FLORIDA PUBLIC SERVICE COMMISSION Capital Circle Office Center ● 2540 Shumard Oak Boulevard Tallahassee, Florida 32399-0850

MEMORANDUM

February 22, 1996

TO:

DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM:

DIVISION OF COMMUNICATIONS (CHASE, REITH, DREW, LONG)

DIVISION OF LEGAL SERVICES (CANZANO, EDMONDS)

RE:

DOCKET NO. 950984-TP - 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.

AGENDA:

MARCH 5, 1996 - REGULAR - POST HEARING DECISION -

PARTICIPATION IS LIMITED TO COMMISSIONERS AND STAFF

SPECIAL INSTRUCTIONS:

I:\PSC\CMU\WP\950984TP.RCM

MFS-FL'S AND MCIMETRO'S PETITION FOR

19

UNBUNDLING AND RESALE OF BELLSOUTH'S

NETWORK

DOCUMENT NUMBER-DATE

LIST OF ACRONYMS USED IN RECOMMENDATION

AAV Alternative Access Vendor

ALEC Alternative Local Exchange Carrier

AT&T AT&T Communications of the Southern States, Inc.

BST BellSouth Telecommunications, Inc.

CCL Carrier Common Line

CONTINENTAL Continental Cablevision, Inc.

FCTA Florida Cable Telecommunications Association

FIXCA Florida Interexchange Carriers Association

FPTA Florida Public Telecommunications Association, Inc.

GTEFL GTE Florida Incorporated

ICI Intermedia Communications of Florida, Inc.

IXC Interexchange Carrier

LEC Local Exchange Carrier

LDDS WorldCom, Inc. d/b/a LDDS WorldCom Communications

LRIC Long Run Incremental Cost

LTR Local Transport Restructure

McCaw McCaw Communications of Florida, Inc.

MCImetro MCI Metro Transmission Access Services, Inc.

MFS-FL Metropolitan Fiber Systems of Florida, Inc.

RIC Residual Interconnection Charge

SLC Subscriber Line Charge

SPRINT Sprint Communications Company, L.P.

TCG Teleport Communications Group, Inc.

Total Service Long Run Incremental Cost TSLRIC

Time Warner AxS of Florida, L.P. and Digital Media Partners TW/DMP

Universal Service/Universal Service Fund US/USF

USPC Universal Service Preservation Charge

EXECUTIVE SUMMARY

On January 11, 1996, the Commission heard testimony regarding issues related to the unbundling and resale of the local exchange companies' network features, functions, and capabilities. The 1995 Florida Legislature approved substantial revisions to Chapter 364, Florida Statutes. These changes included provisions that authorize the competitive provision of local exchange telecommunications service. When competition is introduced in the local market, it is necessary for the LECs to unbundle the features, functions, and capabilities of the local exchange network so that the ALECs can determine whether various network features should be obtained from the LECs or provided themselves. This recommendation addresses the issues associated with MFS-FL's and MCImetro's requests for the unbundling and resale of BellSouth's network.

Issue 1 addresses what elements the Commission should require BellSouth to offer on an unbundled basis. Listed below are these elements.

- 1) 2-wire and 4-wire analog voice grade loops;
- 2) 2-wire ISDN digital grade loop;
- 3) 4-wire DS-1 digital grade loop;
- 4) 2-wire and 4-wire analog line ports;
- 5) 2-wire ISDN digital line port;
- 6) 2-wire analog DID trunk port;
- 7) 4-wire DS-1 digital DID trunk port; and
- 8) 4-wire ISDN DS-1 digital trunk port.

Staff recommends that BellSouth should be required to resell its loop concentration capabilities, upon request and where facilities permit. Further, staff recommends that BellSouth should allow ALECs to collocate loop concentration equipment. Procedures for collocating loop concentration devices should be the same as those ordered by the Commission in its expanded interconnection proceedings.

In addition, staff recommends that BellSouth should not be required to offer sub-loop unbundling at this time. MFS-FL and BellSouth should be required to develop a comprehensive proposal for sub-loop unbundling for the Commission's review 60 days from the date of the final order in this proceeding. The proposal should include cost and price support, and a list of operational, administrative and maintenance procedures.

Issue 2 identifies the technical arrangements for the provision of the unbundled elements listed above. Staff believes the Commission should require all parties to adhere to the industry standards for the provision and operation of each unbundled element.

Issue 3 recommends the interim rate for a 2-wire voice grade loop should be \$18.00 per month. The interim rate for a 2-wire analog port should be \$2.00 per month. Because no cost information was provided by BellSouth for any of the other elements, no other rates can be determined at this time. Staff recommends that BellSouth should file cost studies for all elements, including the 2-wire loops and 2-wire analog ports, requested by MFS-FL and MCImetro in Issue 1. These cost studies should conform to Rule 25-4.046, Florida Administrative Code. These studies should be submitted no later than 60 days from the issuance of the order. The Commission should set the rates for these elements based on the cost studies and should include some contribution to joint and common costs.

Issue 4 addresses the operational issues associated with the implementation of the resale elements discussed above. Staff recommends that BellSouth file with the Commission specific operational arrangements that address each of MFS-FL's operational requests. This filing should also provide an analysis of each of MFS-FL's operational arrangement requests. BellSouth should file its operational arrangements, procedures, and analysis within 60 days after the date of the final order. If MFS-FL, MCImetro, and BellSouth reach an agreement regarding operational arrangements and a feasibility determination for unbundling within 60 days of the final order, BellSouth will not be required to file their analyses and draft operational arrangements. If the parties agree on these issues, the agreement should be filed with the Commission.

In issue 5, staff is recommending that this docket stay open and that the parties file additional information in several of the issues. In addition, this docket should remain open to address the petition filed by MFS-FL for the unbundling and resale of GTE Florida Incorporated.

CASE BACKGROUND

The 1995 Florida Legislature approved substantial revisions to Chapter 364, Florida Statutes. These changes included provisions that authorize the competitive provision of local exchange telecommunications service. Incumbent local exchange companies may elect to be price regulated rather than rate base, rate-of-return regulated companies. BellSouth Telecommunications, Inc. (BellSouth) elected to be price regulated.

