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March 22, 1996

VIA COURIER

Ms. Blanca S. Bayo
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Re: Docket No. 950985-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.

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Enclosures

Very truly yours,

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**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

Resolution of Petition(s) to establish nondiscriminatory rates, terms, and conditions for interconnection involving local exchange companies and alternative local exchange companies pursuant to Section 364.162, Florida Statutes)))))))	Docket No. 950985-TP Filed: March 22, 1996
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**POSTHEARING BRIEF OF
METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC.**

Pursuant to Rule 25-22.038(3), Florida Administrative Code and Order No. PSC-95-0888-PCO-TP, Metropolitan Fiber Systems of Florida, Inc. ("MFS"), by its undersigned attorneys, hereby files this posthearing brief in the Commission's proceeding concerning MFS' petitions for interconnection with GTE Florida Incorporated ("GTE"), and Sprint United Telephone Company of Florida and Sprint Central Telephone Company of Florida ("Sprint" collectively).

Background and Summary of Position

The Florida Legislature has found that "the competitive provision of telecommunications service, is in the public interest and will provide customers with freedom of choice, encourage the introduction of new telecommunications service, encourage technological innovation, and encourage investment in telecommunications infrastructure." Fla. Stat. § 364.01(3). The establishment of the prices, terms and conditions for interconnection in this docket is one of the most critical steps in establishing

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an environment that will foster competition and permit alternative local exchange companies, such as MFS, to be in a position to compete against incumbent local exchange carriers. The Commission should continue on the course it has set to establish the conditions to permit the emergence of robust local exchange competition in Florida.

A. The Commission Should Order the Same Rates, Terms, and Conditions for Interconnection With GTE and Sprint As It Has Ordered for BellSouth

In light of the recently concluded BellSouth interconnection proceeding, the decision before the Commission concerning GTE and Sprint should be a relatively straightforward one. Unless the record demonstrated significant relevant differences between these three incumbent LECs, the same interconnection rates, terms, and conditions that the Commission determined to apply to BellSouth should also apply to GTE and Sprint. No such credible evidence was presented. Accordingly, the Commission should impose on GTE and Sprint the interconnection rates, terms, and conditions that it approved for BellSouth. *See Resolution of Petition(s) to Establish Nondiscriminatory Rates, Terms, and Conditions in Interconnection Involving Local Exchange Companies and Alternative Local Exchange Companies Pursuant to Section 364.162, Florida Statutes*, Dkt. No. 9590985-TP, Memorandum to Director of Division of Records and Reporting from Division of Communications and Division of Legal Services (Feb. 26, 1996) (“Staff Recommendation”) adopted by the Commission at Agenda Meeting (March 5, 1996) (“Adopted Recommendation”). While the petitions now before the Commission involve

GTE and Sprint instead of BellSouth, the issues remain the same and the solutions should be identical.

GTE and Sprint possess the same benefits of incumbency and complete market dominance in their service areas as BellSouth enjoys in its service area. Like BellSouth, GTE and Sprint are owned by large multinational corporations with access to significant capital to assist them in maintaining their current market dominance. In fact, GTE and Sprint have certain market advantages that BellSouth does not possess. Because they are not Regional Bell Operating Companies ("RBOCs"), both companies have the capability through their affiliates to operate in the domestic long distance market and offer single source telephone service. Under the Telecommunications Act of 1996 ("Federal Law"), the GTE consent decree has been abolished (Section 601), and GTE can now enter the long distance market. Pub. L. No. 104-104, 110 Stat. 56 (1996). The Federal Law's special provisions concerning RBOC (including BellSouth) provision of in-region interLATA services (Section 271), the so-called "competitive checklist" provisions,^{1/} do not apply to GTE or Sprint.

Sprint affiliates have already established themselves in markets that BellSouth is not permitted to enter at this time. Sprint Communications Company is the third largest provider of long distance services in the United States. There can be no legitimate claim

^{1/} These provisions require that RBOCs meet certain indicia before providing in-region interLATA services, including having a facilities-based competitor present and providing interconnection and unbundled network elements to competitors.

that GTE and Sprint are small competitors compared to BellSouth and, therefore, should be regulated differently than BellSouth on that basis. Accordingly, the Commission, should apply the same interconnection rules to GTE and Sprint as it has applied to BellSouth.^{2/}

B. The Resolution of the Issues Should be Consistent With the Commission's BellSouth Decision and the Agreement Between GTE and MFS

The issues in this proceeding are even more straightforward than in the BellSouth case because MFS and GTE recently signed a partial co-carrier agreement resolving most of their issues in this proceeding. Exh. 4 ("MFS/GTE Agreement"). This partial co-carrier agreement addresses many of the issues that MFS had been unable to resolve with BellSouth. The MFS/GTE Agreement resolves essentially all of the technical and operational issues involved in this docket. While this partial co-carrier agreement was entered into prior to the Commission's recent action in the BellSouth proceeding, the partial co-carrier agreement resolves these issues consistent with the Staff Recommendation adopted by the Commission at its last meeting. The Commission therefore need not resolve these issues (Issues 4-14) as between MFS and GTE. Moreover, there is no reason why the resolution of these issues in the Adopted Recommendation and in the Commission approved MFS/GTE Agreement should not apply as between MFS and Sprint.

