Florida Cable Television Assoc., Inc.
STEVEN E. WILKERSON
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FLORIDA CABLE TELEVISION ASSOCIATION, INC.

P.O. BOX 10383, TALLAHASSEE, FLORIDA 32302, 904/681-1990

October 12, 1994

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VIA HAND DELIVERY

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, FL 32399

RE: Docket No. 921074-TP

Dear Ms. Bayo:

Enclosed for filing in the above-referenced docket is the original and fifteen (15) copies of Florida Cable Television Association, Inc.'s Posthearing Brief. Copies have been served on the parties of record pursuant to the attached Certificate of Service.

Also enclosed is a copy of the Posthearing Brief on a 5-1/4" high density diskette generated on a DOS computer in WordPerfect format, version 5.1.

Please acknowledge receipt and filing of the above by date stamping the duplicate copy of this letter and returning the same to me.

Thank you for your assistance in processing this filing.

Yours very truly,

Laura L. Wilson
Regulatory Counsel

Enclosures

c: All Parties of Record
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Expanded Interconnection)
Phase II and Local Transport)
Restructure)

DOCKET NO. 921074-TP
DOCKET NO. 930955-TL
DOCKET NO. 940014-TL
DOCKET NO. 940020-TL
DOCKET NO. 931196-TL
DOCKET NO. 940190-TL

FILED: October 12, 1994

FLORIDA CABLE TELEVISION ASSOCIATION, INC.'S
POSTHEARING BRIEF

The Florida Cable Television Association, Inc. ("FCTA") pursuant to Rule 25-22.056, Florida Administrative Code, and Order Nos. PSC-94-0076-PCO-TL, PSC-94-0277-PCO-TL; PSC-94-0830-PCO-TP and the schedule announced at the conclusion of the hearing respectfully submits its Posthearing Brief to the Florida Public Service Commission ("Commission").

I. BASIC POSITION

This proceeding presents the Commission an opportunity to continue to encourage a more competitive telecommunications environment in the public interest. Consistent with the Commission's Phase I decision, approval of expanded interconnection for switched access represents the next logical step in expanded choice and numerous benefits for consumers. The benefits identified in this docket are more rapid deployment of new technology, system redundancy, increased protection against service outages, greater service innovation, and price competition having the ability to reduce the cost of telecommunications services to all customers. These consumer benefits outweigh LEC arguments of perceived harm with no evidentiary basis in this proceeding.

Upon approving switched access expanded interconnection, it is essential to the development of competition that the Commission set appropriate expanded interconnection standards. The LECs fully dominate the local market. Therefore, the Commission must ensure

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that interconnection with the dominant LEC network is priced fairly and is not technologically cumbersome. An appropriate interconnection standard would be to mandate physical collocation pursuant to the Commission's statutory authority and Phase I decision. However, if physical collocation is not mandated, the appropriate policy is a virtual collocation mandate that leaves the parties with an option of negotiating mutually agreeable physical collocation arrangements. At minimum, the Commission must require the LECs to provide virtual collocation in a manner which is technically, economically and operationally equivalent to a physical collocation standard. This will place interconnectors on a more even footing in negotiating with the LECs and should be implemented as a matter of fairness. Under no circumstances should the dominant LEC be permitted a free hand to choose the form and terms of switched access expanded interconnection.

II. ISSUES

ISSUE 1. **How is switched access provisioned and priced today?**

Stipulated

Switched access service uses a local exchange company's switching facilities to provide a communications pathway between an interexchange company's terminal location and an end user's premises. Switched access is provisioned under a feature group arrangement. There are four feature groups: FGA, FGB, FGC, and FGD. These categories are distinguished by their technical characteristics, e.g. the connection to the central office is line side or trunk side. Rate elements differ by name according to the respective local exchange company. Rate elements typically include local switching, carrier common line, local transport, and carrier access capacity. Rate elements are currently priced under the equal charge rule. This means that each unit is priced the same as the next unit for a given rate element. Rates and charges include recurring, nonrecurring, and usage.

Issue 2. **How is local transport structured and priced today?**

Stipulated

Local transport, as mentioned in Issue 1, is one of the switched access rate elements. Local transport is currently priced on a usage sensitive basis. The rate is applied on a per minute of use basis. Regardless of the distance all transport minutes of use are assessed the same rate per minute of use.

