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January 27, 1996

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Ms. Blanca S. Bayo
Director, Division of Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No. 950984-TP

Dear Ms. Bayo:

Please find enclosed for filing in connection with the above-referenced docket the original and 15 copies of the **Posthearing Brief and Statement of Issues and Positions of Metropolitan Fiber Systems of Florida, Inc.** Also enclosed is a double-sided high-density disk using the Windows 3.11 operating system and WordPerfect 5.1 software which contains a copy of the enclosed document.

Also enclosed is an additional copy of the Posthearing Brief. Please date stamp and return this copy in the enclosed self-addressed stamped envelope. Thank you, in advance, for your attention to this matter. If you have any questions, please do not hesitate to contact me at the above telephone number.

Very truly yours,

James C. Falvey

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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

Resolution of Petition(s) to establish nondiscriminatory rates, terms, and conditions for resale involving local exchange companies and alternative local exchange companies pursuant to Section 364.161, Florida Statutes	)	**Docket No. 950984-TP**
	)	**Filed: January 29, 1996**

POSTHEARING BRIEF AND STATEMENT OF ISSUES AND POSITIONS OF METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC.

Pursuant to Rule 25-22.056, Florida Administrative Code, Metropolitan Fiber Systems of Florida, Inc. ("MFS"), by its undersigned attorneys, hereby files this posthearing brief and statement of issues and positions in the Commission's proceeding concerning the unbundling of network features, functions and capabilities.

Background

This Commission has before it the historic task of implementing switched local exchange competition in the State of Florida. A critical component of local competition will be unbundling the features, functions, and capabilities of the local exchange network so that the new entrant can determine whether economic efficiency requires that various features be obtained from BellSouth or be provided by the ALEC. If unbundling of features, functions, and capabilities is not properly accomplished in this docket, the

development of new facilities-based competition will be significantly impaired, and the benefits of competition will not be shared throughout Florida. The need for unbundling to enable the development of facilities-based competition was fully understood by the Legislature and expressly provided for. The statute states that each LEC shall, upon request, "unbundle all of its network features, functions, and capabilities, including access to signaling databases, systems and routing processes, and offer them to any other telecommunications provider requesting such features, functions or capabilities for resale to the extent technically and economically feasible." Fla. Stat. § 364.161(1).

While the Legislature properly provided for the unbundling of all features, functions, and capabilities to the extent technically and economically feasible, there are specific elements of the network that are absolutely essential to the development of competition. The Legislation recognized these and specifically identified several such features. There is no doubt that the most essential feature is access to BellSouth's local loop. Accordingly, the statute specifically refers to "unbundled local loops." *Id.*

Thus, BellSouth continues to have monopoly control over the "last mile" of the telecommunications network. This monopoly results from the fact that this loop network consists mostly of transmission facilities carrying small volumes of traffic, spread over wide geographic areas. Devine, Tr. at 27. This insfrastructure was paid for by Bell customers over the course of the century and constructed during that period with the benefit of an exclusive monopoly franchise, access to rights-of-way, unique tax treatment, access to buildings on an unpaid basis, and protection against competition. No new entrant can today construct a ubiquitous network on an economically viable basis, nor would the duplication of this entire

network be efficient. Given this reality, the "last mile" loop network, is an essential bottleneck facility for any potential provider of competitive local exchange service. Based on this rationale, local loops and the other elements requested by MFS must be unbundled and made separately available. For the same reasons, the appropriate price for these elements is LRIC.

Summary of Position

Pursuant to the process established by statute, MFS requested in July 1995 that BellSouth unbundle: 1) local loops, providing the transmission path between the customer and the local exchange central office (specifically, 2-wire and 4-wire analog and digital loops); 2) the port element, which represents the interface to the switch, and the capability to originate and terminate calls (specifically, 2-wire and 4-wire analog and digital ports); and 3) its digital loop carrier systems. Devine, Tr. at 28-31. MFS requires this level of unbundling to ensure that the quality of links MFS leases from BellSouth is equal to the quality of links that BellSouth provides directly to end users and so that MFS can use the links with the same level of efficiency.

MFS was unable to come to agreement with BellSouth because BellSouth offered only the simplest forms of local loops and ports and declined to offer loop concentration altogether. Scheye, Tr. at 272, 282-83. All of the elements requested by MFS are admittedly utilized by BellSouth in its local exchange network. As such, there is no question that BellSouth should be required to provide them on an unbundled basis. By attempting to selectively choose the network elements it will unbundle, BellSouth would deprive ALECs of access to the level of technology necessary to provide services that will

be competitive with BellSouth's current service offerings. This approach was never contemplated by the Legislature and fundamentally contravenes the Legisture's intent to encourage the development of local exchange competition.

Under the statute, BellSouth is required to unbundle network elements to the extent "technically and economically feasible." There is no question as to the technical and economic feasibility of the unbundling requested by MFS, and in fact, several states, including New York, Illinois, Michigan, Washington, and Iowa, have already ordered loop unbundling. Devine, Tr. at 32-34. In fact, MFS is the largest user of unbundled loops in the country, with several thousand loops currently in use in New York. Devine, Tr. at 68.

In order to achieve teh Legislature's desired goal, loops must not only be offered separately but must also be priced at the appropriate level to ensure that ALECs are not subject to a price squeeze and that demand for ALEC services is not artificially depressed. MFS recommends that BellSouth's Long Run Incremental Cost ("LRIC") should serve as the target price and cap for unbundled loops. Devine, Tr. at 39. LECs should be required to perform LRIC cost studies for each component of the local exchange access line, including the link, port, cross-connect,[1/] and local usage elements.[2/] To ensure that a price squeeze cannot be imposed, the Commission should also adopt additional pricing principles which will essentially require that the prices for the unbundled dial tone line components

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[1] The cross-connect is the wiring between the BellSouth Main Distribution Frame ("MDF") and ALEC-collocated equipment.

[2] This docket should remain open so that these cost studies can be filed and analyzed in a contested proceeding.

are derived from the existing access line rates. BellSouth's response to MFS' request was totally inadequate. BellSouth has proposed that MFS can purchase a private line or special access channel out of BellSouth's existing tariff. Scheye, Tr. at 272. Due to the significant differences in technical standards and practices, however, providing simple links at special access pricing would not only seriously overcharge ALECs for unbundled links, but would effectively foreclose MFS from the market. Devine, Tr. at 41-43.

As for the Stipulation between BellSouth and several cable companies in this docket, it provides almost no guidance on the issue of loop unbundling and no request for loop concentration was made. Exh. 21 at Att. D, p.6. ("Stipulation and Agreement") (hereinafter referred to as "Stipulation" or "Stip.") Critically, the pricing agreed to in the Stipulation was special access pricing which creates a price squeeze. *Id.* It is only through reasonably priced and comprehensive unbundling that local exchange competition will reach its full potential in Florida.