^{2/} If anything, the Commission should establish even closer oversight over these companies to ensure that conditions favorable to the development of local competition are established in their respective service areas to the extent that the specific "competitive checklist" provisions of the Federal Law do not apply.

C. The Commission's Bill and Keep Solution in the BellSouth Decision Should Also be Applied to GTE and Sprint

The principal remaining issue that needs to be resolved by the Commission at this time is compensation for termination of subscriber calls within the LATA^{3/} between MFS and the two incumbent LECs. This issue, of course, was also resolved by the Commission in the BellSouth proceeding. After careful and extensive examination of the record by Staff and the Commission, and after consideration of Staff recommendations and extensive debate among the Commissioners, the Commission voted 4-1 to adopt a bill and keep compensation mechanism for the termination of local calls. In adopting bill and keep, the Commission approved a motion that permits BellSouth and MFS to petition the Commission in order to demonstrate that the carrier is unable to recover its costs due to a traffic imbalance. There is nothing in the GTE or Sprint record that suggests in any way that the Commission should not adopt exactly the same position in this proceeding. In fact, the record developed in this proceeding strongly supports the Commission's prior decision.

What becomes even more apparent in this record is the fact that the benefits identified for bill and keep -- including its simplicity, efficiency, effectiveness in

^{3/} Termination of subscriber calls would be defined as calls between two end users originated and terminated within the LATA. Both the New York and Connecticut Commissions have ordered LATA-wide termination rates. *DPUC Investigation Into the Unbundling of the Southern New England Telephone Company's Local Telecommunications Network*, Docket No. 94-10-02, Decision at 62-71 (Conn. D.P.U.C., Sept. 22, 1995); *Proceeding on Motion of the Commission to examine Issues Related to the Continued Provision of Universal Service and to Develop a Framework for the Transition to Competition in the Local Exchange Market*, Case 94-C-0095 (Sept. 27, 1995).

preventing a price squeeze, and procompetitive nature -- are indisputable and the Commission should adopt this approach in response to these petitions.

Moreover, even if the Commission were to determine to adopt a rate instead of bill and keep, the record in this proceeding with respect to GTE and Sprint provides the Commission with no more certainty as to a specific rate for local call termination than the Commission had in the BellSouth proceeding. The record in both proceedings includes a series of cost studies and methodologies which add more heat than light to the discussion. As discussed below, the studies authored by the LECs were inconsistent within and between the companies. In light of the fact that the discovery period was limited, even the materials produced could not be fully analyzed. The record in this proceeding, however, provides no reason to believe that GTE's or Sprint's costs for local call termination are greater than BellSouth's or the costs of other carriers throughout the United States. Given the expert testimony in this proceeding, moreover, to the extent there are alleged additional costs claimed by GTE or Sprint, those costs are highly suspect.

Given these facts, GTE's and Sprint's proposals for local call termination compensation based on switched access less CCL and the RIC must be rejected as imposing substantial unjustifiable costs on MFS as a new entrant. This, after all, is exactly the same proposal appropriately rejected by the Commission in the BellSouth proceeding. Similarly, Sprint's proposals for a flat-rated port charge at the DS1 level must be similarly rejected as unrelated to costs.

D. The Telecommunications Acts Support of LRIC-Based Call Termination Rates and Bill and Keep Further Simplifies This Proceeding

On February 8, 1996, President Clinton signed into law the Telecommunications Act of 1996. A review of the two laws indicates that Florida Statute Section 364 and the Federal Law as they apply to interconnection and unbundling are almost entirely consistent. Significantly, the Federal Law supports the direction taken by the Commission to date under the Florida statute. The Commission's prior local exchange decisions and its approval of the MFS/GTE Agreement are of one piece with the Federal Law. Both state and federal law have as a primary goal the removal of barriers to entry into telecommunications markets. Both laws recognize that the interconnection of competing networks is essential. The Federal Law, moreover, expressly states the importance of reciprocal and mutual compensation arrangements for local call termination. Those rates are to be based on the incremental costs of providing such termination. Fed. Act § 252(d)(2)(A).^{4/} The Federal Law expressly noted that bill and keep arrangements are an acceptable way of addressing compensation for local call termination. Fed. Act § 252(d)(2)(B). The Federal Law's explicit recognition of bill and keep and its reliance on

^{4/} “[A] State commission shall not consider the terms and conditions for reciprocal compensation to be just and reasonable unless such terms and conditions provide for the mutual and reciprocal recovery by each carrier of costs associated with the transport and termination on each carrier's network of calls that originate on the network facilities of the other carrier.” Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996) [hereinafter “Federal Law” or “Federal Act”].

incremental cost-based rates is entirely consistent with MFS' position in this proceeding and the Commission's recent action in MFS' BellSouth proceeding.

MFS' ability to reach an agreement on almost all operational and technical issues with GTE is consistent with MFS' experience with incumbent LECs in other states such as New York, California, Massachusetts and Connecticut. These agreements underscore the basic premise of the Federal Law that parties should attempt to resolve these issues through negotiations. At the same time, MFS' inability to reach agreement with Sprint or BellSouth emphasizes the Florida statute and Federal Law's mechanism permitting a new entrant to petition the Commission to assist in removing barriers to competition.