Issue 3. **Under what circumstances should the Commission impose the same or different forms and conditions of expanded interconnection than the FCC?**

If physical collocation is not mandated, the Commission should essentially mirror the forms and conditions of expanded interconnection established by the FCC. Incumbent LECs should be granted no pricing flexibility beyond that provided by the FCC.

ANALYSIS AND ARGUMENT:

The Commission mandated physical collocation in Phase I of this proceeding. Clearly, the Commission believes that physical collocation is the proper collocation standard. Additionally, it was assumed that Phase I-type virtual collocation arrangements would be negotiated with physical collocation as a back-up option. This gives the LECs a natural marketplace incentive to make virtual collocation adequate and attractive to interconnectors. (Smith Tr. 570).

The Commission should seek to accomplish these same objectives in Phase II through whatever forms and conditions of expanded interconnection the Commission determines to be in the public interest. Florida is free to establish its own collocation policy for expanded interconnection. The Commission has the statutory authority to mandate physical collocation for switched access expanded interconnection and may do so consistent with the reasoning contained in the Phase I decision. (See also argument on Issue 6). However, if it is found that such departure from the FCC's approach would create undue difficulty, the Commission should

mandate virtual collocation and, as a matter of fairness, establish physical collocation as the standard against which virtual collocation arrangements are measured. (Smith Tr. 569; Andreassi Tr. 727-31). This action is consistent with Phase I objectives, recognizes the unequal bargaining position of LEC competitors, ensures that interconnection is provided under reasonable terms and conditions, and promotes the development of a competitive telecommunications marketplace with concurrent benefits to consumers. Id.

Although the LECs would like to have the option of offering either virtual or physical collocation on a negotiated basis (E.g., Denton 360-61), such an approach inappropriately leaves all of the options with the LEC. (Smith Tr. 568). The appropriate regulatory policy is a virtual collocation mandate (including appropriate standards) with an option to negotiate mutually agreeable physical collocation arrangements. (Andreassi Tr. 727-731).

With regard to price flexibility, the incumbent LECs have argued for additional pricing flexibility in response to a perceived competitive threat. However, given the statutory constraints within which competitors must operate, the financial threat posed by the competitors is limited at best. (See Andreassi Tr. 712-14). LEC pricing flexibility in addition to that permitted by the FCC is simply not warranted at this time. (Andreassi Tr. 723); see additional arguments on Issue 15.)

Issue 4. Is expanded interconnection for switched access in the public interest?

Yes. Expanded interconnection for switched access is in the public interest.

ANALYSIS AND ARGUMENT:

Expanded interconnection for switched access is in the public interest. It will increase access competition, provide consistent regulatory frameworks between the interstate and intrastate jurisdictions, and provide large end-users with meaningful alternatives for their telecommunications needs. (Metcalf Tr. 51-4). Competition driven evolutions in technology will benefit all end users. (Metcalf Tr. 55). In contrast to these benefits, intrastate expanded

interconnection of switched access will not cause serious financial harm to the LECs. (Andreassi Tr. 712-14; Rock Tr. 651).

Issue 5. Is the offering of dedicated and switched services between non-affiliated entities by non-LECs in the public interest?

Yes. Non-LEC offering of dedicated and switched access services between non-affiliated entities is in the public interest. Such a regulatory approach will provide Florida's consumers with the benefits of a telecommunications market.

ANALYSIS AND ARGUMENT:

Although the parties disagree as to the appropriate terms and conditions, they generally acknowledge that allowing non-LECs to offer dedicated and switched services between non-affiliated entities will benefit the public. Benefits identified in this proceeding are lower prices, increased customer choice, development of new services, route diversity and keeping large end-users from resorting to private networks for their communications needs. (E.G., Denton Tr. 363-64; Rock Tr. 650; Metcalf Tr. 50-1; Andreassi Tr. 716-17).

Issue 6. Does Chapter 364, Florida Statutes, allow the Commission to require expanded interconnection for switched access?

Yes. Nothing in Chapter 364, Florida Statutes, prohibits the Commission from requiring expanded interconnection for switched access.

ANALYSIS AND ARGUMENT:

Nothing in Chapter 364, Florida Statutes, prohibits the Commission from requiring expanded interconnection for switched access. In additional to the general regulatory powers of the Commission over intrastate telecommunications companies, the Commission is charged with regulating interconnection of telecommunications facilities (Section 364.16, Florida Statutes) encouraging the development of a competitive telecommunications environment in the public

interest (Section 364.01(3)(c-d), Florida Statutes) and compelling improvements to and changes in any telecommunications facility (Section 364.15, Florida Statutes).