Argument on Specific Issues

Issue 1: What elements should be made available by BellSouth to MCImetro and MFS on an unbundled basis (e.g., link elements, port elements, loop concentration, loop transport)?

Summary of Position: *** MFS seeks unbundled access and interconnection to two-wire and four-wire analog and digital loops and ports. MFS also seeks the capability to perform loop concentration, either through collocation of its own digital loop carriers, or by connecting to BellSouth digital loop carrier systems at BellSouth's wire centers.

Discussion: Pursuant to Section 364.161, MFS requested last July that BellSouth unbundle certain network elements, including loops and ports, and loop concentration. Devine, Tr. at 22. MFS will first address the unbundling of BellSouth local loops and ports, and then the unbundling of BellSouth digital loop carrier systems which perform the loop concentration function.

A. The Commission Should Order the Unbundling of Local Loops and Ports

The network access line portion of local exchange service is comprised of two key components: the loop, or "link," which provides the transmission path between the customer and the local exchange central office, and the "port," which represents the interface to the switch, and the capability to originate and terminate calls. The unbundling of the local loop is critical to the development of local exchange competition in Florida. The Legislature recognized the critical significance of loop unbundling by specifically referencing "unbundled local loops" in Section 364.161(1) which requires network unbundling.

MFS has requested that BellSouth unbundle all of its exchange services into two separate packages: the link element plus cross-connect element and the port element plus cross-connect element. Devine, Tr. at 29. MFS requests both 2-wire and 4-wire analog and digital loops and ports. *Id.* As discussed below, the 4-wire and digital elements provide a level of transmission sufficient to satisfy sophisticated customers.[3/] A diagram of

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[3] Specifically, MFS seeks unbundled access and interconnection to the following forms of unbundled links:

(continued...)

the requested unbundled elements is included in the record. Exh. 3 (MFS' Response to Staff Interrogatory No. 8). In order for MFS to efficiently offer telephone services to end users, BellSouth must unbundle and separately price and offer these loops and ports so that MFS will be able to lease and interconnect to whichever of these unbundled elements MFS requires and to combine the BellSouth-provided elements with facilities and services that MFS provides itself.

In response to MFS' request, BellSouth has stated—with no legitimate justification—that it will offer only a limited subset of the requested elements. BellSouth has only agreed to provide voice grade unbundled loops and ports. BellSouth refuses to provide 2-wire ISDN digital grade loops; 4-wire DS-1 digital grade loops; 2-wire ISDN digital line ports; 2-wire analog DID trunk ports; 4-wire DS-1 digital DID trunk ports; and 4-wire ISDN DS-1 digital trunk ports. Scheye, Tr. at 279-80.

(...continued)

(1) 2-wire and 4-wire analog voice grade, also known as a "simple" link, which is simply a path for voice-grade service from an end user's premises to the central office;
(2) 2-wire ISDN digital grade; and
(3) 4-wire DS-1 digital grade.

MFS also requests that thefollowing forms of unbundled ports be made available:

(1) 2-wire and 4-wire analog line;
(2) 2-wire ISDN digital line;
(3) 2-wire analog DID trunk;
(4) 4-wire DS-1 digital DID trunk; and
(5) 4-wire ISDN DS-1 digital trunk.

Id.

Section 364.161(1) states that, upon request, each LEC "shall unbundle" its network features and functions, including "unbundled local loops." Fla. Stat.§ 364.161(1). Section 364.161(1) provides one exception to this rule: such unbundling must be carried out "to the extent technically and economically feasible." *Id.* The record in this proceeding clearly demonstrates that all of the loop and port unbundling requested by MFS is technically and economically feasible. As discussed below, LECs in other states have already unbundled at the level requested by MFS, indisputably proving the technical and economic feasibility of this unbundling.

BellSouth has not (and cannot) prove in this proceeding that the unbundling requested by MFS is not technically and economically feasible. In fact, BellSouth has already conceded that the voice grade unbundled loops and ports that it has agreed to offer in its testimony are technically and economically feasible. Scheye, Tr. at 320. Moreover, at least seven states have already ordered at least this form of voice grade local loop unbundling: New York, Illinois, Michigan, Iowa, Maryland, Washington, and Oregon.[4/]

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[4] *Proceeding on Motion of the Commission Regarding Comparably Efficient Interconnection Arrangements for Residential and Business Links*, 152 PUR4th 193, 194 (NY PSC 1994); *In the matter of the application of CITY SIGNAL, INC. for an order establishing and approving interconnection arrangements with Michigan Bell Telephone Company*, Case No. U-10647, Opinion and Order at 56, 57 (MI PSC, February 23, 1995); *Illinois Bell Telephone Company, Proposed Introduction of a Trial of Ameritech's Customers First Plan in Illinois*, Docket Nos. 94-0096, *et al.*, at 48 (Ill. Commerce Comm'n, April 7, 1995); *In re: McLeod Telemanagement, Inc.*, TCU-94-4 (Iowa Utilities Board, March 31, 1995); *In Re: Application of MFS Intelenet of Maryland, Inc.*, Case No. 8584, Phase II, *Order No. 72348* at pp. 37-39, *mimeo* (issued December 28, 1995); *In the Matter of the Application of Electric Lightwave, Inc. for a Certificate of Authority to Provide Telecommunications Services in Oregon,* CP1, CP14, CP15, *Order No. 96-021*, at p. 52 (Oregon P.U.C. Jan. 12, 1996); *DPUC Investigation Into the Unbundling of the* (continued...)

The most limited form of voice grade unbundling is therefore not at issue in this proceeding. Given BellSouth's tendency to delay implementation of other forms of unbundling, the Commission ensure that all unbundled elements are promptly made available and therefore should order that this unbundling take place.

As for four-wire and digital loop unbundling, BellSouth has not (and cannot) establish in this proceeding that such unbundling is not technically and economically feasible. BellSouth has itself admitted that "BellSouth believes it may be technically possible to offer the remaining ISDN and DS-1 loops and interfaces." Scheye, Tr. at 281. To say that such unbundling **may** be possible is an understatement because such unbundling **is** possible, and is in fact taking place today in other states. Commissions and LECs in other states have appropriately extended unbundling beyond two-wire analog loops and ports, including Michigan, Illinois, Connecticut, and California. For example, in Michigan, Ameritech offers five types of analog loops, including four-wire loops, and one digital loop. *See In the Matter on the Commission's Own Motion, to Establish Permanent Interconnection Arrangements Between Basic Local Exchange Service Providers,* Direct Testimony of William DeFrance (Ameritech Michigan), Case No. U-10860, Tr. at 325 (filed July 24, 1995). In Illinois, similarly, Ameritech offers several four-wire analog loops as well as digital loops. *See* Ameritech Illinois Commerce Commission Tariff No. 5, Part 2, Section 26. In Connecticut, SNET has stipulated to

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(...continued)
Southern New England Telephone Company's Local Telecommunications Network, Docket No. 94-10-02, Order (Conn. D.P.U.C., Sept. 22, 1995).

provide voice grade loops and ports, but also 2-wire ISDN digital grade loops, 4-wire DS-1 digital grade loops, 2-wire ISDN digital line side ports, and 4-wire digital trunk side/DID. *DPUC Investigation Into the Unbundling of the Southern New England Telephone Company's Local Telecommunications Network*, Decision, attached Stipulation at 1-2 (Sept. 22, 1995). In California, Pacific Bell has agreed to provide, in addition to 2-wire analog loops, a 2-wire ISDN digital grade loops. Exh. 2 at 6. Again, there can be no dispute as to the issue of the technical and economic feasibility of unbundling four-wire and digital loops, and the Commission should therefore order this unbundling, as well.

