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January 29, 1996

BY HAND DELIVERY

Ms. Blanca Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
Room 110, Easley Building
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Re: Docket No. 950984-TP

Dear Ms. Bayo:

Enclosed for filing on behalf of LDDS WorldCom Communications, please find the original and 15 copies of the Posthearing Brief in the above-referenced docket. Also enclosed is a 3 1/2" diskette with the document on it called "LDDSPHB ."

Please indicate receipt of this document by stamping the enclosed extra copy of this letter.

Your attention to this filing is appreciated.

Sincerely,

Floyd R. Self

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cc: Mr. Brian Sulmonetti
Parties of Record

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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In re: Resolution of Petitions)
to Establish Nondiscriminatory)
Rates, Terms, and Conditions) Docket No.950984-TP
for Resale Involving Local) Filed: January 29, 1996
Exchange Companies and)
Alternative Local Exchange)
Companies)
_____)

**POSTHEARING BRIEF OF
LDDS WORLDCOM COMMUNICATIONS**

WORLDCOM, INC. d/b/a LDDS WORLDCOM COMMUNICATIONS ("LDDS WORLDCOM"), pursuant to Rule 25-22.056, Florida Administrative Code, and Order No. PSC-95-1083-PCO-TP, respectfully submits the following Posthearing Brief to the Florida Public Service Commission.

I. BASIC POSITION

The Commission should recognize that the creation of end-to-end wholesale network arrangements are paramount to the development of meaningful local competition. Thus, in approving the pending requests, the Commission should recognize that other carriers may have different unbundling and resale requirements that would necessitate different wholesale local service arrangements.

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II. ISSUES AND POSITIONS

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: *The requested unbundling and resale requests should be granted. However, in approving these requests, the Commission should recognize that because each competitor's service requirements may be different, the unbundled components approved in this proceeding may be insufficient or inappropriate for other competitors.*

ANALYSIS AND ARGUMENT: There appears to be little to no disagreement as to the specific unbundled elements that should be provided. In approving these requests, however, the Commission should recognize that any one ALEC's needs may not be exactly the same as any or all other ALEC needs. As MFS-FL, MCImetro, and BellSouth each acknowledged, each carrier's request for LEC services to be unbundled is based upon its own unique circumstances -- facilities in place and to be built are all predicated upon each company's business plan. Tr. 75-76 (Devine), 118-119 (Price), 317-18 (Scheye).

There are two other critical facts that the Commission must

remember. First, all carriers, no matter how extensive their own facilities, will have to use some LEC facilities. No one, in any market, can duplicate the loops, interoffice trunks, and switches of BellSouth. Tr. 236, 256-57. Second, resale is a crucial first step to develop traffic sufficient to expand and build separate facilities. To get to complete facilities competition may take a very long time to develop, and in the interim resale will be the only means by which competition will have a chance to develop. Tr. 356-57.

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

SUMMARY OF POSITION: *The technical arrangements requested should be approved.*

ANALYSIS AND ARGUMENT: As Mr. Devine testified, most of the technical arrangements are not in dispute -- there is no "formal" agreement only because BellSouth will not agree on any one matter unless there is complete agreement on all matters. Notwithstanding BellSouth's position, all of the requested technical arrangements should be approved.

The only substantive technical dispute appeared to be BellSouth's refusal to allow ALECs the ability to combine an

unbundled link with an unbundled port. Tr. 281-82. There are several serious problems with the BellSouth proposal.

The most glaring problem with the BellSouth position is that the "apples-to-apples" scenario suggested by Mr. Scheye is really an "apples-to-oranges" situation. Mr. Gillan explained the problem in some detail:

The fundamental problem with the BellSouth unbundling proposal with respect to the port is that, to me, an unbundled port, and I think what the legislature intended, was that when you buy an unbundled network element, what you're doing is you're buying the generic capability of that feature or that element, independent of how Bell uses it to provide a service. So when you buy a loop, what you're doing is you're buying a transmission path that is independent of how Bell might have used that loop to provide its local exchange service.

Similarly, when you buy an unbundled port or unbundled switching capacity, what you would want to purchase is a raw generic switching capacity, not something that is configured the way Bell configures it to provide its retail local exchange service. Unfortunately, when you look at the BellSouth proposal, the way they define an unbundled port is they will sell you the switching capacity configured in precisely the manner that they use it to provide their retail service, and they that gives them the opportunity to come back and argue that if you combine a loop and a port you get back exactly my local exchange service, therefore I

shouldn't let you do it.