The parties generally agree that the FPSC has the authority to require expanded interconnection for switched access pursuant to Chapter 364, Florida Statutes. (See e.g., Denton Tr. 364-65; Andreassi Tr. 720). Switched access interconnection authority will not supersede other statutory constraints on competition. For example, interconnectors could provide local transport but would not be allowed to provide switched services that are otherwise prohibited by law. (See e.g., Andreassi Tr. 746).

Issue 7. Does a physical collocation mandate raise federal or state constitutional questions about the taking or confiscation of LEC property?

No. The takings analysis set forth in the Final Order issued in Phase I of this proceeding correctly addressed this issue.

ANALYSIS AND ARGUMENT:

In Phase I of this proceeding, the Commission correctly found that requiring incumbent LECs to tariff used and useful property for the purpose of physical interconnection does not constitute a taking. (Order No. PSC-94-0285-FOF-TP issued on March 10, 1994, in Docket No. 921074-TP). The same reasoning applies to a physical collocation mandate for switched access expanded interconnection. However, given the remand of the FCC's interconnection order, (Bell Atlantic Telephone Companies, et al. c. Federal Communications Commission, D. C. Ct. App. (Case Nos. 92-1619, 92-1620, 931028 and 931053 (decided June 10, 1994) and the FCC's subsequent adoption of a virtual collocation mandate, (Memorandum Opinion and Order adopted July 14, 1994, released July 25, 1994, in CC Docket No. 91-141) the Commission may find that the best regulatory approach for Florida is to develop an intrastate interconnection policy that is compatible with the FCC's interconnection policy. (Andreassi Tr. 726-730).

Issue 8. **Should the Commission require physical and/or virtual collocation for switched access expanded interconnection?**

If the Commission does not mandate physical collocation, it should mandate virtual collocation that is technically, economically, administratively and operationally equivalent to physical collocation. Physical collocation arrangements should be permitted on a negotiated basis.

ANALYSIS AND ARGUMENT:

Clearly the Commission may require physical collocation pursuant to its statutory authority. If, however, it is found that an intrastate physical collocation mandate would be unduly burdensome, virtual collocation should be mandated leaving the parties with the option to negotiate a mutually agreeable physical collocation arrangement. (Andreassi Tr. 731). At minimum, the Commission should mandate virtual collocation that is technically, economically, administratively and operationally equivalent to physical collocation. Such standard of reasonableness is necessary to prevent incumbent LECs from building inefficiencies into collocation arrangements that will impede competition. Once interconnection standards are adopted, the Commission should require the LECs to file tariffs complying with the standards. (Smith Tr. 569-72).

Issue 9. **Which LECs should provide switched access expanded interconnection?**

Stipulated

Only Tier 1 LECs (Southern Bell, GTEFL, United, and Centel) shall be required to offer switched access expanded interconnection.

ANALYSIS AND ARGUMENT:

If a non-Tier 1 LEC receives a bona fide request for expanded interconnection but the terms and conditions cannot be negotiated by the parties, the Commission shall review such a request on a case-by-case basis. If the parties agree on expanded interconnection, the terms and conditions shall be set by individual negotiation.

Issue 10. From what LEC facilities should expanded interconnection for switched access be offered? Should expanded interconnection for switched access be required from all such facilities?

Stipulated

Expanded interconnection shall be offered out of all LEC offices, which include central offices, end offices, tandems, and remotes, that are used as rating points for switched access services and have the necessary space and technical capabilities. Initially, expanded interconnection shall be offered out of those central offices that are identified in the proposed tariffs in the interstate jurisdiction. Additional offices shall be added within 90 days of a written request to the LEC by the interconnector.

Issue 11. Which entities should be allowed expanded interconnection for switched access?

Stipulated

Any entity shall be allowed to interconnect on an intrastate basis its own basic transmission facilities associated with terminating equipment and multiplexers except entities restricted pursuant Commission rules, orders and statutes.

Issue 12. Should collocators be required to allow LECs and other parties to interconnect with their networks?

"No. Consistent with FCC treatment and the Commission's Phase I decision, such a mandate would be premature and would serve no purpose."

ANALYSIS AND ARGUMENT:

Consistent with the FCC's treatment of this issue and the Commission's Phase I decision, collocators should not be required to permit reciprocal collocation. The FCC's decision to require switched access expanded interconnection applies to only Tier 1 LECs. The reasoning underlying the FCC's decision is clearly not applicable to collocators. The FCC sought to ensure fairness to LEC competitors by making interconnection available on terms and conditions similar to what the LECs provide themselves.