Section 364.161, Florida Statutes, provides that upon request, each local exchange telecommunications company shall unbundle all of its network features, functions, and capabilities, and offer them to any other telecommunications provider requesting them for resale to the extent technically and economically feasible. If the parties to this proceeding are unable to successfully negotiate the terms, conditions, and prices of any feasible unbundling request, the Commission, pursuant to Section 364.162(3), Florida Statutes, is required to set nondiscriminatory rates, terms, and conditions for resale of services and facilities within 120 days of receiving a petition.

On August 30, 1995, the Prehearing Officer set forth the procedural dates governing petitions filed requesting the Commission to establish nondiscriminatory rates, terms, and conditions for resale. See Order No. PSC-95-1083-PCO-TP. On November 13, 1995, Metropolitan Fiber Systems of Florida, Inc. (MFS-FL) filed a petition requesting that the Commission establish such nondiscriminatory rates, terms, and conditions for resale with BellSouth. On November 14, 1995, MCI Metro Access Transmission Services, Inc. (MCImetro) filed petitions requesting that the Commission establish such nondiscriminatory rates, terms, and conditions for resale with BellSouth.

On December 8, 1995, BellSouth, FCTA, Continental, and Time Warner filed a joint motion requesting that the Commission adopt and approve a proposed Stipulation and Agreement (Stipulation) which would resolve all major issues involving these parties relating to Docket Nos. 950696-TP (universal service), 950737-TP (number portability), 950984-TP (resale/unbundling), and 950985A-TP and 950985D-TP (local interconnection). Intermedia (ICI), TCG, and Sprint Metropolitan Network, Inc. later signed the Stipulation; however, MFS-FL and MCImetro did not.

At the December 19, 1995 agenda conference, the Commission approved the Stipulation between BellSouth, FCTA, Continental, Time Warner, ICI, TCG, and Sprint Metropolitan Network, Inc. (Sprint). The January 1996 hearings pertained only to MFS-FL and MCImetro as petitioners for resale and unbundling with BellSouth, and numerous parties intervened.

On November 22, 1995, the Prehearing Officer issued Order No. PSC-95-1422-PCO-TP, which set the hearing of this docket to begin on January 8, 1996. Pursuant to the Chairman's direction at the request of the parties, at the prehearing conference, the hearing was rescheduled to begin on January 9, 1996, immediately following the conclusion of the hearing in Docket No. 950985-TP. On January 8, 1996, MFS-FL requested to delay the commencement of the hearing due to inclement weather. By Order No. PSC-96-0034-PCO-TP, issued January 9, 1996, the Prehearing Officer granted a one day continuance. The hearing in this docket began and ended on January 11, 1996.

Witnesses for MFS-FL, MCImetro, AT&T, and BellSouth presented testimony at the hearing. During the hearing, direct and rebuttal testimony was presented by BellSouth's witnesses Robert Scheye and Dr. Andy Banerjee, MFS-FL's witness Timothy Devine, and MCImetro's witness Dr. Nina Cornell. MCImetro's witness Don Price and AT&T's witness Mike Guedel also presented direct testimony. Joe Gillan presented rebuttal testimony on behalf of AT&T. Intervenors who participated in the hearing, but who did not present testimony, included: FCTA, ICI, LDDS, Sprint Communications Company Limited Partnership, and Time Warner/Digital Media Partners.

DISCUSSION OF 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)?

RECOMMENDATION: The Commission should require BellSouth to offer the following elements on an unbundled basis:

- 1) 2-wire and 4-wire analog voice grade loops;
- 2) 2-wire ISDN digital grade loop;
- 3) 4-wire DS-1 digital grade loop;
- 4) 2-wire and 4-wire analog line ports;
- 5) 2-wire ISDN digital line port;
- 6) 2-wire analog DID trunk port;
- 7) 4-wire DS-1 digital DID trunk port; and
- 8) 4-wire ISDN DS-1 digital trunk port.

Staff recommends that BellSouth should be required to resell its loop concentration capabilities, upon request and where facilities permit. Further, staff recommends that BellSouth should allow ALECs to collocate loop concentration equipment. Procedures for collocating loop concentration devices should be the same as those ordered by the Commission in its expanded interconnection proceedings.

In addition, staff recommends that BellSouth should not be required to offer sub-loop unbundling at this time. MFS-FL and BellSouth should be required to develop a comprehensive proposal for sub-loop unbundling for the Commission's review 60 days from the date of the final order in this proceeding. The proposal should include cost and price support, and a list of operational, administrative and maintenance procedures. [CHASE, REITH]

POSITION OF PARTIES:

MFS-FL: 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.

MCIMETRO: BellSouth should make available the unbundled loops, loop concentration and loop transport requested by MCImetro. Unbundling such elements is technically and economically feasible. In addition, BellSouth should make available, upon request, any other element that it is technically and economically feasible to unbundle, including the additional elements requested by MFS.

BELLSOUTH: BellSouth plans to offer unbundled loops and associated transport, unbundled ports, channel multiplexing and associated transport, and virtual collocation. BellSouth does not plan to

offer sub-loop unbundling, loop concentration, unbundling or connection of unbundled loops to unbundled ports.

<u>AT&T:</u> BellSouth should be required to unbundle local loops and switching ports as requested by MFS and MCImetro.

<u>FCTA:</u> The Commission has approved a settlement containing rates, terms and conditions for certain unbundled services. The Commission should approve no rate, term or condition in this proceeding that would create an anticompetitive result.

INTERMEDIA: No position.

<u>LDDS:</u> 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.

SPRINT: BellSouth should offer, at a minimum, unbundled loops and associated transport, unbundled ports, channel multiplexing and associated transport, and virtual collocation.

TIME WARNER: Time Warner is aware that some new entrants like MCImetro and MFS desire unbundled loops, ports, loop concentration and loop transport. Time Warner does not oppose these elements being automatically unbundled in this proceeding as long as the Commission believes these features and functions are essential to the provision of local exchange service. As such, this level of unbundling will provide consumers with alternatives that will result in innovative technology and lower prices. So, to order this level of unbundling will promote competition and benefit consumers.

<u>STAFF ANALYSIS:</u> This issue addresses which network elements the petitioners are requesting BellSouth to offer on an unbundled basis.

