case No. 96-478: In Re: The Petition by AT&T Communications of the South Central

States, Inc. for Arbitration of Certain Terms and Conditions of a Proposed Agreement with GTE South Incorporated Concerning Interconnection and Resale Under the Telecommunications Act of 1996.

Administrative Case No. 96-482: In Re: The Interconnection Agreement Negotiations Between AT&T Communications of the South Central States, Inc. and BellSouth Telecommunications, Inc., Pursuant to 47 U.S.C. § 252.

Louisiana Public Service Commission

Docket No. 17970: In Re: Investigation of the Revenue Requirements, Rate Structures, Charges, Services, Rate of Return, and Construction Program of AT&T Communications of the South Central States, Inc., in its Louisiana Operations.

Docket No. U-17949: In the Matter of an Investigation of the Revenue Requirements, Rate Structures, Charges, Services, Rate of Return, and Construction Program of South Central Bell Telephone Company, Its Louisiana Intrastate Operations, The Appropriate Level of Access Charges, and All Matters Relevant to the Rates and Service Rendered by the Company.

- Subdocket A (SCB Earnings Phase)
- Subdocket B (Generic Competition Phase)

Docket No. 18913-U: In Re: South Central Bell's Request for Approval of Tariff Revisions to Restructure ESSX and Digital ESSX Service.

Docket No. U-18851: In Re: Petition for Elimination of Disparity in Access Tariff Rates.

Docket No. U-22022: In Re: Review and Consideration of BellSouth Telecommunications, Inc.'s TSLRIC and LRIC Cost Studies Submitted Pursuant to Sections 901(C) and 1001(E) of the Regulations for Competition in the Local Telecommunications Market as Adopted by General Order Dated March 15, 1996 in Order to Determine the Cost of Interconnection Services and Unbundled Network Components to Establish Reasonable, Non-Discriminatory, Cost Based Tariffed Rates and Docket No. U-22093: In Re: Review and Consideration of BellSouth Telecommunications, Inc.'s Tariff Filing of April 1, 1996, Filed Pursuant to Section 901 and 1001 of the Regulations for Competition in the Local Telecommunications Market Which Tariff Introduces Interconnection and Unbundled Services and Establishes the Rates, Terms and Conditions for Such Service Offerings (consolidated).

Docket No. U-22145: In the Matter of Interconnection Agreement Negotiations Between AT&T Communications of the South Central States, Inc. and BellSouth Telecommunications, Inc., Pursuant to 47 U.S.C. § 252.

Docket No. U-22252: In Re: Consideration and Review of BST's Preapplication Compliance with Section 271 of the Telecommunications Act of 1996, including but not limited to the fourteen requirements set forth in Section 271 (c) (2) (b) in order to verify compliance with section 271 and provide a recommendation to the FCC regarding BST's application to provide interLATA services originating in-region.

Public Service Commission of Maryland

Case 8584, Phase II: In the Matter of the Application of MFS Intelenet of Maryland, Inc. for Authority to Provide and Resell Local Exchange and Intrastate Telecommunications Services in Areas Served by C&P Telephone Company of Maryland.

Case 8715: In the Matter of the Inquiry into Alternative Forms of Regulating Telephone Companies.

Case 8731: In the Matter of the Petitions for Approval of Agreements and Arbitration of Unresolved Issues Arising Under Section 252 of the Telecommunications Act of 1996.

Mississippi Public Service Commission

Docket No. U-5086: In Re: MCI Telecommunications Corporation's Metered Use Service Option D (Prism I) and Option E (Prism II).

Docket No. U-5112: In Re: MCI Telecommunications Corporation's Metered Use Option H (800 Service).

Docket No. U-5318: In Re: Petition of MCI for Approval of MCI's Provision of Service to a Specific Commercial Banking Customers for Intrastate Interexchange Telecommunications Service.

Docket 89-UN-5453: In Re: Notice and Application of South Central Bell Telephone Company for Adoption and Implementation of a Rate Stabilization Plan for its Mississippi Operations.

Docket No. 90-UA-0280: In Re: Order of the Mississippi Public Service Commission Initiating Hearings Concerning (1) IntraLATA Competition in the Telecommunications Industry and (2) Payment of Compensation by Interexchange Carriers and Resellers to Local Exchange Companies in Addition to Access Charges.

Docket No. 92-UA-0227: In Re: Order Implementing IntraLATA Competition.

Docket No. 96-AD-0559: In Re: In the Matter of the Interconnection Agreement Negotiations Between AT&T Communications of the South Central States, Inc. and BellSouth Telecommunications, Inc., Pursuant to 47 U.S.C. § 252.