This Commission is squarely faced with the task of transitioning the entry of potential LEC competitors into a monopoly market. No competitors currently possess LEC bottleneck facilities. Therefore, to transition to a competitive environment it is not necessary to impose safeguards on collocators since they lack any significant market share.

The LECs believe that the Commission should depart from its Phase I approach on this issue. However, they offer no compelling technical, economic or other change in circumstances that would justify departure from or modification of the Commission's Phase I order in this regard. The LECs position is especially ridiculous in light of the reduced "competitive threat" that would result if the Commission adopted GTEFL and Southern Bell's position that AAVs cannot lawfully provide switched access service. Further, if AAVs are authorized to provide local transport while the LECs continue to switch local traffic, the LECs arguments should be rejected. There is no reason for a LEC to collocate with an AAV such a context. A collocation requirement would burden the AAVs while providing no benefit to the LECs. (Andreassi Tr. 746-48).

Finally, with respect to the LECs' ability to collocate with cable television facilities, Congress has enacted a federal scheme through channel leasing to govern the manner in which

third parties access "cable systems." Specifically, Section 47 U.S.C. 612(c) (1993) provides, in pertinent part:

> (1) If a person unaffiliated with the cable operator seeks to use channel capacity designated pursuant to subsection (b) of this section for commercial use, the cable operator shall establish, consistent with the purpose of this section and with rules prescribed by the Commission under paragraph (4), the price, terms and conditions of such use which are at least sufficient to assure that such use will not adversely affect the operation, financial condition, or market development of the cable system. [Emphasis supplied.]

In addition, Section 47 U.S.C. 612(4)(A)(1993) provides:

The Commission shall have the authority to -

> (i) determine the maximum reasonable rates that a cable operator may establish pursuant to paragraph (1) for commercial use of designated channel capacity, including the rate charged for the billing of rates to subscribers and for the collection of revenue from subscribers by the cable operator for such use;
>
> (ii) establish reasonable terms and conditions for such use, including those for billing and collection; and
>
> (iii) establish procedures for the expedited resolution of disputes concerning rates or carriage under this section. [Emphasis supplied.]

The above provisions preclude this Commission from establishing the terms and conditions upon which cable operators open their networks to third parties. The FCC has specifically found that commercial leasing of cable channels serves important diversity and competitive objectives such that centralized regulatory oversight would assist in the achievement of the statutory directives. In the Matter of Implementation of Sections of the Cable Television Consumer Protection and Competition Act of 1992 Rate Regulation, Report and Order and Further Notice of Proposed Rulemaking, Released May 3, 1993, at 303-307. Because the terms and conditions under which cable operators lease channel capacity are to be administered by the FCC, this

Commission is preempted from imposing its own set of expanded interconnection requirements upon collocators that are cable operators.

Issue 13. **Should the Commission allow switched access expanded interconnection for non-fiber optic technology?**

Stipulated

Yes. The Commission shall allow expanded interconnection of non-fiber optic technology on a central office basis where facilities permit. The actual location of microwave technology shall be negotiated between the LEC and the interconnector.

Issue 14. **Should all switched access transport providers be required to file tariffs?**

No. Consistent with the Phase I decision, only incumbent LECs should be required to file tariffs. Unlike the LECs, AAVs have no dominant position over their customers that can be abused in contract negotiation. AAV customers are typically sophisticated users who do not need expansive regulatory protection.

ANALYSIS AND ARGUMENT:

The Commission should continue its policy of exempting AAVs from tariffing requirements. Unlike the LECs, AAVs have no dominant position over their customers that can be abused in contract negotiation. Further, AAV customers are typically sophisticated users who do not need expansive regulatory protection. Tariffs are also not necessary because competitive pressures generally will prevent competitors from pricing services higher than the LEC. It is anticipated that LEC tariffs will establish a price "ceiling" for non-LEC switched access transport. (Metcalf Tr. 83). While the LECs argue in favor of tariffs, they offer no compelling technical or economical change in circumstances that would justify departure from or modification of the Phase I approach.

Issue 15. **Should the proposed LEC flexible pricing plans for private and special access services be approved?**

No. The Commission should approve no pricing flexibility for intrastate private line and special access services beyond that allowed by the FCC for interstate services. Moreover, pricing flexibility should be allowed only after implementation of expanded interconnection.