Section 364.161 (1), Florida Statutes, states that upon request, each LEC shall:

unbundle all of its network features, functions, and capabilities, including access to signalling databases, system 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.

Staff interprets this section to mean that LECs are to unbundle any network feature, function and capability upon request.

Staff does not believe this section contemplates offering existing tariffed services as unbundled network elements.

In general, the parties agree that BellSouth should be required to unbundle loops, ports, multiplexing and any transport associated with these elements. Disagreement arises with BellSouth as to the level of unbundling requested by the petitioners. These differences are addressed below.

FCTA states that the Stipulation with BellSouth includes rates, terms and conditions for certain unbundled elements and that the Commission should not approve anything in this proceeding that would create an anticompetitive result. The relevant sections of the Stipulation state:

the parties have now satisfactorily resolved the terms, conditions and prices of those network features, functions and capabilities that are technically and economically feasible...It is understood by the parties that the list of network features, functions and capabilities is not exhaustive and the parties commit to cooperate in the negotiation of additional network features, functions and capabilities as the parties' future needs require.

The parties acknowledge that the provision of Chapter 364, Florida Statutes, relating to the unbundling and resale of facilities and services, reflects a thoughtfully crafted and well balanced approach to the introduction of local exchange competition, and the parties therefore commit that these provisions will be fairly and equitably implemented and adhered to in order to effectuate and remain consistent with legislative intent. The parties recognize that the application of current tariffed prices for resale purposes will not be inconsistent with this commitment. The parties agree that the issue of imputation of LEC unbundled service prices into its retail rates is not addressed by this Stipulation and Agreement, and that the ALECs reserve their right to further address imputation for these services, including unbundled local loops. (EXH 21, pp. 10-11)

The Stipulation then lists specific elements to be unbundled, but these elements are the network platform items discussed in the interconnection docket, like 911, DA, CLASS/LASS, not ports and loop concentration. The only reference to a true unbundled component is that the price of a BellSouth unbundled local loop will be the price set forth in BellSouth's Special Access Tariff. (EXH 21, p. 6)

MFS-FL's Request

MFS-FL requested that BellSouth unbundle its exchange services into two separate packages: the link element plus cross-connect element and the port element plus cross-connect element. (Devine TR 29) Specifically, MFS-FL seeks unbundled access and interconnection to the following forms of unbundled links:

- 1) 2-wire and 4-wire analog voice grade;
- 2) 2-wire ISDN digital grade; and
- 3) 4-wire DS-1 digital grade.

A link element or loop element is the transmission facility, or channel or group of channels on such facility, which extends from the LEC end office to a demarcation point at the customer's premises. 2-wire analog voice grade links are commonly used for local dial tone service. 2-wire ISDN digital grade links are a 2B +D basic rate interface integrated services digital network (BRI-ISDN) type of loop which meets national ISDN standards. 4-wire DS-1 digital grade links provide the equivalent of 24 voice grade channels. (EXH 3, pp. 57-58) Cross-connection is an intra-wire center channel connecting separate pieces of telecommunications equipment including equipment between separate collocation facilities. (EXH 1, TTD-4, p.3)

MFS-FL also requests the following forms of unbundled ports be made available by BellSouth:

- 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. (EXH 3, pp.54-55)

A port element is a line card and associated equipment on the LEC switch which serves as the hardware termination for the customer's exchange service. The port generates dial tone and provides the customer a pathway into the public switched network. Each port is typically associated with one or more telephone numbers which serve as the customer's network address.

2-wire analog line ports are line side switch connections that provide basic residential and business type exchange services. A line side connection from the switch provides access to the customer. 2-wire ISDN digital line ports are BRI line side switch connections that provide ISDN exchange services. A 2-wire analog DID trunk port is a direct inward dialing (DID) trunk side connection that provides incoming trunk type exchange services. A trunk side connection from the switch typically provides access to another switch. 4-wire DS-1 digital DID trunk ports are trunk side switch connections that provide the equivalent of 24 analog

incoming trunk type exchange services. 4-wire ISDN digital DS-1 trunk ports are primary rate interface (PRI) trunk side switch connections that provide ISDN exchange services. (EXH 3, pp. 59-60)

Figure 1-1 provides a generic illustration of the unbundled elements that have been requested.

PROPOSED UNBUNDLED ELEMENTS

CENTRAL OFFICE

CUSTOMER

DISTRIBUTION
FRAME

CROSS CONNECT

LOOP CROSS

CONNECT

ALEC

COLLOCATION WITH LOOP

CONCENTRATION

LOOP

TRANSPORT

ALEC

NETWORK

Figure 1-1

In addition to the link and port elements discussed above, MFS-FL requests the ability to use its own digital loop carrier (DLC) through collocation to provide loop concentration, or to purchase such loop concentration from BellSouth. (Devine TR 34-35; EXH 3, pp.55-56) MFS-FL also requests unbundled access and interconnection to the link subelements of BellSouth's DLCs located in the field. (Devine TR 30-31)

MCImetro's Request

LOOP

MCImetro does not request as many unbundled elements as MFS-FL. MCImetro requests BellSouth to provide local loops, loop concentration, and loop transport on an unbundled basis. Loop concentration is the function of concentrating the traffic from a number of loops onto a single channel. Loop transport is the function of connecting concentrated loops from the central office of the incumbent LEC to the network of the ALEC. (Cornell TR 153-155) MCImetro argues that new entrants will need to be able to purchase all three of these components on an unbundled basis if they are to be able to offer service in areas where they do not have loops in place. (EXH 6, p.2)

In addition, MCImetro states that, "BellSouth should, upon request, make available any other basic network function (BNF) that is technically feasible to unbundle. This includes the list of elements requested by MFS-FL." (EXH 6, pp.2-3) MCImetro defines a "building" block as the most disaggregated function of the local exchange network that is capable of being unbundled and offered separately as a distinct service. (EXH 6, p.3)

BellSouth's Proposal

BellSouth states that it plans to offer unbundled loops and associated transport, unbundled ports, channel multiplexing and associated transport, and virtual collocation. BellSouth states that unbundled loops are already available in its Special Access Services Tariff. (Scheye TR 272-273)

In addition, BellSouth states that it plans to file a new tariff that will provide an unbundled 2-wire voice grade exchange port for connection of an ALEC's end user loop to BellSouth's public switched network. BellSouth states that the tariff will contain three types of exchange ports: a residence port, a business port, and a PBX trunk port, and rotary or hunting will be provided with each type of port on an optional basis at an additional charge. (Scheye TR 272-273)

BellSouth argues that it should not provide sub-loop unbundling, loop concentration, the ability to connect unbundled loops and unbundled ports, and the collocation of remote switching modules. (Scheye TR 279-286) Remote switching modules refer to the digital loop carriers which MFS-FL is requesting. The issue of connecting unbundled loops to unbundled ports will be addressed in Issue 3.