Requiring BellSouth to provide the full range of loop and port options is justified on technical and economic grounds, but it is also justified from a policy perspective to the extent that it is consistent with the Commission's and the Legislature's goal of implementing widespread competition. In order for ALECs to offer advanced network services such as ISDN to customers who are not yet located along an ALEC's network (just as BellSouth currently does), ALECs must be able to utilize both two- and four-wire connections in analog or digital format. Devine, Tr. at 48. ISDN, for example, cannot be offered using two-wire analog loop connections. For a large percentage of the business market, key systems and private branch exchanges ("PBXs") are commonplace. ***This customer equipment almost always requires a four-wire connection.*** BellSouth will be able to continue to offer such sophisticated services without competition and BellSouth's monopoly -- particularly with respect to the most sophisticated business users -- will be preserved. Accordingly, MFS strongly urges the Commission to require BellSouth to offer both two- and four-wire, as well as analog and digital loops and ports. Failing to order the

unbundling of the loops and ports necessary for the complete line of analog and digital connection service offerings, would result in the Commission undermining the Legislature's unbundling policies and severely limit the development of competition in Florida.

To the extent that BellSouth cannot contest the technical and economic feasibility of four-wire and digital loop unbundling, BellSouth simply attempts to delay the unbundling of these loops. BellSouth states that it will not provide them because they are "not part of basic local exchange service," and BellSouth's "initial focus has been to develop unbundled capabilities essential to offer basic exchange services." Scheye, Tr. at 280. The Florida statute makes no mention whatsoever of an initial focus on some elements but not on others. Fla. Stat. § 364.161(1). BellSouth has stated that it understands that the statute requires that each LEC must, upon request, unbundle ***all*** of its network features, functions and capabilities. Scheye, Exh. 14 at 12 (Scheye Dec. 18, 1995 deposition). BellSouth seems to think that it is sufficient that they "plan to offer" requested services and that they have the technical feasibility "under study." *Id.* at 12-13. BellSouth's self-serving interpretation of the statute reflects its effort to slowroll the availability of these unbundled elements in order to delay effective competition.[5]

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[5] BellSouth documents indicate that BellSouth internal delay problems may well have contributed to delay of the response to MFS unbundling requests. A memo regarding the progress of one of the teams addressing some of these issues states:

> Although the team leaders expressed confidence in being able to meet all known requirements at this time, they acknowledged that some of the product teams being pulled in now did not seem to be treating the implementation work with the
>
> (continued...)

This delay, however, is in derogation of the express requirements of the statute. Perhaps in anticipation of such delays, the statute set out a precise timetable for BellSouth to respond to unbundling requests (60 days) and a limited amount of time for the Commission to rule on petitions from ALECs (120 days) when negotiations fail. Fla. Stat. 364.161(1).[6/] BellSouth, contrary to its expressed attitude, decidedly is not granted an infinite amount of time to study unbundling requests, to make requests for further information from ALECs, or to arbitrarily focus on some requests and not on others. If BellSouth had dedicated its resources to instituting these unbundling arrangements over the last seven months, rather than contesting them, the arrangements could be in place today. The Commission should therefore not only order the unbundling of all of the requested loop and port elements but, given BellSouth's proclivity for delay, should consider instituting a firm timetable to ensure that unbundling takes place on a timely basis.

B. The Commission Should Order the Unbundling of BellSouth Loop Concentration

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appropriate sense of urgency. Additionally, it was noted that several key players on the planning teams, as well as the product teams, were not being withheld from strike duty should a work stoppage occur in August. Exh. 18 at Bates No. 46. (Memorandum to Harmonize Steering Committee from Allen Price, Re: Emphasis on Priority of Harmonize Activities (July 31, 1995).

If in fact these types of problems did occur, the MFS unbundling requests should not be delayed due to these types of BellSouth internal problems.

[6] BellSouth might argue that it is not "economically feasible" for BellSouth to address these unbundling requests simultaneously. This was not the intent of the statute when it took into account "economic feasibility." This is certainly not a compelling argument for a corporation of the size of BellSouth, particularly when all of the requested unbundling has been performed by other LECs across the country.

MFS also requested the ability to use its own digital loop carriers ("DLCs") through collocation to provide loop concentration or, alternatively, to purchase loop concentration from BellSouth. Loop concentration is a multiplexing function utilized by ALECS in several states on a collocated basis that permits a carrier to concentrate the traffic from a number of loops onto a single channel. When an ALEC purchases a number of unbundled loops terminating at the LEC central office, it cannot afford to transport each loop on its own individual channel all the way back to its switch. Loop concentration permits an ALEC to combine the loops for more economical transport to the switch. MCI witness Cornell used the analogy of running multiple water pipes over a long distance, as opposed to combining the water into a larger pipe. Cornell, Tr. at 155. BellSouth has also declined to provide loop concentration. Scheye, Tr. at 283.[7/]

MFS seeks the ability to collocate its own digital loop carriers at its current BellSouth virtual collocation arrangements, or seeks unbundled access and interconnection to the BellSouth digital loop carrier ("DLC") systems which provide loop concentration. Devine, Tr. at 30.[8/] To the extent these or similar systems are employed in BellSouth's

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[7] Although the Stipulation is unclear on this issue, BellSouth has clarified that the loop unbundling offered in the Stipulation is the same limited voice grade unbundling offered by BellSouth in its testimony. Exh. 15 at 30. (Scheye Jan. 5, 1996 deposition).

[8] These DLC systems typically involve three main sub-elements:

(1) a digital transport distribution facility operating at 1.544 Mbps ("DS1"), or multiples thereof, extending from the LEC end office wire center to a point somewhere in the LEC network (*e.g.*, a manhole, pedestal, or even a telephone closet in a large building);

(continued...)

network (and it has been confirmed that they are in fact in use), MFS should be allowed to interconnect to the unbundled subelements of these systems, where technically feasible and where capacity allows. This unbundling of the DLC systems is necessary in order to ensure that the efficiency of links MFS leases from the BellSouth is equal to the efficiency of links that BellSouth uses. Devine, Tr. at 31.

Again, the statute explicitly requires BellSouth to perform this unbundling upon request. Pursuant to statute, each LEC shall, upon request, "unbundle all of its network features, functions, and capabilities, including access to signaling ***databases***, ***systems and routing processes***, and offer them to any other telecommunications provider requesting such features, functions or capabilities for resale to the extent technically and economically feasible." Fla. Stat. § 364.161(1).