What you should be striving to accomplish here is the ability to buy a port, the ability to buy switching capacity, and importantly, the ability to put them back together, but to put them back together in a way that allows the entity that purchased these capacities to design whatever service that they want, and in that way you don't run afoul of the statute, you empower a number of carriers an opportunity to design whatever kind of local exchange service they think the market will respond to best.

Tr. 263-65.

In addition to this fundamental difference, there are several other problems with the arguments advanced by Mr. Scheye. First, Mr. Scheye comments that combining links with ports would create an opportunity for price arbitrage. That might be true if BellSouth would offer for resale flat-rated R-1 and B-1 lines, but it will not. Section 364.161(2) only states that a LEC "shall not be required" to resell these services. Clearly BellSouth may resell these service if it wants to. But even if it would offer for resale flat-rated R-1 and B-1 lines, or even if there was an equivalent alternative service, Mr. Scheye misses the point. Arbitrage involves one service at two prices. What the ALECs want is one service at one price -- i.e., the necessary wholesale components that can be combined with other services to offer a

retail service to end users.

Second, Mr. Scheye's offer to resell existing measured and message services is unacceptable. Tr. 282. Even assuming these services met ALEC needs, offering such services to the ALECs at their currently tariffed prices would result in a wholesale component being priced at full retail price. It would not be possible to compete for retail customers on this basis.

Finally, Mr. Scheye's prospect of costly ordering and installation processes is a red herring. The proper solution simply involves standardized ordering procedures, which would largely be solved by the automated operational support mechanisms requested by several of the parties.

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

SUMMARY OF POSITION: *The pricing of the unbundled elements should be based on the direct economic cost of the wholesale component purchased.*

ANALYSIS AND ARGUMENT: The fundamental issue here is whether the unbundled services should be priced at cost or currently tariffed rates which are in excess of cost. There are two fundamental points that should be considered.

First, BellSouth's proposal to offer the services at the currently tariffed rates of some other service have no factual basis. The various alternatives raised by BellSouth, private line, special access, line, or STS rates, have nothing to do with the specific services being requested. Tr. 158-159; 171. Such pricing is only designed to increase the price to the ALECs and inhibit competition.

Second, pricing the service as TSLRIC, instead of a cost plus contribution, is the only approach that prevents a price squeeze and promotes competition. Such unbundled services are essential inputs. For the reasons discussed by Dr. Cornell, prices above cost are bad for consumers since they will not be able to have meaningful competitive choices. Tr. 157-158, 161-164, 170-171.

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

SUMMARY OF POSITION: *The Commission should recognize that other carriers may have different unbundling and resale requirements that may require further proceedings. At a minimum, the Commission should direct the LECs to provide nondiscriminatory automated operational support mechanisms to facilitate the purchase of all elements of the wholesale local network platform.*

ANALYSIS AND ARGUMENT: The request and proposals presented in this docket do not necessarily meet the needs of these petitioners in the future nor may they meet the needs of future competitors. Accordingly, the Commission should recognize that this current proceeding may not be the only time this subject is addressed.

As several parties suggested, one means of assisting these and other ALECs in the future would be to require automated operational support mechanisms. In this way, it will be easier for the parties to request and fulfill additional or new service needs that will develop over time.

Dated this 29th day of January, 1996.

Respectfully submitted,
MESSER, CAPARELLO, MADSEN, GOLDMAN &
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CERTIFICATE OF SERVICE

I **HEREBY CERTIFY** that a true and correct copy of Posthearing Brief of LDDS WorldCom Communications in Docket No. 950984-TP has been furnished by Hand Delivery (*) and/or U. S. Mail on this 29th day of January, 1996 to the following parties of record:

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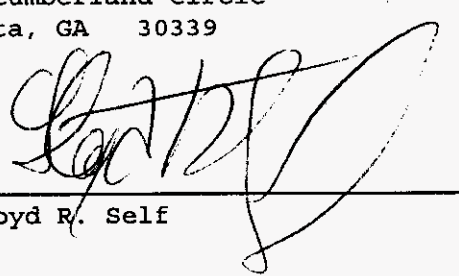
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