MFS has demonstrated its strong interest in competing for local exchange service in Florida. MFS has invested millions of dollars in developing fiber optic networks and switching in Florida. MFS believes that the Commission has taken a number of important steps in addressing the issues that accompany the introduction of local exchange competition. The Commission's decisions with respect to universal service and number portability confirm the Commission's intent to fulfill the procompetitive purpose of the Florida Statute Section 364. The Commission's action on MFS' petition against BellSouth in this docket firmly commits the Commission to opening the local exchange market to full and fair competition.

As in the BellSouth interconnection proceeding, the establishment in this docket of procompetitive interconnection arrangements -- including bill and keep compensation in the interim moving to a per minute of use rate based upon Long Run Incremental Cost

("LRIC") -- will preclude a price squeeze and create the conditions which may permit the development of robust competition. MFS urges the Commission to address the GTE and Sprint Petitions consistent with its action on the MFS BellSouth petition so that consumers in Florida can enjoy the benefits of competition. MFS and other ALECs face a daunting task in competing with LEC monopolists that have been enjoying their monopoly franchises for the better part of this century. But if the Commission implements the appropriate arrangements -- including bill and keep compensation transitioning to LRIC-based rates and ensuring that unfair costs are not imposed on new entrants, as it did in adopting the Staff Recommendation in the BellSouth interconnection proceeding, it will successfully meet the admirable goal of implementing local exchange competition in Florida.

Argument on Specific Issues

Issue 1: What are the appropriate rate structures, interconnection rates, or other compensation arrangements for the exchange of local and toll traffic between the respective ALECs and GTE and Sprint.

Summary of Position: *** The appropriate compensation arrangement for local traffic termination between MFS and GTE and between MFS and Sprint is the bill and keep method of traffic exchange. Once reliable LRIC studies are available, bill and keep should transition to LRIC-based rates if justified by the costs associated with such rates.

Discussion:

The appropriate compensation arrangement for local traffic termination between MFS and GTE and MFS and Sprint is the bill and keep method of traffic termination that the Commission approved in the BellSouth interconnection proceeding. The Commission must establish local (*i.e.*, LATA-wide) compensation rates that are equal, reciprocal, and identical -- that is, that ALECs and GTE and ALECs and Sprint are charged the same amount to terminate the same call to each other -- if local exchange competition is to take root in Florida. The Commission must also ensure that the compensation system it establishes precludes a price squeeze to ensure that competition is not completely foreclosed by excessive local call termination rates. While virtually all of the traffic originated by ALEC customers will terminate on GTE and Sprint's network, only a small percentage of calls placed by GTE customers or Sprint customers will terminate on an ALEC's network. The reciprocal compensation system established in this proceeding is therefore critical to the establishment of competition. In order to ensure that ALECs are not disadvantaged by the compensation system, MFS advocates a bill and keep system, transitioning to per minute rates based on LRIC.

A. Bill and Keep is the Ideal Interim Reciprocal Compensation Arrangement

1. The Commission Has Appropriately Recognized the Benefits of Bill and Keep

Bill and keep was one of the alternatives recommended by Staff and was the sole alternative approved by the Commission as a solution for local call termination

compensation in the BellSouth proceeding. Adopted Recommendation. Under bill and keep, each carrier would be compensated in two ways for terminating local calls originated by customers of other carriers: 1) through its reciprocal right to terminate on other carriers' networks its customers' local calls to other carriers' customers without cash payment, often referred to as payment "in kind"; and 2) by its own customer, who already pays the terminating carrier a monthly fee for service, including the ability to terminate calls. Devine, Tr. at 496, 564-565.

MFS supports bill-and-keep as do MCI, AT&T, Time Warner, Continental, and FCTA. Cornell, Tr. at 879, 911; Guedel, Tr. at 776-777; Wood, Tr. at 335; Schleiden, Tr. at 140. Like MFS, both AT&T and MCI also believe bill and keep should serve as an *interim* solution, followed by a transition to a per minute rate based on LRIC, once Sprint and GTE have completed reliable LRIC cost studies and the results demonstrate a variance in costs which justifies investment of the resources necessary for implementation. Cornell, Tr. at 911. MFS supports bill and keep on an interim basis because it is administratively simple and economizes on costs of measurement, billing, and auditing. Wood, Tr. at 456-457; Cornell, Tr. at 880. If carriers must incur higher measurement, billing, and auditing costs, these costs will be built into rates and will result in higher prices for consumers. Wood, Tr. at 419. These additional measurement, billing, and auditing costs would also create entry barriers since they would be added to entrants' costs for nearly all calls (those

terminated on GTE's and Sprint's network), while being added only to a small fraction of GTE and Sprint calls (those terminated on an ALEC's network).^{5/} Cornell, Tr. at 884.