MFS has requested the unbundling of DLC ***systems*** in order to permit the more efficient ***routing*** of its traffic. Loop concentration will permit MFS to utilize the same concentration efficiencies BellSouth employs within its network. If MFS is unable to connect to either MFS-collocated or BellSouth-leased DLC systems, MFS will have to install significant amounts of additional equipment that BellSouth can avoid through the use

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(2) digital loop carrier terminal equipment housed in the manhole, pedestal, telephone closet, etc., at which the DS1 terminates and which derives from the DS1 facility 24 or more voice grade telephonic channels; and

(3) copper pair feeder/drop facilities (lines) extending from the DLC terminal to a demarcation/connector block at various customers' premises.

See also MCI description of loop concentration, Cornell, Tr. at 154-157.

of DLCs. For example, MFS will have to install two multiplexers at the wire center and a second at MFS' switch site to connect between MFS' DLC[9] and its switch. By imposing this needless architecture on MFS and other ALECs, BellSouth creates additional expense for new entrant competitors and severely restricts its ability to test its circuits.

Again, there is no question whatsoever as to the technical and economic feasibility of BellSouth unbundling its DLC systems. Once again, MFS is currently utilizing unbundled DLCs in collocation arrangements with LECs in numerous other states. In fact, the collocation of DLCs has not even been an issue in these states because LECs have willingly agreed to collocate them. The following LECs currently permit the collocation of DLCs in the following states in which MFS is currently operating: Nynex in New York and Massachusetts; SNET in Connecticut; Rochester Telephone in New York; Bell Atlantic in Maryland; Ameritech in Illinois; and Pacific Bell in California.[10] Collocation arrangements associated with unbundled loops are referenced in the MFS agreement with Pacific Bell, including the possibility of purchasing "multiplexing, if necessary." Exh. 2 at 37, 41. Unbundling collocation arrangements are also referenced in the Connecticut Stipulation, including the option to purchase "SNET provided multiplexing." *DPUC Investigation Into the Unbundling of the Southern New England Telephone Company's Local Telecommunications Network*, Decision, attached Stipulation at 4 (Sept. 22, 1995).

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[9] MFS will have to locate its DLC at its own switch site if it cannot collocate it or obtain access to BellSouth DLCs.

[10] Collocation arrangements in place with Ameritech and Bell Atlantic are, like those of BellSouth, virtual collocation arrangements.

In both of these arrangements, LECs, like LECs in other states, permit the collocation of DLCs. In its refusal to permit the collocation of DLCs, BellSouth is simply out of step with the common practices of LECs around the country.

BellSouth, in refusing to unbundle loop concentration, first suggests that loop concentration cannot be provided by collocating DLCs because DLCs constitute "switching equipment." Scheye, Tr. at 287.[11] BellSouth, however, mischaracterizes a DLC, which is in fact a form of multiplexer, as a "switch." The Federal Communications Commission has explicitly ***permitted*** collocation of "transmission equipment, including optical terminating equipment, ***multiplexers***, and microwave facilities." *Expanded Interconnection with Local Telephone Company Facilities*, CC Docket No. 91-141, Transport Phase 1, 8 FCC Rcd. at 7374, 7412 (emphasis added). The FCC has also prohibited the collocation of "switches" in LEC locations. *Id.* at 7413. The issue boils down to whether a DLC is a "switch" or a "multiplexer." Standard definitions of DLCs refer to them as multiplexers, not switches. AT&T Bell Laboratories, *Engineering and Operations in the Bell System*, at 373 (1983); H. Newton, *Newton's Telecom Dictionary,* at

[11] BellSouth appears to suggest that the issue of collocation is somehow inappropriate for this proceeding. Tr., Scheye at 288. To the extent that unbundling the loop concentration function can be achieved through collocation of multiplexing equipment, this issue is entirely appropriate for this docket. The issue of unbundling touches on a broad array of issues, and BellSouth should not be permitted to artificially limit the scope of this proceeding.

942 (1994).[12] BellSouth's witness Mr. Scheye conceded that the switch vs. multiplexer distinction is "somewhat of a borderline case" and that "it's a difficult call." Scheye, Exh. 15 at 25, 27 (Jan. 5, 1996 deposition). In its ***internal*** documents, however, BellSouth has no problem determining that loop concentration is a multiplexing function: "The Technical Issues team suggests that the OLEC should order an unbundled loop via one tariff element and the ***concentration/multiplexing*** ordered as part of the transport interface tariff element." Exh. 18 at Bates No. 26 (emphasis added). Mr. Scheye also conceded that a DLC cannot switch a call from one customer to another without "some other devices intervening."[13] Scheye, Exh. 15 at 26.

Because a DLC is clearly a multiplexer rather than a switch, the Commission should have no hesitation in requiring that ALECs be permitted to collocate DLCs at LEC collocation sites. BellSouth has recommended that loop concentration be permitted in

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[12] SLC-96, an AT&T DLC brand name is defined as follows in Newton's Telecom Dictionary: "Pronounced 'Slick 96.' A product of AT&T Technologies. It's a short haul **multiplexing** device which enables up to 96 telephone customers to be served on three pairs of wires. SLC stands for Subscriber Loop Carrier." H. Newton, *Newton's Telecom Dictionary*, at 942 (1994) (emphasis added). AT&T Bell Labs stated as follows: "The *SLC*-96 system employs time-division **multiplexing** and optional digital concentration to achieve pair gain." AT&T Bell Laboratories, *Engineering and Operations in the Bell System*, at 373 (1983).

[13] "Q. Can an additional loop carrier switch the call from one customer over to the other?
A. Not without some other devices intervening, no.
Q. So, there's a need for an additional...--...like a switch?
A. Right. As I guess I mentioned, I'm not totaling disagreeing with you. I'm telling you that a concentrator provides functionality that somewhat looks like a switch and somewhat looks like a multiplexor. (Jan. 5, 1996 deposition). It's not cleanly in either camp from the purest standpoint." Exh. 15, at 26.

internal documents, has offered a price (although according to BellSouth, not a "proposal") for loop concentration, and has not offered any legitimate reason as to why it is not technically and economically feasible, despite the fact that it has had since July to study the matter and totally irrelevant.

BellSouth next claims that loop concentration should not be unbundled because it is "a new network capability" and "not a capability that can be disaggregated from another functionality within the network." Scheye, Tr. at 283. Yet BellSouth has repeatedly admitted that it utilizes digital loop carriers to provide local exchange service. Exh. 14 (BellSouth Response to MFS Interrogatory No. 24); Exh. 18 at Bates No. 18.[14/] BellSouth has also confirmed that DLCs increase the efficiency of the network. Exh. 14 (BellSouth Response to MFS Interrogatory No. 26). Moreover, the Legislature has required that BellSouth shall unbundle "all of its network features, functions, and capabilities, including access to signaling databases, systems and routing processes . . . ." Fla. Stat. § 364.161. This broad definition certainly includes the "feature, function, or capability" of concentrating local loops through technology that is currently in place in the BellSouth network. Mr. Scheye has himself described loop concentration as a "new ***network capability***," precisely the same language as in the statute. Scheye, Tr. at 283. The idea that it is somehow "new" is inconsistent with BellSouth's admission that loop concentration is currently in use and totally irrelevant to BellSouth's statutory obligations.