Loop/Link vs. Special Access

MFS-FL argues that utilizing a special access line as an unbundled loop is not appropriate. Witness Devine asserts that special access lines provide for additional performance parameters that are beyond what is necessary to provide plain old telephone service (POTS). He states that installation of a special access line typically requires special engineering by the LEC and costs more than installation of a POTS line. (EXH 3, p.67) Another concern arises when a BellSouth customer chooses to change service to MFS-FL. Witness Devine believes that the customer's existing link facility should be rolled over from BellSouth to MFS-FL without having the entire link re-provisioned or engineered over different facilities. (EXH 3, p. 67) Staff agrees that special access lines are not an appropriate substitute for an unbundled loop. Staff believes dedicated services are rated to reflect operational parameters that go beyond that of a basic local loop.

ISDN Loops and Ports

MFS-FL argues that ALECs must be able to utilize both 2-wire and 4-wire connections in analog or digital format in order to offer advanced network services such as ISDN. Further, MFS-FL states that private branch exchange (PBX) and key systems almost always require a 4-wire connection. (Devine TR 48) MFS-FL witness Devine states that, "...if the appropriate range of unbundled loops are not offered, ALECs effectively will be precluded from offering sophisticated telecommunications services, such as ISDN. BellSouth will be able to offer such sophisticated services without competition." (TR 49)

BellSouth argues that it may be technically possible to offer ISDN and DS-1 loops and ports; however, BellSouth has concentrated its resources on handling the basic elements first. BellSouth has focused on developing unbundled capabilities to offer basic exchange services. (Scheye TR 280)

MFS-FL counters by asserting that BellSouth has arbitrarily decided that local exchange competition and unbundling should be limited to basic local exchange service and that BellSouth, by defining the loop and port as only 2-wire analog services, limits the ability of ALECs to offer a full range of competitive business and data services. (Devine TR 47-48)

Staff believes that BellSouth's unbundling proposal discussed above is not that different from MFS-FL's request, except that it does not directly address MFS-FL's request for digital loops and ports, ISDN loops and ports, and 4-wire loops and ports. Although BellSouth has only focused on providing unbundled capabilities to offer basic exchange service, staff believes MFS-FL's request for unbundled loops and ports, as discussed above, is reasonable.

Loop Transport

MCImetro requests loop transport from BellSouth. (Cornell TR 153-155) Loop transport is the function of connecting concentrated loops from the central office of the incumbent LEC to the network of the ALEC. Staff does not understand loop transport to be a request for an unbundled element. Staff believes that ALECs currently have the option to lease these facilities from the LEC or to provide the facilities themselves as envisioned in expanded interconnection and ordered in the local transport restructure. (Order No. PSC-94-0285-FOF-TP, issued March 10, 1994, in Docket No. 921074-TP; Order No. PSC-95-0034-FOF-TP, issued January 9, 1995, in Docket No. 920174-TP) Staff believes that it is not necessary to require BellSouth to create a new pricing element because loop transport facilities are currently available in BellSouth's tariff.

Sub-loop Unbundling

MFS-FL asserts that BellSouth should offer unbundled access and interconnection to the link subelements of BellSouth's DLCs located in the field. These DLC systems are generally comprised of three sub-elements: (1) feeder/drop facilities extending from the demarcation point at the customer's premises to the DLC terminal equipment; (2) DLC terminal equipment housed in the manhole, pedestal, or telephone closet which concentrates the feeder/drop facilities into a DS1; and (3) a digital transport distribution facility, typically a DS1, which extends from the manhole, pedestal, or telephone closet in a building to the LEC central office. MFS-FL requests to lease, as one element, the DS1 digital distribution facility and the DLC terminal, and as a separate element to lease individual channels on the voice-grade feeder/drop facilities. (Devine TR 30-31)

MFS-FL witness Devine states that:

In order for MFS-FL to efficiently offer telephone services to end users, BellSouth should unbundle and separately price and offer these elements such that MFS-FL will be able to lease and interconnect to whichever of these unbundled elements MFS-FL requires and to combine the BellSouth-provided elements with facilities and services that MFS-FL may provide itself. (TR 29-30)

MFS-FL argues for sub-loop unbundling in order to ensure that the quality of links MFS-FL leases from BellSouth is the same as the quality of the links that BellSouth provides to its end users. (Devine TR 31)

BellSouth argues against MFS-FL's request for the ability to terminate an MFS-FL provided customer drop in a BellSouth remote terminal DLC. BellSouth states that this is just unbundling the local loop into "sub-loop" elements. BellSouth asserts that it should not have to offer this sub-loop unbundling because the operations and support systems required to order and administer sub-loop unbundling would be extremely difficult to develop and maintain. BellSouth asserts that this would not be practical when many ALECs are involved because each drop would need to be tracked separately at each remote terminal. (Scheye TR 284)

Further, BellSouth states that MFS-FL should not be allowed access to BellSouth's plant in the field because accountability of the network would be completely lost. (Scheye TR 285) In addition, BellSouth witness Scheye argues that the local loop network is engineered as an end-to-end integral unit generally consisting of copper loops, cross-connect boxes, the subscriber line carrier (SLC) remote terminal, and terminations in the central

office, and that fragmentation of this integral unit introduces additional points of potential network failure. (Scheye TR 285)

In order to ensure network quality and reliability, staff believes that there is a need for operational, administrative, and maintenance procedures for allowing access to BellSouth's plant in the field. The ALEC access points in the LEC network desired by MFS-FL do not appear unreasonable per se; however, staff does not believe that the record is sufficient to make a decision at this time. Therefore, staff recommends that BellSouth should not be required to offer sub-loop unbundling at this time. MFS-FL and BellSouth should be required to develop a comprehensive proposal for sub-loop unbundling for the Commission's review 60 days from the date of the final order in this proceeding. The proposal should include cost and price support, and a list of operational, administrative and maintenance procedures.