2. Bill and Keep Does Not Impose the Same Measurement Costs as Switched Access

At its March 5 Agenda Meeting, the Commission voted to provide the opportunity for a carrier to seek redress before the Commission if the LEC can demonstrate an imbalance of traffic which precludes a carrier from recovering its costs. Accordingly, if this option is to be exercised, measurement costs at some level will have to be incurred even under the Commission's version of bill and keep. As pointed out by several witnesses, however, the costs associated with the type of measurement necessary to monitor bill and keep would be significantly lower than those needed to be maintained in order to bill end users for local calls on a per minute of use basis. Cornell, Tr. at 931; Wood, Tr. at 457. Moreover, bill and keep would not require the significant costs relating to bill rendering, transmittal, monitoring, and auditing, not to mention possible resolution of billing disputes. Wood, Tr. at 437; Cornell, Tr. at 879; Cornell, Tr. at 931-932. These are the costs that will *not* be incurred under bill and keep, thereby providing the opportunity for lower prices for consumers. Requiring all carriers to incur these added

^{5/} In other words, because the incumbents will begin with 100% of the customers in their service area, the vast majority of their calls will terminate on their own network, requiring no billing or auditing costs whatsoever. ALECs, however, will terminate the vast majority of their calls on another carriers network, and will incur billing and auditing costs for all of those calls. Although often confused with the issue of traffic balance, this is a separate phenomenon caused by the incumbent's dominant market share.

costs would not only impose unnecessary financial burdens on new entrants, but would also diminish the benefits from local exchange competition that Florida consumers would otherwise experience. The Commission should therefore apply bill and keep to Sprint and GTE as it did to BellSouth.

3. Bill and Keep Encourages Efficient Network Architecture

Bill and keep in this proceeding, no less than in the BellSouth proceeding, is particularly attractive because it builds pro-competitive incentives into the reciprocal compensation system. As discussed below, bill and keep precludes the possibility of a price squeeze that could foreclose competition altogether. Bill and keep also provides incentives to carriers to adopt an efficient network architecture. Schleiden, Tr. at 177; Wood, Tr. at 391. If GTE and Sprint can transfer termination costs to ALECs, they have no incentive to utilize an efficient call termination design, and current GTE and Sprint inefficiencies are completely insulated from the forces of competition. Wood, Tr., at 393; Cornell, Tr. at 888. Moreover, if contribution for incumbent LEC overhead such as joint and common costs is permitted to be recovered, existing incumbent overhead inefficiencies will also be insulated from competition. Cornell, Tr. at 888. Bill and keep ensures that the market forces of competition have the desired effect of disciplining all carriers, including GTE and Sprint, to operate efficiently.

4. GTE and Sprint Have Long Recognized the Benefits of Bill and Keep

Significantly, GTE and Sprint, like virtually every LEC in the country, have long recognized the benefits of bill and keep by utilizing bill and keep arrangements in exchanging local and EAS traffic with independent LECs. Wood, Tr. at 392. *The exchange of local traffic between GTE and Sprint and independents is the only example of the exchange of local traffic with GTE and Sprint in Florida today.* The Commission, in order to avoid creating local compensation arrangements that would be discriminatory towards ALECs, should therefore implement a bill and keep system of local compensation for ALECs. GTE and Sprint have offered no legitimate reason to order a different compensation arrangement in this proceeding. Furthermore, Sprint Corporation, which reviewed Sprint witness Poag's testimony, filed recent FCC comments advocating bill and keep for PCS-LEC interconnection. Tr. at 1317-1321; Ex. 45. Sprint apparently only advocates bill and keep when Sprint is the new entrant.

5. There Is No Evidence That Traffic Will Not Be In Balance

The issue of whether traffic between MFS and GTE or Sprint would be in balance was addressed to some degree in this proceeding. The bottom line, as testified to by several witnesses, is that the existing evidence on traffic balance is inconclusive. Wood, Tr. at 412. Common sense, nonetheless, dictates that traffic will in the long run be in balance. Wood, Tr. at 411. Short term or isolated anomalies cited by Sprint and others are just that. The Commission has overcome this "chicken and egg" problem by

permitting bill and keep on an interim basis in order to encourage the near-term development of competition and to develop adequate traffic balance data in the process.

Moreover, MFS is among those parties, like AT&T, that fully support a transition to cost-based rates as soon as credible LRIC studies for local call termination have been conducted by GTE and Sprint and fully analyzed in a contested proceeding. In the interim, GTE and Sprint cannot be heard to complain that bill and keep is below cost because their failure to submit credible LRIC cost studies for local call termination is a key reason why an interim mechanism must be adopted.