Nebraska Public Service Commission

Docket No. C-1385: In the Matter of a Petition for Arbitration of an Interconnection Agreement Between AT&T Communications of the Midwest, Inc., and US West Communications, Inc.

New York Public Service Commission

Case No. 28425: Proceeding on Motion of the Commission as to the Impact of the Modification of Final Judgement and the Federal Communications Commission's Docket 78-72 on the Provision of Toll Service in New York State.

North Carolina Public Utilities Commission

Docket No. P-100, Sub 72: In the Matter of the Petition of AT&T to Amend Commission Rules Governing Regulation of Interexchange Carriers (Comments).

Docket No. P-141, Sub 19: In the Matter of the Application of MCI Telecommunications Corporation to Provide InterLATA Facilities-Based Telecommunications Services (Comments).

Docket No. P-55, Sub 1013: In the Matter of Application of BellSouth Telecommunications, Inc. for, and Election of, Price Regulation.

Docket Nos. P-7, Sub 825 and P-10, Sub 479: In the Matter of Petition of Carolina Telephone and Telegraph and Central Telephone Company for Approval of a Price Regulation Plan Pursuant to G.S. 62-133.5.

Docket No. P-19, Sub 277: In the Matter of Application of GTE South Incorporated for and Election of, Price Regulation.

Docket No. P-141, Sub 29: In the Matter of: Petition of MCI Telecommunications Corporation for Arbitration of Interconnection with BellSouth Telecommunications, Inc., Petition of AT&T Communications of the Southern States, Inc. for Arbitration of Interconnection with BellSouth Telecommunications, Inc. (consolidated).

Docket No. P-141, Sub 30: In the Matter of: Petition of MCI Telecommunications Corporation for Arbitration of Interconnection with General Telephone Company of North Carolina, Inc., Petition of AT&T Communications of the Southern States, Inc. for Arbitration of Interconnection with General Telephone Company of North Carolina, Inc. (consolidated).

Public Utilities Commission of Ohio

Case No. 93-487-TP-ALT: In the Matter of the Application of The Ohio Bell Telephone Company for Approval of an Alternative Form of Regulation.

Oklahoma Corporation Commission

Cause No. PUD 01448: In the Matter of the Application for an Order Limiting Collocation for Special Access to Virtual or Physical Collocation at the Option of the Local Exchange Carrier.

Public Utility Commission of Oregon

Docket No. UT 119: In the Matter of an Investigation into Tariffs Filed by US West Communications, Inc., United Telephone of the Northwest, Pacific Telecom, Inc., and GTE Northwest, Inc. in Accordance with ORS 759.185(4).

Docket No. ARB 3: In the Matter of the Petition of AT&T Communications of the Pacific Northwest, Inc., for Arbitration of Interconnection Rates, Terms, and Conditions Pursuant to 47 U.S.C. § 252(b) of the Telecommunications Act of 1996. Docket No. ARB 6: In the Matter of the Petition of MCIMetro Access Transmission Services, Inc. for Arbitration of Interconnection Rates, Terms, and Conditions Pursuant to 47 U.S.C. § 252(b) of the Telecommunications Act of 1996 (consolidated).

Docket No. ARB 9: In the Matter of the Petition of an Interconnection Agreement Between MCIMetro Access Transportation Services, Inc. and GTE Northwest Incorporated, Pursuant to 47 U.S.C. Section 252

Pennsylvania Public Utilities Commission

Docket No. I-00910010: In Re: Generic Investigation into the Current Provision of InterLATA Toll Service.

Docket No. P-00930715: In Re: The Bell Telephone Company of Pennsylvania's Petition and Plan for Alternative Form of Regulation under Chapter 30.

Docket No. R-00943008: In Re: Pennsylvania Public Utility Commission v. Bell Atlantic-Pennsylvania, Inc. (Investigation of Proposed Promotional Offerings Tariff).

Docket No. M-00940587: In Re: Investigation pursuant to Section 3005 of the Public Utility Code, 66 Pa. C. S. §3005, and the Commission's Opinion and Order at Docket No. P-930715, to establish standards and safeguards for competitive services, with particular emphasis in the areas of cost allocations, cost studies, unbundling, and imputation, and to consider generic issues for future rulemaking.

South Carolina Public Service Commission

Docket No. 90-626-C: In Re: Generic Proceeding to Consider Intrastate Incentive Regulation.

Docket No. 90-321-C: In Re: Petition of Southern Bell Telephone and Telegraph Company for Revisions to its Access Service Tariff Nos. E2 and E16.

Docket No. 88-472-C: In Re: Petition of AT&T of the Southern States, Inc., Requesting the Commission to Initiate an Investigation Concerning the Level and Structure of Intrastate Carrier Common Line (CCL) Access Charges.