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[14] Interrogatory No. 24 states: **Request:** "Has BellSouth begun to deploy modern digital loop ("DLC") systems? **Response:** "Yes." Exh. 14. Exhibit 18 states "Existing BellSouth customers not served by twisted pair are served via some form of Digital Loop Carrier (DLC)." Exh. 18 at 18.

BellSouth next claims that "new hardware" will be required and that "it is unlikely that BellSouth could use this equipment" if MFS or MCI decided to stop purchasing unbundled loops. *Id.* If the new hardware referred to is additional DLCs, the Commission (or BellSouth) could avoid this issue by permitting MFS to collocate its ***own*** DLCs in existing collocation arrangements. If the Commission chooses instead to mandate interconnection with existing DLC systems, it is clear from the record that BellSouth utilizes DLCs and could continue to use them if MFS or MCI demand lapsed. Moreover, if BellSouth were required to provide access to its own DLC systems, BellSouth will be compensated—by charging multiplexing rates or potentially through a lease or a sale-leaseback arrangement that is common in collocation locations, for the use of DLCs. This purchase of multiplexing capability from LECs would be effected just as it currently takes place in Connecticut, California, and other states, as discussed above. DLC systems could effectively be shared between BellSouth and ALECs, so "new hardware" would not necessarily be required. Devine, Tr. at 52. Moreover, if new purchases of digital loop carrier systems are required to meet increasing demand, this is a beneficial result of implementing competition that will benefit all end users. The use of loop concentration by ALECs benefits both BellSouth and end users alike, by permitting the most efficient provisioning of the local exchange network. Devine, Tr. at 53. Again, none of this need be an issue if MFS is permitted to collocate its own DLCs.

BellSouth also suggests that the unbundled access and interconnection to link subelements resident in DLCs is not technically feasible, stating that "the operations and support systems required to order and administer" unbundling of this capability would be

"extremely difficult to develop and maintain." Scheye, Tr. at 284. There is no question that BellSouth will have to provide services in a different manner in order for competition to develop, nor is there any evidence in this record that provisioning this service would not be "technically and economically feasible." If there are additional costs to providing unbundled service, these costs should be borne equally across the entire subscriber base that will reap the benefits of competition.

Moreover, BellSouth has itself admitted that loop concentration is "technically and economically" feasible. The BellSouth Technical Issues Team studying loop concentration stated, "Yes, the Technical Issues Team recommends that BST should provide concentration for unbundled loops to an OLEC." Exh. 18 at Bates No. 26. Moreover, as indicated in a deposition of BellSouth witness Mr. Scheye, BellSouth has quoted MFS a price for loop concentration. Scheye, Exh. 15 at 9 (Jan. 5, 1996 deposition of Mr. Scheye). [15/] Apparently, at some price (which BellSouth claims is a confidential negotiating price), loop concentration is technically and economically feasible.

Furthermore, BellSouth's exaggerated claim that "accountability and control of the network would be completely lost" under the MFS loop concentration proposal is vastly overstated. Scheye, Tr. at 298. The quality of service will in no way be affected by the

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[15] "Q. Have you offered a proposal for loop concentration capability in Georgia?
A. I've provided representatives from MFS possible rates that could apply if we were to offer concentration or loop concentration. I would not call that a proposal.
Q. Okay. Have you provided those possible rates for Florida?
A. They were the same rates or they would been the same rates." Exh. 15 at 9.

provision of loop concentration; this technology is utilized routinely in other jurisdictions by LECs for their own services and those of competitors without problems or disruption. The BellSouth "Chicken Little—the sky is falling approach" has been used by telephone company monopolists since the initial efforts to introduce competition in telecommunications.[16] By taking such positions, BellSouth reveals its true intention, delaying the introduction of local competition. Despite the fact that the empirical evidence has time and again proven that this argument is baseless, it is continually reiterated by the Bells.

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

Summary of Position: *** Interconnection should be achieved via collocation arrangements MFS will maintain at the wire center at which the unbundled elements are

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[16] AT&T and the Bell companies have repeatedly taken the position that the introduction of competition will have a devastating effect on their network. *Litton Systems, Inc. v. AT&T Co.*, 700 F.2d 785, 795 (2nd Cir. 1983) ("AT&T continued to maintain that unlimited interconnection could harm the network."); *Essential Communications v. AT&T*, 610 F.2d 1114, 1116 (3rd Cir. 1979) ("[f]or the protection of the network," New Jersey Bell filed tariff with FCC to require customers to lease a PCA device from Bell before they are allowed to connect competitors equipment to the system); *Carter v. AT&T Co.*, 250 F.Supp. 188, 190 (N.D.Tex. 1966) (AT&T and Bell companies argue that they have the right to prevent equipment connections to the network because it might "impair the operation of the telephone system or otherwise injure the public in the use of the Telephone Company's services."); *Hush-A-Phone Corp. v. United States*, 238 F.2d 266, 268 (D.C. Cir. 1956) (AT&T and Bell companies argue that a telephone muting device offered by a competing company is likely to be "deleterious to the telephone system and injures the services rendered by it."); *Use of the Carterphone in Message Toll Telephone Service*, 13 F.C.C.2d 430, 439 (1967) (AT&T and the Bell companies contended that interconnection "would hamper innovation and increase the cost to the public of basic telephone service.").

resident. MFS also must be able to install digital loop carriers at BellSouth virtual collocation sites. BellSouth should unbundle and separately price and offer these elements.

Discussion: Economic development and expanded competition in the provision of local exchange services will be promoted only if MFS can interconnect to unbundled elements of the local loop. Interconnection should be achieved via collocation arrangements MFS will maintain at the wire center at which the unbundled elements are resident. Devine, Tr. at 34. At MFS's discretion, each link or port element should be delivered to the MFS collocation arrangement over an individual 2-wire or 4-wire hand-off. It appears that loop and port interconnection through MFS collocation arrangements is not contested by BellSouth.

In addition, BellSouth should permit MFS to collocate digital loop carrier systems and associated equipment in conjunction with collocation arrangements MFS maintains at BellSouth's wire center, for the purpose of interconnecting to unbundled link elements. If DLC unbundling is achieved through interconnection to BellSouth DLCs, MFS would seek to lease as one element, the DS1-rate digital distribution facility and DLC terminal, and to lease as discrete incremental elements individual channels on voice-grade feeder/drop facilities. MFS would expect to interconnect to the DS1 distribution facility at the BellSouth end office (via expanded interconnection arrangements), but would also consider arrangements pursuant to which it could interconnect at other points. *Id.*[17] (Other

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[17] The generic interface for the DLC-type arrangements is described in Bellcore TR-TSY-000008, Digital Interface Between the SLC-96 Digital Loop Carrier System and Local Digital Switch, and TR-TSY-000303, Integrated Digital Loop Carrier ("IDLC")

(continued...)

technical arrangements for digital loop concentration are indicated in Issue 1. *See supra* at n.3.