Loop Concentration

BellSouth states that it does not intend to offer loop concentration as an unbundled service because it is not true unbundling but rather a new network capability. Loop concentration would require the development of a new service, and it is not a capability that can be disaggregated from another functionality within the network. (Scheye TR 283) Witness Scheye asserts that BellSouth has not said it will not provide the service, just that it is not included under BellSouth's definition of unbundling. (EXH 14, p. 21) Scheye states that BellSouth has explored offering loop concentration as a service and has even quoted a price to MFS-FL. (TR 320)

Staff believes that BellSouth should offer loop concentration as a service for resale. BellSouth internal documents state that providing concentration for unbundled loops is feasible, and these documents provide guidelines on how concentration can be offered as a service. (EXH 18, p. 26)

BellSouth witness Scheye does not believe that ALECs should be permitted to collocate loop concentration equipment. He states that FCC rules on collocation do not permit the collocation of a switch or a switch equivalent. (EXH 14, p. 21, EXH 15, p. 29) Loop concentrators provide a functionality that looks somewhat like a switch and somewhat like a multiplexer. Scheye explains that a loop concentrator can not switch a call without some other intervening devices. (EXH 15, p. 27)

MFS-FL does not consider digital loop carrier (loop concentration) as a switch. (Devine EXH 4, p.11) Witness Devine believes that loop concentration equipment is a multiplexer and that it is already permissible to collocate this type of equipment in the central office, but would prefer for the Commission to order

it. (EXH 4, pp. 12-13) McImetro states that loop concentration is the function of concentrating a number of loops on to a transport facility before the loops terminate in a switch. (Cornell TR 155)

BellSouth's Technical Issues team suggests that concentration be ordered as a part of a transport interface tariff element. (EXH 18, p.26) Staff does not believe that loop concentration equipment should be considered switching equipment, but rather equipment used in transporting traffic. The Commission's expanded interconnection order addresses collocation facilities as encompassing central office equipment needed to terminate basic transmission facilities, including optical terminating equipment and multiplexers. (Order No. PSC-94-0285-FOF-TP, issued March 10, 1994, in Docket No. 921074-TP)

Staff believes that it is appropriate to allow ALECs to collocate loop concentration equipment because it is consistent with Commission orders. In addition, staff believes that the procedures for collocating loop concentration devices should be the same as those ordered in the Commission's expanded interconnection proceedings.

Staff's Recommendation

Based on the evidence in this docket and on staff's interpretation of the Section 364.161 (1), Florida Statutes, staff recommends that the Commission should require BellSouth to offer the following elements on an unbundled basis:

- 1) 2-wire and 4-wire analog voice grade loops;
- 2) 2-wire ISDN digital grade loop;
- 3) 4-wire DS-1 digital grade loop;
- 4) 2-wire and 4-wire analog line ports;
- 5) 2-wire ISDN digital line port;
- 6) 2-wire analog DID trunk port;
- 7) 4-wire DS-1 digital DID trunk port; and
- 8) 4-wire ISDN DS-1 digital trunk port.

Staff recommends that BellSouth should be required to resale its loop concentration capabilities, upon request and where facilities permit. Further, staff recommends that BellSouth should allow ALECs to collocate loop concentration equipment. Procedures for collocating loop concentration devices should be the same as those ordered by the Commission in its expanded interconnection proceedings.

In addition, staff recommends that BellSouth should not be required to offer sub-loop unbundling at this time. MFS-FL and BellSouth should be required to develop a comprehensive proposal for sub-loop unbundling for the Commission's review 60 days from

the date of the final order in this proceeding. The proposal should include cost and price support, and a list of operational, administrative and maintenance procedures.

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

RECOMMENDATION: The Commission should require all parties to adhere to industry standards for the provision and operation of each unbundled element. [REITH]

POSITION OF PARTIES:

<u>MFS-FL:</u> Interconnection should be achieved via collocation arrangements MFS will maintain at the wire center at which the unbundled elements are 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.

MCIMETRO: Unbundled loops should be interconnected at BellSouth's central office to (i) the collocated facilities, including loop concentration facilities, of the ALEC or another carrier, or (ii) loop transport facilities provided by BellSouth. Loop concentration should be provided to maximize the efficiency with which traffic is delivered through transport facilities.

BELLSOUTH: BellSouth will make available voice and digital grade local loops, channel multiplexing and related transport, and interoffice transport facilities from the appropriate special access service tariff. For connection purposes, BellSouth will also provide unbundled voice exchange ports.

AT&T: Technical arrangements used to connect the unbundled elements to a new entrant's network should be equal to those currently used to connect the elements within the LEC's own network.

FCTA: The Commission has approved a settlement containing rates, terms and conditions for certain unbundled services. The Commission should approve no rate, term or condition in this proceeding that would create an anticompetitive result.

INTERMEDIA: No position.

LDDS: The technical arrangements requested should be approved.

SPRINT: The unbundled elements should be provided in such a manner as not to impede new entrants from providing the same quality of services as those of the incumbent LEC. The technical arrangements to connect the unbundled elements to a new entrant's network should be equal to those arrangements currently in place to connect the elements within the LEC's own network. New entrants should be afforded cooperatively engineered interconnection arrangements at

the same service and performance quality as the incumbent LEC. Further, new entrants should be able to interconnect at any technically and economically feasible point.

TIME WARNER: Unbundled elements should be made available as interconnection points between the BellSouth and the ALEC network. This availability of unbundled functions will promote competition and benefit consumers.

<u>STAFF ANALYSIS:</u> This issue addresses the appropriate technical arrangements for those elements discussed in Issue 1. The viewpoints of parties which took positions can be summarized as follows:

AT&T and Sprint believe that unbundled elements should be provided in a manner that is equal in quality and performance to those elements in the incumbent LEC's network.