ANALYSIS AND ARGUMENT:

This issue presents fairness concerns as well as legitimate questions as to the LECs statutory authority to use CSAs for monopoly services. First, as a matter of fairness, the Commission should approve no pricing flexibility for intrastate private line and special access beyond that allowed by the FCC for interstate purposes. Specifically, the FCC plan provides for zone density pricing pursuant to tariff. The FCC plan makes no provision for CSAs which allow a departure from tariffed rates when the LEC faces a legitimate threat of uneconomic bypass.

The fairness concern is that there will be too much pricing flexibility given the overwhelming market dominance of the LECs. This overwhelming dominance was recently confirmed by the Commission's August 16, 1994 agenda vote in Docket No. 930046-TL that LEC private line and special access services are not competitive and are therefore monopoly services as a matter of law. FCTA does not oppose tariffed zone density pricing but strongly believes that the LECs should not also be permitted CSA authority for these services. Such enormous flexibility fails to recognize the LECs' dominant market power and ability to squelch private line/special access competition through unfair bundling arrangements.

Second, the LECs have no statutory authority to use CSAs for monopoly services. Despite extremely limited economic competition in the private line/special access market, these LEC services have recently been deemed monopoly services as a matter of law. Pursuant to Section 364.338(3)(a) the Commission may exempt a LEC service from monopoly service requirements only after a determination that the service is competitive pursuant to Subsection (2)(a)-(g). Section 364.338(3)(a) provides in pertinent part:

> If the Commission determines, after notice and opportunity to be heard, that a service provided by a local exchange telecommunications service is subject to effective competition, the Commission may:
>
> 1. Exempt the service from some of the requirements of this chapter and prescribe different regulatory requirements than are otherwise prescribed for a monopoly service ....

Because private line/special access services were recently deemed monopoly services, the LECs should not be permitted to continue to offer such services via CSAs.

At the very minimum, the Commission should discontinue use of CSAs in lieu of zone density pricing tariffs. Alternatively, the Commission should investigate the fairness and statutory interpretation issues raised by continued use of CSAs in a broader context after this proceeding is concluded.

Issue 16. Should the LECs' proposed intrastate private line and special access expanded interconnection tariffs be approved?

Tariffs should only be approved to the extent that they mirror the LECs' interstate tariffs and comply with the requirements of Phase I of this proceeding.

ANALYSIS AND ARGUMENT:

Tariffs should only be approved to the extent that they mirror the LECs' interstate tariffs and comply with the requirements of Phase I of this proceeding. (Andreassi Tr. 721). Such approval should be subject to any changes made by the FCC and decisions made on reconsideration of Phase I of this proceeding. (Id.; Denton Tr. 371).

Issue 17. Should the LECs' proposed intrastate switched access interconnection tariffs be approved?

No. Tariffs should only be approved to the extent that they mirror the LECs' interstate tariffs and incorporate the decisions reached in this docket.

ANALYSIS AND ARGUMENT:

LEC tariffs should only be approved to the extent that they mirror interstate tariffs, (Andreassi Tr. 723) and incorporate the decisions reached in this docket (Hendrix Tr. 419).

Issue 18. Should the LECs be granted additional pricing flexibility? If so, what should it be?

No. The incumbent LECs should be granted no more pricing flexibility for intrastate services than was allowed for interstate services. Pricing flexibility should be allowed only after the implementation of expanded interconnection.

ANALYSIS AND ARGUMENT:

This issue raises fairness and statutory authority concerns similar to Issue 15. Rather than restating all of those arguments, FCTA would submit that they apply with equal force to switched access services. CSA authority should not be extended for LEC switched access service. The pricing flexibility afforded the LECs at the interstate level is more than adequate. (Andreassi Tr. 723). Zone density pricing, as opposed to CSAs, will better reflect the competitive environment. (Poag Rebuttal at 4). Granting CSA authority on top of zone density pricing will afford too much pricing flexibility at the intrastate level given the overwhelming market dominance of the LECs. (Andreassi Tr. 723). Long term, too much pricing flexibility could thwart the development of competition which could result in less choices for end users. Further, no pricing flexibility should be permitted until after the successful negotiation and implementation of expanded interconnection arrangements. (Metcalf Tr. 63).

Issue 19. Should the Commission modify its pricing and rate structure regarding switched access transport service?

a) With the implementation of switched expanded interconnection.

b) Without the implementation of switched expanded interconnection.