3. **Issue: What are the appropriate financial arrangements for each such unbundled element?**

Summary of Position: *** BellSouth's direct LRICs should be the appropriate price for unbundled loops and other elements. Furthermore: 1) the sum of the prices of the unbundled rate elements must be no greater than the price of the bundled dial-tone line; 2) the price to LRIC ratio for each element and for the bundled dial-tone line must also be equal.

Discussion: Even with respect to the basic loops that BellSouth would make available, BellSouth proposes to price these at such an excessive rate that MFS and other ALECs could not successfully compete with BellSouth by utilizing unbundled BellSouth local loops to provide expanded local exchange service. The loops must be priced in a manner that allows carriers to offer end users a competitively priced service. In order to discourage BellSouth from implementing anticompetitive pricing policies that would artificially depress the demand for a competitor's service, the Commission should adopt pricing guidelines for unbundled loops that are premised on BellSouth's LRIC in providing the service and that reflect this functional equivalency. Devine, Tr. at 30-39.

(...continued)
Requirements, Objectives and Interface and MFS's Ericsson switch is compatible with these standards.

Absent mitigating circumstances, BellSouth's Long Run Incremental Costs ("LRIC") should serve as the target price and cap for unbundled loops where such loops must be employed by competitive carriers to compete realistically and practically with the entrenched monopoly service provider, BellSouth. LRIC is the direct economic cost of a given facility, including cost of capital, and represents the cost that BellSouth would otherwise have avoided if it had not installed the relevant increment of plant -- *i.e.*, local loops in a given region. Thus, by leasing a loop to a competitor, BellSouth would be allowed to recover no less than the full cost it would otherwise have avoided had it not built the increment of plant that it has made available, through loop unbundling, for use by a competitor in serving the customer to whose premises the loop extends.

In order to calculate LRIC-capped rates for unbundled loops, BellSouth should be required to perform long-run incremental cost studies for each component of the local exchange access line, including the link, port, cross-connect, and local usage elements. Devine, Tr. at 39-40. As discussed below, BellSouth's current LRIC cost studies can serve as a starting point at this time. The Commission should, however, leave this docket open in order for BellSouth to submit new cost studies pursuant to the above guidelines and to conduct a contested proceeding regarding the validity of these cost studies. The Commission should also keep this docket open because, pursuant to statute, ALECs may need to request the unbundling of additional elements in the future.

LRIC, however, is the appropriate pricing methodology *only* if it is applied consistently in setting the price both for the unbundled services provided to co-carriers and the bundled services offered by BellSouth to its own end users. New entrants should not

be subject to discriminatory charges that BellSouth does not apply to its own end users. Devine, Tr. at 40. Therefore, the Commission should adopt two additional pricing guidelines to prevent such discrimination:

- First, the sum of the prices of the unbundled rate elements (link, port, and cross-connect) must be no greater than the price of the bundled dial tone line.
- Second, the ratio of price to LRIC for each element and for the bundled dial tone line must be the same.

These two guidelines would require that the prices for the unbundled dial tone line components be derived from the dial tone line rates established in BellSouth's effective tariffs. As long as those rates cover LRIC, the unbundled component prices determined by these guidelines would also cover LRIC. Devine, Tr. at 40-41.

Cost-based pricing for unbundled elements has been endorsed by the Commission, other state commissions, and other parties to this docket. Cornell, Tr. at 158; Guedel, Tr. at 215-16. Last month, the Commission in its number portability decision found that the legislative mandate encouraging the development of competition is fulfilled by setting cost-based rates and requiring cost studies of BellSouth to confirm that rates are at cost. *In re Investigation into Temporary Local Telephone Number Portability Solution to Implement Competition in Local Exchange Markets*, Docket No. 950737-TP, Order No. PSC-95-1604-FOF-TP, at 17 (Dec. 28, 1995).

Moreover, several other states have adopted cost-based rates for unbundled elements. *See, e.g., In the Matter of the Application of City Signal, Inc.*, Case No. U-

10647, Opinion and Order at 35 (Mich. P.S.C., Feb. 23, 1995); *Washington Utilities and Transportation Commission v. U S West*, Docket No. UT-941464, Fourth Supplemental Order Rejecting Tariff Filings and Ordering Refiling; Granting Complaints in Part, at 52 (W.U.T.C., Oct. 31, 1995).

MFS believes that the Commission should adopt, on an interim basis, the confidential distance-sensitive rates adopted by BellSouth and referred to generally during the hearing. Exh.16 at C-1, Bates No. 214. Unlike other rates cited, these rates account for the fact that loop costs are distance-sensitive (although as discussed below, not for the fact that they are also density-sensitive). BellSouth, in these rates and at the hearing, acknowledges the distance-sensitivity of loop rates. Scheye, Tr. at 312. Any proposed rate that does not take into account this distance-sensitivity, and more importantly, does not take into account population density, is fundamentally flawed.

MFS urges the Commission to require BellSouth to file cost studies that consider both the usage and cost characteristics of local exchange loops. MFS submits that rates eventually set by the Commission must: (1) recover the cost of providing the loop and (2) be developed using the usage or cost characteristics of the loop. The usage or cost sensitive characteristics of loop plant are length and density (*i.e.*, number of loops per square mile). BellSouth cost studies mandated by the Commission should therefore account for both loop length and density in determining loop costs.[18/]

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[18] The Commission should also require that BellSouth cost studies are broken down by each unbundled element (including the link, port, cross-connect, and local usage elements) and should conduct a contested proceeding to analyze those costs.

In order to price the loops on a usage sensitive basis, BellSouth should establish price categories calculated on the cost of the average loop length and density by wire center. Based on its experience in other states, MFS would suggest three wire center categories. Category A would include wire centers from which loops of the shortest length and maximum density extend. Category B would include wire centers from which loops of medium length and medium density extend. Finally, Category C would include those wire centers from which loops of the longest length and lowest density extend.

Rates for loops in each wire center category would be the same and would be calculated based on the average long run incremental cost of the loops in that category. This pricing approach will ensure that the statutory requirement that unbundled loops be offered at rates reflective of their cost and usage characteristics is satisfied. LECs in other jurisdictions, including Ameritech Illinois, the Southern New England Telephone Company and Pacific Bell, have adopted similar pricing methodologies. Moreover, the Federal Communications Commission ("FCC") endorsed such a pricing scheme when it authorized LECs offering collocation to implement zone density pricing for special access services. Zone density pricing allows LECs the opportunity to price their services in a manner that reflects the cost differences in providing service to major metropolitan business districts, smaller cities and suburban areas, and rural areas. *Expanded Interconnection with Local Telephone Company Facilities, Report and Order and Notice of Proposed Rulemaking*, 7 FCC Rcd 7369, 7454 (1992). Such cost differences are just as characteristic of unbundled loops.