FCTA states that no rate term or condition approved in this proceeding should create an anticompetitive result with respect to their Stipulation with BellSouth.

MFS-FL and MCImetro assert that interconnection of unbundled elements should occur at BellSouth's central office via collocated facilities, including loop concentration or by way of loop transport. LDDS supports MFS-FL and MCImetro's request. Time Warner states that unbundled elements should be made available as interconnection points.

BellSouth maintains that they will offer unbundled elements out of their special access service tariff and will provide unbundled voice grade ports. (Scheye TR 272) Staff recognizes that technical standards are listed in BellSouth's tariffs.

AT&T suggests that technical arrangements for unbundled elements should not inhibit the entrant from providing the same quality of service as the incumbent LEC. Technical arrangements to connect the unbundled elements to the new entrant's network should be equal to those used to connect the elements within the LEC's own network. (Guedel TR 214-215)

MCImetro states that nearly every LEC network component is subject to industry technical standards and that these standards represent a reasonable starting point for the provision of unbundled network elements. As competition develops, MCImetro believes there may be requirements for the creation of new interfaces for certain network elements. MCImetro intends to only bring such issues before the Commission if they cannot be resolved by the parties. (EXH 6, p.8) MFS-FL provided references to BellCore technical publications for digital loop carrier systems.

(Devine EXH 3, p.56) Staff believes this indirectly supports MCImetro in that these are industry standards.

MFS-FL and MCImetro are requesting that collocation of loop concentration devices (digital loop carrier) be allowed. They intend to aggregate their traffic via loop concentration and transport it to their respective company's switch. (EXH 6, p.8, Devine EXH 3, p. 54-55) As stated in Issue 1, staff believes ALECs should be allowed to collocate loop concentration devices within BellSouth's central office.

Staff believes that the telecommunications industry has developed and created its own set of standards which are widely in use today for the provision of local traffic. Staff agrees that these standards are a reasonable starting point for the provision of unbundled network elements and that this serves the public interest by helping to maintain service quality. Therefore, staff recommends that the Commission require all parties to adhere to industry standards for the provision and operation of each unbundled element.

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

RECOMMENDATION: The interim rate for a 2-wire voice grade loop should be \$18.00 per month. The interim rate for a 2-wire analog port should be \$2.00 per month. Because no cost information was provided by BellSouth for any of the other elements, no other rates can be determined at this time. Staff recommends that BellSouth should file cost studies for all elements, including the 2-wire loops and 2-wire analog ports, requested by MFS-FL and MCImetro in Issue 1. These cost studies should conform to Rule 25-4.046, Florida Administrative Code. These studies should be submitted no later than 60 days from the issuance of the order. The Commission should set the rates for these elements based on the cost studies and should include some contribution to joint and common costs. [LONG, DREW]

POSITION OF PARTIES:

MFS-FL: 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.

MCIMETRO: The price of each unbundled element which is not competitively available -- including loops, loop concentration, and loop transport -- should be set equal to its direct economic cost (i.e. TSLRIC). Such pricing is necessary to avoid a price squeeze and to bring the lowest possible prices to Florida consumers.

BELLSOUTH: For the unbundled network elements that BellSouth has already tariffed, the current tariff rate is appropriate. Unbundled ports should be sold on a measured basis consisting of a monthly rate and a usage rate equal to the rate for shared tenant service.

AT&T: The target price for the unbundled elements should be the Total Service Long Run Incremental Cost (hereinafter "TSLRIC") that the LEC incurs in providing them.

FCTA: The Commission has approved a settlement containing rates, terms and conditions for certain unbundled services. The Commission should approve no rate, term or condition in this proceeding that would create an anticompetitive result. Additionally, the Commission has opened a docket to address imputation issues. That docket could easily be expanded to include appropriate standards for LEC services provided to ALECs.

INTERMEDIA: No position.

LDDS: The pricing of the unbundled elements should be based on the direct economic cost of the wholesale component purchased.

SPRINT: The price for the unbundled elements should be based on its direct economic cost, i.e., its total service long run incremental cost, with contribution to shared costs. Further, there should be an imputation requirement.

TIME WARNER: Time Warner notes that Chapter 364.161, Florida Statutes, requires incumbent LECS, including BellSouth, to unbundle the functions and features of their networks. Time Warner believes these facilities-based providers should not be required to price their retail services at a discount for use by resellers.

STAFF ANALYSIS: MFS-FL, AT&T, LDDS, and MCImetro advocated rates based on long run incremental costs. BellSouth advocated current tariffed rates for unbundled elements. (Scheye TR 274-275) The other parties signed the Stipulation that outlined the rates and terms for unbundled elements. The Stipulation sets the price for an unbundled loop at BellSouth's currently tariffed special access local channel rate. (EXH 21, p.31)

Staff believes there are three essential parts to this issue. The first part is whether unbundled rate elements should be set at incremental cost, or whether contribution to common costs should be allowed. The second is whether Florida law allows unbundled loops and unbundled ports to be sold together. The third is what the price should be for each element.

BellSouth advocates pricing its unbundled elements at the rates in BellSouth's special access tariff. (Scheye TR 272) First, this rate structure will avoid tariff-shopping, or arbitrage. (Scheye TR 276) Second, if prices are set at cost, it would deny BellSouth contribution to its shared and common costs. (Scheye TR 299) Additionally, other vendors for services such as operator services have prices that are well above cost. (Scheye TR 299) "It makes absolutely no sense to insist that a LEC offer any of its services (i.e. bundled or unbundled, wholesale or retail) at cost." (Scheye TR 299) Witness Banerjee added that contribution towards common costs was justified. (TR 357)

The ALECs argued that prices should be set at incremental costs in order to avoid a "price squeeze." (Cornell TR 158; Devine TR 39) A price squeeze is where a competitor cannot buy a wholesale service at a price that would allow it to compete with the monopoly provider. (Cornell TR 158) Witness Cornell stated that in order to avoid a price squeeze, BellSouth would have to impute the rates it charges to ALECs for unbundled loops and ports, as well as its other costs, into its retail rates. At BellSouth's

stated costs for unbundled loops and ports, its residential telephone service rates would have to double to pass an imputation test. (Cornell TR 163-164)

Staff does not believe that tariff-shopping would occur because BellSouth could put use/user restrictions in its tariff. BellSouth even stated that it currently has use/user restrictions for services in its tariff. (EXH 14, p.50) Staff is further compelled by the Commission's obligation to promote competition and sides more with the ALECs on this point. Although it is true that BellSouth must recover its shared and common costs somewhere, staff is not sure what level of contribution is necessary at this time. Staff believes that removing competitive barriers is also an important factor in this analysis, as long as BellSouth's rates are not below its costs.