6. The LECs' Rate Proposals Are Not Based on Supportable Cost Studies

The only cost information provided by Sprint states that local call termination costs "approximate those for switched access." Several witnesses have testified that the costs submitted by Sprint are completely out of line with cost studies they have seen around the country, including public information that using a cost of approximately \$0.002 or 0.2¢ per minute includes contribution above costs. Wood, Tr. at 397. As one witness put it, Sprint's local call termination cost figures were "vastly higher than I would have expected to see." Cornell, Tr. at 956. While GTE's cost figures are more in line with nationwide figures (Cornell, Tr. at 957), the fact remains that there has been an inadequate opportunity to fully analyze this cost information in this expedited proceeding. If the Commission feels inclined to set incremental cost-based rates, witnesses have testified based on their experiences in other states that a rate in the range of 0.2¢ to 0.3¢ per minute would both cover costs and provide contribution. Cornell, Tr. at 956-957; Wood, Tr. at

397. MFS would not oppose a rate set at this level even though it believes the rate should be set at LRIC. Given the glaring lack of rigorous, analyzed cost information in this record, however, MFS prefers bill and keep to a per minute rate that is highly likely to contain high levels of contribution. Moreover, in order to stem GTE and Sprint criticism that bill and keep would not permit sufficient cost recovery, the Commission could give the incumbents an opportunity to elect between a 0.2¢ per minute rate or bill and keep.

Recently, the Commission in its number portability decision examined the appropriate charges that should be made between co-carriers. In its decision, the Commission 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 not below 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). Given the evidence in this proceeding, if the Commission adopts bill and keep until GTE and Sprint produce acceptable LRIC cost studies, the Commission will have fulfilled its statutory mandate to reasonably ensure that rates are not below cost, while encouraging the development of local exchange competition.

7. Federal Law Supports Bill and Keep And LRIC-Based Rates

Local call termination rates set at LRIC would also be consistent with the Federal Law which requires that the termination of local traffic shall be set at a “reasonable approximation” of the *incremental* cost of call termination:

(2) CHARGES FOR TRANSPORT AND TERMINATION OF TRAFFIC--

(A) IN GENERAL.--For the purpose of compliance by an incumbent local exchange carrier with section 251(b)(5), a State commission shall not consider the terms and conditions for reciprocal compensation to be just and reasonable unless--

- (i) provide for the mutual and reciprocal recovery by each carrier of costs associated with the transport and termination on each carrier's network facilities of calls that originate on the network facilities of the other carrier; and
- (ii) such terms and conditions determine such costs *on the basis of a reasonable approximation of the additional costs* of terminating such calls.

(B) *This paragraph shall not be construed to*

- (i) *to preclude arrangements that afford the mutual recovery of costs through the offsetting of reciprocal obligations, including arrangements that waive mutual recovery (such as bill-and-keep arrangements).*

Federal Law, § 252(d)(2) (emphasis added).^{6/} Thus, an interim per minute rate based on the appropriate LRIC would be entirely consistent with the Federal Law.

Most states addressing this issue prior to passage of the Federal Law have preferred to adopt bill and keep (also explicitly consistent with the Federal Law) on an interim basis, including several states that have adopted bill and keep on an interim basis expressly for the purposes of allowing the development of cost-based rates. Michigan, California, Iowa,

^{6/} This pricing standard for local call termination should not be confused with the standard for "interconnection and network element charges" which are based on cost, nondiscriminatory, and "may include a reasonable profit." Sec. 252(d)(1). This latter standard applies to "interconnection" in the sense of nonrecurring physical interconnection charges, as opposed to charges for the "termination of traffic," which the Commission is focusing on in this proceeding.

Connecticut, Oregon, Tennessee, Texas, and Washington have all adopted an interim bill and keep approach similar to the compensation arrangement adopted by the Commission in the BellSouth interconnection proceeding. In Michigan, bill and keep is applied as long as traffic is close to being in balance (within 5%). *In the matter of the application of CITY SIGNAL, INC., for an order establishing and approving interconnection arrangements with AMERITECH MICHIGAN*, Case No. U-10647, Opinion and Order, at 32 (Feb. 23, 1995). The California Public Utilities Commission recently endorsed bill and keep on an interim basis, recognizing that in the *long term* "it is the policy of this Commission that Commission-approved tariffs for call termination services should be cost-based." *Order Instituting Rulemaking on the Commission's Own Motion into Competition for Local Exchange Service*, R.95-04-043, I.95-04-044, Decision 95-07-054, at 39 (Cal. P.U.C., July 25, 1995); Decision 95-12-056, at 39 (Cal. P.U.C., Dec. 20, 1995). Connecticut has also adopted modified bill and keep with a transition to cost-based rates. *DPUC Investigation Into the Unbundling of the Southern New England Telephone Company's Local Telecommunications Network*, Docket No. 94-10-02, Decision at 62-71 (Conn. D.P.U.C., Sept. 22, 1995). Several other states are following this trend towards bill and keep rates. See Texas PURA of 1995, Vernon's Ann.Civ.St. art. 1445c-0, §3.458 (1995); *Washington Utilities and Transportation Comm'n v. US West Communications, Inc.*, Dkt. No. UT-941464, *Fourth Supplemental Order Rejecting Tariff Filings and Ordering Refiling; Granting Complaints, in Part*, at 29 (Wash. U.T.C., Oct. 31, 1995); *In Re: McLeod Telemanagement, Inc.*, Dkt. No. TCU-94-4, *Final Decision and Order*, at ¶. 16

(Iowa D.C.U.B., March 31, 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 ¶. 52 (Oregon P.U.C., Jan. 12, 1996). The Tennessee Commission also approved in December final rules that require bill and keep for one year. Rule 1220-4-8.10(3) (effective upon approval of the Attorney General and legislative committee). *See also* Late Filed Exh. 37. Finally, the Federal Law explicitly approves the use of bill and keep compensation mechanisms. Fed. Act § 252(d)(2)(B)(i). Given the clear advantages of bill and keep, the Commission should confirm its position taken in the BellSouth proceeding, follow the trend of other states and the clear approval contained in the Federal Law, ignore GTE and Sprint's false alarms, and adopt bill and keep on an interim basis until LRIC-based rates can be developed and approved.