Docket No. 92-163-C: In Re: Position of Certain Participating South Carolina Local Exchange Companies

for Approval of an Expanded Area Calling (EAC) Plan.

Docket No. 92-182-C: In Re: Application of MCI Telecommunications Corporation, AT&T Communications of the Southern States, Inc., and Sprint Communications Company, L.P., to Provide IntraLATA Telecommunications Services.

Docket No. 95-720-C: In Re: Application of BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company for Approval of an Alternative Regulation Plan.

Docket No. 96-358-C: In Re: Interconnection Agreement Negotiations Between AT&T Communications of the Southern States, Inc. and BellSouth Telecommunications, Inc., Pursuant to 47 U.S.C. § 252.

Docket No. 96-375-C: In Re: Interconnection Agreement Negotiations Between AT&T Communications of the Southern States, Inc. and GTE South Incorporated Pursuant to 47 U.S.C. § 252.

Docket No. 97-101-C: Entry of BellSouth Telecommunications, Inc. into the InterLATA Toll Market.

Tennessee Public Service Commission

Docket No. 90-05953: In Re: Earnings Investigation of South Central Bell Telephone Company.

Docket Nos. 89-11065, 89-11735, 89-12677: AT&T Communications of the South Central States, MCI Telecommunications Corporation, US Sprint Communications Company -- Application for Limited IntraLATA Telecommunications Certificate of Public Convenience and Necessity.

Docket No. 91-07501: South Central Bell Telephone Company's Application to Reflect Changes in its Switched Access Service Tariff to Limit Use of the 700 Access Code.

Docket No. 96-01152: In Re: Interconnection Agreement Negotiations Between AT&T of the South Central States, Inc. and BellSouth Telecommunications, Inc. Pursuant to 47 U.S.C. § 252.

Public Utility Commission of Texas

Docket No. 12879: Application of Southwestern Bell Telephone Company for Expanded Interconnection for Special Access Services and Switched Transport Services and Unbundling of Special Access DS1 and DS3 Services Pursuant to P. U. C. Subst. R. 23.26.

Virginia State Corporation Commission

Case No. PUC920043: Application of Virginia Metrotel, Inc. for a Certificate of Public Convenience and Necessity to Provide InterLATA Interexchange Telecommunications Services.

Case No. PUC920029: Ex Parte: In the Matter of Evaluating the Experimental Plan for Alternative Regulation of Virginia Telephone Companies.

Case No. PUC930035: Application of Contel of Virginia, Inc. d/b/a GTE Virginia to implement community calling plans in various GTE Virginia exchanges within the Richmond and Lynchburg LATAs.

Case No. PUC930036: Ex Parte: In the Matter of Investigating Telephone Regulatory Methods Pursuant to Virginia Code § 56-235.5, & Etc.

Washington Utilities and Transportation Commission

Docket Nos. UT-941464, UT-941465, UT-950146, and UT-950265 (Consolidated): Washington Utilities and Transportation Commission, Complainant, vs. US West Communications, Inc., Respondent; TCG Seattle and Digital Direct of Seattle, Inc., Complainant, vs. US West Communications, Inc., Respondent; TCG Seattle, Complainant, vs. GTE Northwest Inc., Respondent; Electric Lightwave, Inc., vs. GTE Northwest, Inc., Respondent.

Docket No. UT-950200: In the Matter of the Request of US West Communications, Inc. for an Increase in its Rates and Charges.

Public Service Commission of Wyoming

Docket No. 70000-TR-95-238: In the Matter of the General Rate/Price Case Application of US West Communications, Inc.

Docket No. PSC-96-32: In the Matter of Proposed Rule Regarding Total Service Long Run Incremental Cost (TSLRIC) Studies.

Public Service Commission of the District of Columbia

Formal Case No. 814, Phase IV: In the Matter of the Investigation into the Impact of the AT&T Divestiture and Decisions of the Federal Communications Commission on Bell Atlantic - Washington, D. C. Inc.'s Jurisdictional Rates.

COMMENTS - FEDERAL COMMUNICATIONS COMMISSION

CC Docket No. 92-91: In the Matter of Open Network Architecture Tariffs of Bell Operating Companies.

CC Docket No. 93-162: Local Exchange Carriers' Rates, Terms, and Conditions for Expanded Interconnection for Special Access.

CC Docket No. 91-141: Common Carrier Bureau Inquiry into Local Exchange Company Term and Volume Discount Plans for Special Access.

CC Docket No. 94-97: Review of Virtual Expanded Interconnection Service Tariffs.

CC Docket No. 94-128: Open Network Architecture Tariffs of US West Communications, Inc.

CC Docket No. 94-97, Phase II: Investigation of Cost Issues, Virtual Expanded Interconnection Service Tariffs.