Another argument among the parties centered around combining unbundled loops with unbundled ports. The ALECs maintained that this ability is crucial to their ability to compete for local traffic. (Devine TR 40)

Section Chapter 364.161(2), Florida Statutes, reads: "The local exchange telecommunications company's currently tariffed, flat-rated, switched residential and business services shall not be required to be resold...in no event before July 1, 1997." Witness Scheye argues that combining flat-rate loops with flat-rate ports would function the same as residential and business service, which would be inconsistent with Section 364.161(2). (TR 281-282)

Staff agrees with the ALECs that these items together are essential for resale. Staff disagrees with BellSouth that it would conflict with Florida law. Section 364.161(1), Florida Statutes, requires that a LEC unbundle all of its network features, functions and capabilities for resale. There are two limitations on this statutory directive: 1) the price cannot be below cost, and 2) the Commission cannot require the resale of "currently tariffed, flatrated, switched residential and business services" prior to 1997. (emphasis added) The combination of unbundled loops and ports at the interim prices recommended by staff do not run afoul of either of these limitations. Moreover, in view of the statutory directive to promote competition, these limitations should be narrowly construed.

BellSouth would have the Commission preclude the resale of any unbundled elements that, when combined, look like currently tariffed business or residential services. Such an interpretation would preclude any effective competition with the LECs through the resale of unbundled elements and would be contrary to the statutory directive to promote competition.

Selling the loop and port together is <u>not</u> the same as selling a "currently tariffed, flat-rated" service. They may perform similar functions, but unbundled loops and ports are <u>not</u> currently tariffed services, nor are they the "same thing" as R-1 or B-1 service. For instance, residential service includes access to 911, directory assistance, operator services, and other things that are not included in the simple sale of a loop or port. (Devine TR 80-84)

Staff believes that, by themselves, loop and port facilities are not currently tariffed, flat-rated services; therefore it is appropriate to connect unbundled ports and unbundled loops. Staff is convinced that unbundled ports and loops are needed in order for competitors to provide local exchange service. Florida Statutes require the Commission to promote competition in the local exchange market and require local exchange companies to unbundle elements of their network upon request.

Finally, there is the question of price. Unfortunately, staff believes a complete answer is not possible at this time based on the record. BellSouth provided cost information approximately one week before the hearings started in this case. The cost information provided included costs for only two of the items requested, even though staff requested cost information for all of the unbundled elements requested by MFS-FL and MCImetro.

BellSouth provided cost information for a 2-wire loop and a 2-wire analog port. Three loop costs were presented as evidence. Two of the costs, \$15.53 and \$15.97 were from studies performed in 1994. (EXH 11, p.6; EXH 12, p.1) The third 2-wire loop cost, which is proprietary, is higher and is based on a more current cost study. (EXH 16, p.26) The 2-wire analog port cost is also based on a current cost study and is proprietary.

Because of the time frames of this proceeding, staff was unable to properly evaluate the cost data. Staff believes that it is critical to set rates for unbundled elements as accurately as possible. The Commission, however, does not have the information necessary to determine the most appropriate rates for these elements. Although cost information was filed for two elements, neither the Commission nor the parties have been able to determine whether the cost information is appropriate. However, the Commission has a clear obligation to foster competition and thus must establish accurate unbundled rate elements when requested.

First, staff recommends that BellSouth should file cost studies for all elements, including the 2-wire loops and 2-wire analog ports, requested by MFS-FL and MCImetro in Issue 1. These cost studies should conform to Rule 25-4.046, Florida Administrative Code. These studies should be submitted no later

than 60 days from the date of the Commission's order on this issue.

The Commission should establish an interim rate for the 2-wire loop and 2-wire analog port. To wait for BellSouth to file accurate cost studies would result in the unavailability of these unbundled elements to BellSouth's competitors. Competitors would thus be effectively excluded from entering the local exchange market. Staff recommends that the interim rates should be in effect until the Commission is able to review BellSouth's new cost studies and establish a price.

As a result, staff recommends to set interim rates for the two unbundled elements for which costs were provided. First, 2-wire loops should be priced at \$18.00 per month. This rate is based on the most current cost figure provide by BellSouth. (EXH 16, p.26) Although BellSouth provided several cost estimates, staff recommends a rate based on BellSouth's most current cost estimate. This proposed rate covers BellSouth's cost and contains some contribution. Staff would rather set a price that is based on the highest of the three cost figures in order to protect the competitor from a subsequent unexpected increase. This approach avoids the possibility of setting a rate that could be artificially low compared to the rate that is ultimately set by the Commission.

However, as a practical matter, staff believes that the level of the interim rate may not be that significant because MFS-FL and MCImetro will not be operational until late 1996. (EXH 6, p.5-6; EXH 5, p.92) By this time, the Commission may have established the permanent rates for unbundled elements.

Second, staff recommends that a 2-wire analog port should be priced at \$2.00 per month. Based on the cost study filed for the port element, this rate is above the company's stated costs for the element, and provides some contribution to overhead. (EXH 16)

In summary, staff recommends the following. The interim rate for a 2-wire voice grade loop should be \$18.00 per month. The interim rate for a 2-wire analog port should be \$2.00 per month. Because no cost information was provided for any of the other elements, no other rates can be determined at this time. Staff recommends that BellSouth should file cost studies for all elements, including the 2-wire loops and 2-wire analog ports, requested by MFS-FL and MCImetro in Issue 1. These cost studies should conform to Rule 25-4.046, Florida Administrative Code. These studies should be submitted no later than 60 days from the date of the Commission's order on this issue. The Commission should set the rates for these elements based on the cost studies and should include some contribution to joint and common costs.