B. Adopting Bill and Keep With a Cap or a True-Up Are Not Sensible Alternatives and Should Therefore Be Rejected By the Commission

Various parties have recommended certain modified versions of bill and keep, including the use of a cap, as utilized in the agreements between GTE and Sprint with Intermedia Exh. 7, or a "true-up" of local call termination charges once an incremental cost-based rate is established. Both of these proposals would completely defeat the purpose of adopting bill and keep on an interim basis and represent a backdoor attempt by incumbent LECs to impose additional costs on ALECs in the local call termination rate. These proposals would also create an artificial price floor for end user prices in order to protect incumbent LECs' existing revenues.

Both the “cap” (*e.g.*, compensation is only paid on 105% of the traffic of the carrier with the lower amount of outbound traffic) and the “true-up” (carriers retroactively “true-up” by making a net payment based on the eventual per minute rate once an interim bill and keep period terminates) fail to justify the additional transaction costs of measurement and bill rendering, transmittal, monitoring, auditing, and dispute resolution discussed above. As discussed at length by witnesses Cornell, it would take an unrealistically enormous amount of traffic to justify the added costs associated with these alternative mechanisms. Cornell, Tr. at 918. Witness Cornell calculated that it would take a monthly imbalance of 50 million local traffic minutes from one LEC to another to justify the additional transaction costs. Cornell, Tr. at 918. Moreover, the “true-up” concept has the added detriment of requiring ALECs to enter the market with a Sword of Damocles hanging over their head. The only way to account for potential future local termination charge payments which would exist under such a proposal is to build those future potential payments into end user rates. Cornell, Tr. at 913. This would serve to drive up consumer prices just as surely as contribution-laden per minute rates. Moreover, either proposal runs the risk of being inconsistent with the Federal Law if it incorporates the idea of rates set above LRIC. In sum, although superficially attractive, the “true-up” and “cap” proposals would largely defeat the purpose and benefits of adopting bill and keep.

B. GTE's and Sprint's Proposed Use of Switched Access Rates and Sprint's Flat-Rated Port Charge Are Fundamentally Flawed

The GTE and Sprint proposals to charge MFS switched access rates for local call termination are fundamentally flawed in several respects: they propose rates that bear no relationship to cost; they would impose unequal, nonreciprocal rates on MFS for precisely the same call as one completed by GTE and Sprint; they result in a price squeeze; they are anti-consumer in that they will result in higher rates for end users; and they offer no incentive to GTE and Sprint to reduce their call termination costs because all costs can conveniently be passed on to ALECs.

Sprint proposes that local call termination rates be set at its current switched access rates less the Carrier Common Line ("CCL") and Residual Interconnection Charge ("RIC"). Sprint admits that these rates "were set based on a revenue requirement cost recovery methodology. Poag, Tr. at 1185. (Sprint proposes that this charge could be on a per minute or per port basis. *Id.*) GTE proposes an identical rate structure of switched access less the CCL and the RIC. Beauvais, Tr. at 995. The actual switched access charge as proposed by GTE would be more than \$0.01 or 1.0¢ per minute. *Id.* The switched access rate proposed by Sprint would be slightly less than \$0.02 or 2.0¢ per minute. Poag, Tr. at 1185.

The most obvious problem with GTE and Sprint's switched access rate proposals are that they bear no relationship whatsoever to cost. Guedel, Tr. at 788-789. They are in the range of five to ten times or 500 to 1000 percent of the publicly available cost figures

for a LEC. Wood, Tr. at 789. Without citing to the confidential cost figures for either company, neither GTE nor Sprint have provided any rationale that would explain why their cost figures would be significantly different than publicly cited figures. Accordingly, the proposed GTE and Sprint rates for the essential bottleneck input of local call termination are loaded with contribution for shared and common costs, and are aimed to make the incumbents' whole and comfortably insulate them from the market forces of competition. This is directly at odds with the theory underlying the adoption of LRIC-based rates because it would permit incumbents to recover from their new entrant competitors costs that have absolutely nothing to do with local call termination. Cornell, Tr. at 896-897, 924-925.

Adopting switched access rates is not only poor public policy that would frustrate the Commission's, the Legislature's, and the federal government's goal of implementing competition, but directly contrary to both: a) the Commission's clear precedents that incremental cost-based rates are required; and b) the Federal Law's requirement that local call termination rates be set at a "reasonable approximation" of the incremental cost of local call termination. The Commission in considering the BellSouth interconnection petitions and in its interim number portability decision required incremental cost-based rates. Rather than reverse course and abandon this position, the Commission should continue in the direction suggested by all of its relevant precedents and require bill and keep until LRIC-based rates can be established.