BellSouth's proposal that loops be priced at special access rates would be the equivalent of not providing loops at all because ALECs will not be able to resell unbundled

loops at those rates. The resulting price squeeze would make the use of unbundled loops completely impractical. Devine, Tr. at 61; Cornell, Tr. at 158. Moreover, MFS affiliates have had disastrous experiences in New York attempting to purchase unbundled loops out of special access tariffs. Devine, Exh. 3 at 26 (Dec. 12, 1995 deposition).

BellSouth claims that unbundled loops are currently available through BellSouth's Access Services Special Access tariff. Scheye, Tr. at 272. While there is not much physical difference between an unbundled link and a private line or special access channel, there are significant differences in technical standards as well as engineering and operational practices that render current tariffed special access services a completely unsatisfactory substitute for unbundled links. Devine, Tr. at 41-43. The major differences between these existing services and unbundled simple links are the additional performance parameters required for private line and special access services, beyond what is necessary to provide plain old telephone service ("POTS") ; and the methods used by LECs to install and provision the services. Currently, installation of a private line or special access channel typically requires special engineering by the LEC and therefore takes longer and costs more than installation of a POTS line. This special engineering begins with a line that would be suitable for POTS, but then adapts it to conform to specialized performance parameters. Therefore, no single private line service offering provided by BellSouth will satisfy MFS unbundled loop requirements. Private line and special access services also include additional performance standards that are not necessary for the delivery of POTS service. Devine, Tr. at 42.

While BellSouth witness Mr. Scheye claims that special access is essentially the same as unbundled loops and therefore perfectly adequate, BellSouth documents recognize that there are substantial differences between unbundled loops and special access that in fact make it a poor substitute. One BellSouth task force at least initially determined that special access should not be utilized: "In a recent RUIN-IT (Resale, Unbundling, Interconnect, Negotiations - Implementation Team) meeting, it was stated that a special access line would not work for providing dial tone." Exh. 18 at Bates No. 24.[19] It also appears from BellSouth documents that, although special access was not the right substitute for unbundled loops, a decision was made in advance that special access—including special access pricing—would be the solution offered to ALECs. ("the corporate position on unbundling local loops is that these loops are available today from the special access tariff" *Id.* at 24; "The Project Harmonize core team has approved the policy of utilizing special access services (voice grade private lines, etc.,) as our unbundled loops. We want the OLECs to be able to order this service directly from the access tariff utilizing existing prices, M&Ps, order, provisioning , billing, etc., as much as possible." *Id.* at 56.) *See also* Tr. at 327-31.

[19] Additional references to the hesitancy to make special access perform the functions of unbundled loops include: "Network representatives expressed concerns that special access was not a technically viable option." Exh. 18 at Bates No. 47. "It was recently suggested that these existing services might not provide the needed capabilities to provide full local exchange services such as Caller ID, etc." *Id.* at 56. "Apparently, a special access loop (DS0, voice grade private line, etc.) does not lend itself to providing full local service functionality such as call forwarding, caller ID, etc." *Id.* at 58.

Therefore, although BellSouth publicly denies that there are significant differences between special access and local loops (Scheye, Tr. at 275), and that special access pricing is significantly overpricing unbundled loops, BellSouth documents indicate otherwise. Moreover, as a factual matter, there are significant differences between the engineering and provisioning of special access that cause it be more expensive.

The critical failure of special access pricing, however, is that it will not permit economically viable competition through the resale of local loops. To the extent that the Legislature has required unbundling where feasible to encourage the spread of competition, adopting special access pricing would defeat this policy goal. To put it simply, the tariffed rate of a two-wire private line service ($21.15, Exh. 13, BellSouth Dedicated Access Services Tariff at E7.5.3) exceeds the average monthly access line revenue per unit of service for residence lines ($13.26, including the subscriber line charge[20]). It also represents almost two thirds of the average monthly access line revenue per unit of service for residence lines ($33.58, including the subscriber line charge (*see* footnote 10)). The price squeeze for residence loops would completely foreclose the profitable resale of such loops, and the price squeeze for business lines, particularly when combined with charges MFS will pay for number portability and other BellSouth services, is also likely to

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[20] Average monthly access line revenue per unit of service for 1994 of $9.76 for residence (Exh. 12 (BellSouth Response to AT&T Interrogatory No. 11)) plus the residential subscriber line charge of $3.50 (Exh. 14 at 30 (Scheye Dec. 18, 1995 deposition) equals $13.26. Average monthly access line revenue per unit of service for 1994 of $27.58 for business (Exh. 12 (BellSouth Response to AT&T Interrogatory No. 11)) plus the business subscriber line charge of $6.00 (Exh. 14 at 30 (Scheye Dec. 18, 1995 deposition) equals $33.58.

completely erode any profit margin on these loops, as well. Even BellSouth has recognized that, in addition to the loop, an ALEC will have to pay the cost of providing a number of other services, specifically switching, directory capabilities, 911 capabilities, signaling capability, billing and collection, operator services, etc. Scheye, Exh. 14 at 31 (Dec. 18, 1995 deposition). By the time an ALEC pays the cost to provide these services, it will most likely be caught in a price squeeze for both residence and business services.

BellSouth claims that there are additional revenues derived from its customers that would alleviate the price squeeze. *Id.* at 31. ALECs may or may not receive these revenues from customers, such as vertical services. Scheye, Tr. at 458-459. Other jurisdictions faced with the same argument have recognized that, if local exchange competition is to succeed, competition must be possible in all segments of the local exchange market, without cross-subsidization from other services. As the Illinois Commerce Commission recently observed in the context of reciprocal compensation rates, "The crucial issue is the effect of a given reciprocal compensation proposal on competition. . . . [A]doption of Illinois Bell's [switched access based] proposal and rationale would force new LECs to adopt either a premium pricing strategy or use local calling as a 'loss-leader'. That is not just or reasonable." *Illinois Bell Telephone Proposed Introduction of a Trial of Ameritech's Customers First Plan in Illinois,* Docket No. 94-0096, at 98 (Ill. Comm. Comm'n., April 7, 1995).