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

RECOMMENDATION: Staff recommends that BellSouth file with the Commission specific operational arrangements that address each of MFS-FL's operational requests. This filing should also provide an analysis of each of MFS-FL's operational arrangement requests. BellSouth should file its operational arrangements, procedures, and analysis within 60 days after the date of the final order. If MFS-FL, MCImetro, and BellSouth reach an agreement regarding operational arrangements and a feasibility determination for unbundling within 60 days of the final order, BellSouth will not be required to file their analyses and draft operational arrangements. If the parties agree on these issues, the agreement should be filed with the Commission. [DREW]

POSITION OF PARTIES:

MFS-FL: 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.

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

BELLSOUTH: It is premature for the Commission to address operational issues. These issues can likely be negotiated to the mutual satisfaction of all parties. If negotiations fail, MFS-FL and MCImetro have the right to file a complaint with the Commission in order to resolve any outstanding issues.

AT&T: AT&T supports the positions of MFS and MCImetro (as set forth in the Prehearing Order) on this issue.

FCTA: The Commission has approved a settlement containing rates, terms and conditions for certain unbundled services. The Commission should approve no rate, term or condition in this proceeding that would create an anticompetitive result. Additionally, the Commission has opened a docket to address imputation issues. That docket could easily be expanded to include appropriate standards for LEC services provided to ALECs.

INTERMEDIA: No position.

LDDs: 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.

SPRINT: Sprint has no position at this time.

TIME WARNER: BellSouth should provide ordering, repair, and testing and only other administrative systems needed on an automated basis, where possible.

STAFF ANALYSIS: BellSouth argues that it is premature for the Commission to address operational issues at this time and that Florida Statutes envision that operational issues would be negotiated by the parties. (Scheye TR 277) BellSouth believes that operational issues can be negotiated to the mutual satisfaction of all parties. (Scheye TR 277) On the other hand, MFS-FL believes that the prompt resolution of operational issues will be essential to establishing co-carrier status. (Devine TR 55) According to MFS-FL, BellSouth would not come to an agreement on any interconnection or unbundling issue absent an agreement on universal service. (Devine TR 25) Section 364.161, Florida Statutes, requires the Commission to resolve disputes resulting from the parties' failure to successfully negotiate terms and conditions for unbundling and resale.

MFS-FL proposes the following arrangement for addressing other operational issues:

BellSouth should be required to apply all transport functions, service attributes, grades-of-service, and installation, maintenance and repair intervals which apply to bundled service to unbundled links. (Devine TR 35)

BellSouth should be required to apply all switch-based features, functions, service attributes, grade-of-service, and installation, maintenance and repair intervals which apply to bundled service to unbundled ports. (Devine TR 35)

BellSouth should permit any customer to convert its bundled service to an unbundled service and assign such service to MFS-FL, with no penalties, rollover, termination, or conversion charges to MFS-FL or the customer. (Devine TR 35)

BellSouth should bill unbundled facilities purchased by MFS-FL on a single consolidated statement for each wire center. (Devine TR 36)

BellSouth should provide MFS-FL with an appropriate online electronic file transfer arrangement by which MFS-FL 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 36)

BellSouth offered no testimony or additional evidence addressing maintenance and repair intervals, consolidated billing, verification of orders for unbundled elements, and tracking of repair requests for unbundled elements.

BellSouth proposes that the existing Open Network Architecture (ONA) model and criteria be used for determining the feasibility of unbundling an element. (Scheye TR 278) The ONA model, adopted by the FCC, includes the following requirements that BellSouth argues must be met for unbundling:

<u>Technical Feasibility:</u> The capability can be separately provided as a network component, and it is not dependent on other network components to have functionality.

<u>Costing Feasibility:</u> The capability must have a discrete, identifiable cost available under existing cost methodology.

<u>Market Demand:</u> There must be a level of need expressed by a customer or customers sufficient to recover the costs of the capability.

<u>Utility:</u> There must be a demonstration that, if unbundled, the capability has the ability to be used in the provision of a service offering. (Scheye TR 278-279)

The ONA request process provides for a 120 day review cycle which begins once a new request for a new network capability is received. (Scheye TR 279) During this cycle, the request can be negotiated between the parties and can be evaluated with respect to the criteria. (Scheye TR 279)

Section 364.161, Florida Statutes requires the companies to negotiate the terms, conditions, and prices of any <u>feasible</u> unbundling request. Staff sees nothing wrong with BellSouth determining the feasibility of unbundling an element; however, the tests and criteria for determining the feasibility should be established by the Commission. The record, however, is not

sufficient to determine the appropriateness of using the ONA model for determining the feasibility of unbundled elements. In order to avoid creation of a barrier to entry, the Commission has to ensure that the model is appropriate.

MFS-FL was the only party to provide testimony spelling out a suggested operational process for ordering unbundled elements. MFS-FL was the only party to attempt to describe the operational process behind repair and maintenance intervals, verification of orders for unbundled elements, and how customer requested changes in service were to be handled. BellSouth did not adequately address these issues.

Staff believes that these operational requirements are essential to implement unbundling. Staff recommends that BellSouth file with the Commission specific operational arrangements that address each of MFS-FL's operational requests. This filing should also provide an analysis of each of MFS-FL's operational arrangement requests. BellSouth should file its operational arrangements, procedures, and analyses within 60 days after the date of the final order. If MFS-FL, MCImetro, and BellSouth reach an agreement regarding operational arrangements and a feasibility determination for unbundling within 60 days of the final order, BellSouth will not be required to file its analyses and draft operational arrangements. If the parties agree on these issues, the agreement should be filed with the Commission.

ISSUE 5: Should this docket be closed?

<u>RECOMMENDATION:</u> No. Staff has recommended that the parties file additional information in several of the issues. In addition, this docket should remain open to address the petition filed by MFS-FL for the unbundling and resale of GTE Florida Incorporated.

STAFF ANALYSIS: Staff has recommended the that parties file additional information in several of the issues. In addition, this docket should remain open to address the petition filed by MFS-FL for the unbundling and resale of GTE Florida Incorporated.