The GTE and Sprint switched access proposals, moreover, because they are tied to the structure of the incumbent networks, result in the imposition of unequal, nonreciprocal charges on ALECs for local call termination. Under the incumbent proposals, MFS could terminate a call from point A to point B, but would pay a higher call termination charge to the incumbent than the incumbent would pay to MFS for terminating the exact same call from point A to point B. The reason for this inequitable treatment is that, under the GTE/Sprint proposals, there is a switching charge imposed every time a call is switched by GTE or Sprint, whether at a GTE or Sprint end office or tandem. A call terminated by MFS at the GTE or Sprint tandem^{2/} is likely to pass through more than one switch or tandem, simply because of GTE and Sprint's network architecture. MFS, using the latest switching technology and network architecture, has fewer switches and more transport than GTE or Sprint, and is therefore likely to switch a call fewer times. Accordingly, MFS is penalized by higher interconnection charges due to the way GTE and Sprint have chosen to construct their respective networks. This inequity is built into the incumbent switched access proposal and ensures that MFS pays more for call termination than GTE and Sprint. By adopting a bill and keep proposal and moving towards a LRIC-based call termination charge, the Commission will avoid this unequal, nonreciprocal, and unfair result.

The most anticompetitive aspect of the GTE and Sprint proposals, however, is that they implement a price squeeze on MFS that, by itself, will foreclose economically viable

^{2/} Significantly, it is technically and economically impractical for MFS to interconnect at every one of GTE's and Sprint's numerous end offices.

local calling competition. Devine, Tr. at 500-502, 568-571; Cornell, Tr. at 898. A price squeeze occurs where a firm with a monopoly over an essential input needed by other firms to compete with the first firm in providing services to end users sells the input to its competitor at a price that prevents the end user competitor from meeting the end user price of the first firm, despite the fact that the competitor is just as efficient as the first firm.^{8/} Cornell, Tr. at 893. This price squeeze has been demonstrated by several witnesses. *See, e.g.,* Deposition of Timothy Devine, at 32 (Feb. 27, 1996).

The price squeeze is particularly effective in Florida where ALECs must compete with incumbent flat-rate end user rates. Devine, Tr. at 610. In a flat-rate environment, the price squeeze is most acute for larger customers. Thus, ALECs will have an even more difficult time competing for customers with 800 monthly minutes of use than for customers with 600 or 460 minutes of use. This makes the price squeeze a particularly effective means of crippling competitors. *Id.* As GTE's witness Dr. Beauvais has admitted, "For very large volume customers, there will indeed be a point at which compensation payments may exceed the price that MFS has established to end users." Beauvais, Tr. at 1002. Competition is apparently acceptable to GTE only if it can

^{8/} A price squeeze is anticompetitive and deters entry into the market because, by raising entrants' costs, it forces an entrant who wishes to match the incumbent's prices to absorb losses as a price of entry. Because of their anticompetitive nature, price squeezes are condemned as contrary to the public policy and prohibited by the antitrust laws. *See, e.g., United States v. Aluminum Co. of America*, 148 F.2d 416, 437-38 (2d Cir. 1945); *Illinois Cities of Bethany v. F.E.R.C.*, 670 F.2d 187 (D.C.Cir. 1981); *Ray v. Indiana & Michigan Elect. Co.*, 606 F.Supp. 757 (N.D. Ind. 1984).

effectively insulate its "very large volume customers" from competition. This type of selective market foreclosure was never contemplated by the Florida Legislature or the U.S. Congress and switched access rates should therefore be rejected outright by the Commission. Significantly, every state that has adopted a per minute of use rate does not have flat-rate local service. In fact, in New York, for example, NYNEX's daytime end user rate for local calling is approximately 2.7¢/minute. New York P.S.C., NYNEX Local Exchange, Tariff No. 900. Similarly, for this reason, it would not be advisable to choose a local call termination rate for Florida simply because it was adopted in another state.

In attempting to defuse the obviously fatal impact of their proposed price squeeze, GTE and Sprint propose to factor into this analysis a variety of revenues from sources that MFS may or may not receive from customers, such as vertical services. 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, "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 best means of ensuring that a price squeeze cannot be effected is by utilizing bill and keep, which precludes a price squeeze, until LRIC-based rates can be established. The Commission should therefore adopt a bill and keep system transitioning to LRIC-based rates in order to preclude a price squeeze, while requiring all parties to compete.

Issue 2: If the Commission sets rates, terms, and conditions for interconnection between the respective ALECs and United/Centel and GTE, should United/Centel and GTE tariff the interconnection rate(s) or other arrangements?

Summary of Position: *** Yes, both GTE and Sprint should tariff the interconnection rate(s) or other arrangements.

Discussion: GTE and Sprint should be required to tariff interconnection arrangements to ensure that the arrangements are publicly available and subject to the scrutiny of all interested parties. Public scrutiny will assist in avoiding discriminatory or unjust rates or arrangements.

Issue 3: What are the appropriate technical and financial arrangements which should govern interconnection between the respective ALECs and United/Centel and GTE for the delivery of calls originated and/or terminated from carriers not directly connected to the respective ALECs' network?