The BellSouth proposal to recover contribution in rates for unbundled loops "to recover its substantial shared and common costs" would not encourage competition. Banerjee, Tr. at 357. "Contribution" is often defined in the industry as the difference

between the incremental cost of a service and the price charged for that service. Such charges force ALECs to recover from their customers not only the ALEC's own overhead costs, but also a portion of BellSouth's overhead costs. Devine, Tr. at 61-62. This effectively insulates BellSouth from the forces of competition. One of the most significant benefits of competition is that it forces all market participants, including BellSouth, to operate efficiently, resulting in lower rates for end users. If BellSouth receives contribution -- in effect, is subsidized by its new entrant competitors -- BellSouth's overhead costs will not be subjected to the full benefits of competition that result from market pressures. Instead, current inefficiencies in BellSouth's network will become incorporated into BellSouth's price floor, locking in current inefficiencies in BellSouth's operations, despite the introduction of competition. The Commission should therefore not require ALECs to provide contribution in unbundled loop rates because it would foreclose many of the potential benefits of competition.

Dr. Banerjee would guard against a price squeeze by applying an imputation test that would impute contribution from unbundled elements into end user prices. Banerjee, Tr. at 358-59. This is precisely the problem with requiring ALECs to pay contribution: existing BellSouth efficiencies would be guaranteed to be passed on to end users *ad infinitum*. Devine, Tr. at 62-63. The Commission should therefore reject the BellSouth recommendation regarding contribution, and the supposed "safeguard" of imputation as anticompetitive and anticonsumer.

The best means of ensuring that a price squeeze cannot be effected is by utilizing LRIC-based local loop rates. The Commission should not consider rates that would effect

a price squeeze, when compared with the amount of revenue ALECs can expect to derive from basic service. The best way to determine such rates in the interim is to adopt the distance-sensitive rates referred to above, until acceptable LRIC cost studies can be produced by BellSouth. These rates will at least make it possible for ALECs to provide competitive service by reselling local loops to business and residential customers.

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

Summary of Position: *** BellSouth should apply all transport-based and switch-based features grades-of-service, etc. which apply to bundled service to unbundled links. BellSouth should permit any customer to convert its bundled service to an MFS unbundled service with no penalties. BellSouth should provide MFS with the appropriate billing and electronic file transfer arrangements.

Discussion: MFS believes that it is appropriate to address all operational issues in advance. If basic operational details are not addressed, MFS will not be able to utilize unbundled loops on a timely basis. As discussed below, BellSouth would prefer to delay on these issues and address them through negotiations. MFS has been negotiating with BellSouth since July and these issues have not been resolved. It would therefore be appropriate for the Commission to address these issues in this proceeding.

BellSouth should be required to apply all transport-based features, functions, service attributes, grades-of-service, and install, maintenance and repair intervals which apply to bundled service to unbundled links. Likewise, BellSouth should be required to apply all switch-based features, functions, service attributes, grades-of-service, and install,

maintenance and repair intervals which apply to bundled service to unbundled ports. Devine, Tr. at 35.

BellSouth should permit any customer to convert its bundled service to an unbundled service and assign such service to MFS, with no penalties, rollover, termination or conversion charges to MFS or the customer. BellSouth should coordinate the installation of loops with the installation of interim number portability within one hour in order to minimize customer downtime. BellSouth should also bill all unbundled facilities purchased by MFS (either directly or by previous assignment by a customer) on a single consolidated statement per wire center. Finally, BellSouth should provide MFS with an appropriate on-line electronic file transfer arrangement by which MFS may place, verify and receive confirmation on orders for unbundled elements, and issue and track trouble-ticket and repair requests associated with unbundled elements. Devine, Tr. at 35-36.

BellSouth states that these and other operational issues should be dealt with through negotiations, or through the complaint process, if necessary. Scheye, Tr. at 277. BellSouth ignores the fact that BellSouth has been invited to negotiate since July but has not agreed to any operational arrangements. The Commission should not conscience this delay tactic and should address these issues now. BellSouth suggestion that issues such as this be resolved through the complaint process is not only the most expensive means for ALECs, but would also be contrary to the public interest.

BellSouth has proposed that the Commission should adopt a new mechanism to consider the unbundling of elements in the future. Scheye, Tr. at 11. The BellSouth proposal conveniently doubles the time the parties have to negotiate an unbundling request

from the statutorily mandated 60 days to 120 days. Fla. Stat. § 364.161. This is merely an attempt to circumvent the process established by the Legislature in the future. If BellSouth would like to change the current process, it should attempt to amend the statute accordingly. If the Commission determines to change the process established by statute (which in this case appears to be working fine), MFS supports the Open Network Architecture ("ONA") model adopted by both New York and Maryland. *See Investigation by the Commission on its Own Motion Into Legal and Policy Matters Relevant to the Regulation of Firms, Including Current Telecommunications Providers and Cable Television Firms, Which May Provide Local Exchange and Exchange Access Services in Maryland in the Future,* Case No. 8587, Order No. 71485 at 67 (October 5, 1995). The process established in Maryland and New York would permit a carrier to write a letter to the Commission's Executive Secretary requesting that a specific BellSouth element be unbundled. Initially, the matter is referred to Staff which will convene a collaborative ONA process to work out promptly the details associated with interconnection and pricing of the unbundled functionalities, with regular updates to the Commission. If the matter is not resolved satisfactorily, the Commission shall take up the matter on an expedited basis.

Conclusion

The MFS unbundling request for two-wire and four-wire analog and digital loops and ports, and for the ability of ALECs to utilize their own DLC through collocation (or as an alternative, the ability to purchase DLC loop concentration from BellSouth), should be ordered by the Commission. This unbundling would permit competitors to extend the

range in which the benefits of competition will be available. The inclusion of four-wire analog and digital loops and ports and the use of DLCs will permit competition for all of BellSouth's customer base, including sophisticated users with more demanding requirements. To limit unbundling would leave substantial pockets of monopoly control throughout Florida, delaying the implementation of robust competition. By allowing the unbundling of loop concentration facilities, the Commission would also permit ALECs to take advantage of the efficiencies of modern DLC multiplexing systems and to further advance the progress of competition.

All of this is expressly contemplated in the statute. Unbundled elements must not only be physically unbundled, but they must also be priced appropriately to encourage competition. MFS advocates pricing at LRIC, and specifically the distance-sensitive rates produced by BellSouth, the best cost data presently available. BellSouth should also be required to conduct new cost studies to determine the cost of each element and to be analyzed in a contested proceeding. In addition, operational issues must be addressed herein, if unbundled loops are going to be put to use by ALECs in the near future. If the Commission addresses these essential elements, reasonably priced

unbundled elements will become available to ALECs in the near term, enabling widespread competition throughout Florida.

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Dated: January 27, 1996

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CERTIFICATE OF SERVICE

I hereby certify that on this 29th day of January, 1996, a copy of the foregoing Posthearing Brief and Statement of Issues and Positions of Metropolitan Fiber Systems of Florida, Inc., Docket No. 950984-TP, was served, by first class mail, postage prepaid, on the following parties:

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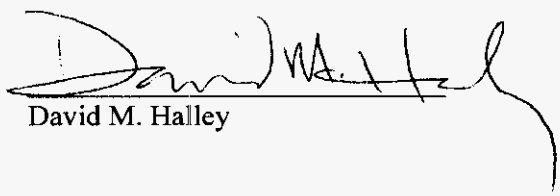

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