The Commission should modify its pricing and rate structure for switched transport only after implementation of switched expanded interconnection.

ANALYSIS AND ARGUMENT:

Absent switched interconnection, LECs will not face effective competition for their switched transport services. Thus, there is no need to modify pricing and rate structures absent implementation of switched access interconnection. (Rock Tr. 653).

Issue 20. If the Commission changes its policy on the pricing and rate structure of switched transport service, which of the following should the new policy be based on:

a) The intrastate pricing and rate structure of local transport should mirror each LEC's interstate filing, respectively.

b) The intrastate pricing and rate structure of local transport should be determined by competitive conditions in the transport market.

c) The intrastate pricing and rate structure of local transport should reflect the underlying cost based structure.

d) The intrastate pricing and rate structure of local transport should reflect other methods.

If the Commission changes its policy on the pricing and rate structure of switched transport service, the new policy should be based on statements "a," "b," and "c" above.

ANALYSIS AND ARGUMENT:

The intrastate rate structure of switched transport service should be compatible with each LEC's interstate filing. (Rock Tr. 654). To avoid discrimination, rate levels should be cost based.

(Rock Tr. 654; Gillan Tr. 963). However, absent effective competition there is simply no need for price restructure. (Rock Tr. 653).

Issue 21. **Should the LECs proposed local transport restructure tariffs be approved? If not, what changes should be made to the tariffs?**

No. Tariffs should only be approved consistent with other decisions reached in this docket and upon a finding that there is effective competition for switched transport services.

ANALYSIS AND ARGUMENT:

The Commission has before it several local transport restructure issues. Tariffs for these services should conform to the Commission's other determinations regarding local transport restructure. Additionally, implementation of local transport restructure should be contingent on a Commission finding that there is effective competition for switched transport services. (Rock Tr. 653).

Issue 22. **Should the Modified Access Based Compensation (MABC) agreement be modified to incorporate a revised transport structure (if local transport restructure is adopted) for intraLATA toll traffic between LECs?**

No position

FCTA takes no position on this issue.

Issue 23. **How should the Commission's imputation guidelines be modified to reflect a revised transport structure (if local transport restructure is adopted)?**

Effective imputation guidelines would require that switched access charges, not actual costs, be covered by LEC toll rates. The Commission should address the subject of imputation in a broader context after this proceeding is concluded.

ANALYSIS AND ARGUMENT:

The Commission should investigate imputation in a broader context in another docket. However, for the purposes of this proceeding, LECs should be required to impute to their end-to-end service the costs that they impose on interconnectors to collocate in their facilities. (Andreassi Tr. 725).

Issue 23A. Should the Commission modify the Phase I Order in light of the decision by the United States Court of Appeals for the District of Columbia Circuit.

No. The Order should only be modified if the Commission finds that it lacks statutory authority to mandate physical collocation or that an intrastate policy differing from the FCC approach would be unduly burdensome.

ANALYSIS AND ARGUMENT:

Consistent with the Phase I order analysis, the Commission has the authority to mandate physical collocation. Notwithstanding, if the Commission finds there should be consistency between the interstate and intrastate jurisdictions regarding expanded interconnection the Commission should modify its Phase I Order to accommodate the changes in the FCC's approach to interconnection.

Issue 24. Should these dockets be closed?

Depending on the decisions reached in this proceeding, additional Commission review may be necessary.

ANALYSIS AND ARGUMENT:

Depending on the decisions reached in this proceeding, additional Commission review may be necessary.

III. CONCLUSION

Expanded interconnection of switched access services and the provision of dedicated and switched services between non-affiliated entities by non-LECs are in the public interest. Both policies will encourage the further opening of local telecommunications markets to competition to the benefit of business and residential customers alike.

For competition to develop, interconnection must be available on reasonable terms and conditions. At minimum, the Commission should adopt physical collocation as a standard against which mandated virtual collocation arrangements are measured.

The LECs argue that pricing flexibility is necessary in order to respond to an evolving competitive threat. However, excessive LEC pricing flexibility in the absence of meaningful competition will thwart the development of such competition.

Respectfully submitted this 12th day of October, 1994.

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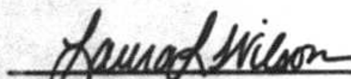

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Posthearing Brief has been furnished by Hand Delivery (*) and/or U.S. Mail on this 12th day of October, 1994 to the following parties of record:

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