Summary of Position: *** All carriers should subtend the LEC tandem for jointly provided switched access service to IXC's. Meet-point billing should follow industry

guidelines. Collocated ALECs should cross-connect without transiting the GTE/Sprint network. The carrier providing terminating access should collect the RIC as between GTE/Sprint and independents today.

Discussion: With respect to all aspects of this issue that have not been addressed as between MFS and GTE by the MFS/GTE Agreement, and all aspects as between MFS and Sprint, the Commission should adopt the policies described in Staff's Recommendation that it adopted in the MFS/BellSouth petition proceeding. Neither Sprint nor GTE have offered any evidence in this proceeding that would require different arrangements with GTE or Sprint than with BellSouth. (Many aspects of this issue have been agreed to between MFS and GTE. Where the discussion applies to GTE, GTE will be specifically mentioned.)

Because MFS and Sprint have not yet reached agreement on any aspect of this issue, however, MFS will address every aspect as between MFS and Sprint. MFS proposes that if Sprint operates an access tandem serving a LATA in which MFS operates, it should be required to permit MFS to "subtend" the tandem, so that, upon request, Sprint would provide tandem switching service to any other carrier's tandem or end office switch serving customers within that LATA. Devine, Tr. at 481-482. This arrangement is necessary to permit interexchange carriers ("IXCs") to originate and terminate interLATA and intraLATA calls on an ALEC's network without undue expense or inefficiency. As is the case with many arrangements requested by MFS, similar arrangements already exist today between Sprint and LECs serving adjoining territories.

Where tandem subtending arrangements exist today, LECs divide the local transport revenues under a standard "meet-point billing" formula established by the national standards group known as the Ordering and Billing Forum ("OBF") and set forth in FCC and state tariffs. The same meet-point billing procedures should apply where the tandem or end office subtending the tandem is operated by an ALEC.^{2/} The Commission should ensure that the same meet-point billing procedures that are standard in the industry nationwide apply between Sprint and ALECs, as well. Devine, Tr. at 482.

Sprint has also attempted to establish unique and discriminatory arrangements for ALECs for the billing of switched access charges to third parties. Specifically, Sprint is attempting to deprive ALECs of the Residual Interconnection Charge ("RIC") in circumstances in which any other carrier would normally receive the RIC. Poag, Tr. at 1256. MFS believes that switched access charges to third parties should be calculated utilizing the rates specified in MFS's and GTE's or Sprint's respective federal and state access tariffs, in conjunction with the appropriate meet-point billing factors specified for each meet-point arrangement either in those tariffs or in the NECA No. 4 tariff. MFS

^{2/} Initially, billing to third parties for the switched access services jointly provided by MFS and Sprint or GTE via the meet-point billing arrangement should be according to the single-bill/multiple tariff method. This method is a standard offering by RBOCs. *See, e.g.,* NYNEX Tariff F.C.C. No. 1 Second Revised Page 2-45 § 2.4.7. Subsequently, billing to third parties for the switched access services jointly provided by MFS and Sprint or GTE via the meet-point arrangement shall be, at MFS's preference, according to the single-bill/single tariff method, single-bill/multiple-tariff method, multiple-bill/single-tariff method, or multiple-bill/multiple-tariff method. Should MFS prefer to change among these billing methods, MFS would be required to notify Sprint or GTE of such change in writing, 90 days in advance of the date on which such change was to be implemented.

should be entitled to the balance of the switched access charge revenues associated with the jointly handled switched access traffic (for standard tandem subtending meet-point billing for interexchange carrier calls), less the amount of transport element charge revenues to which GTE and Sprint are entitled pursuant to the above-referenced tariff provisions.

Devine, Tr. at 485-554.

Sprint should not collect the RIC, which in current arrangements between Sprint and independents, is remitted to the end office provider, in this case, MFS. Of course, ALECs, even if not rate of return regulated, will provide the call termination that has always been associated with the RIC. MFS and AT&T agree that Sprint should not collect this windfall revenue for a service that is provided by the ALEC. Devine, Tr. at 717; Guedel, Tr. at 787.

Sprint's proposal whereby it would receive the RIC is also completely inconsistent with arrangements between LECs and arrangements established with competitive carriers in other states, including New York, Massachusetts, Illinois, and California. This experience in other states supports MFS's position that the carrier providing the end office switching (*i.e.*, MFS) should receive the RIC. Moreover, GTE has agreed to allow MFS to collect the RIC in the MFS/GTE Agreement.

Both GTE and Sprint have taken an unreasonable position concerning the delivery of traffic between two ALECs collocated at the same wire center. Menard, Tr. at 1064, 1092; Poag, Tr. at 1277-1278. Both GTE and Sprint refuse to permit two ALECs to cross-connect under such circumstances. This is simply another attempt to impose hidden

costs on ALECs by creating interconnection arrangements that are convenient for GTE and Sprint but extremely *inefficient* for ALECs. The Commission in adopting Staff's recommendation in the BellSouth interconnection case and the New York Public Service Commission in addressing the issue recognized the inequity of this arrangement and mandated that collocated ALECs be permitted to cross-connect in the LEC's collocation space. *Order Instituting Framework for Directory Listings, Carrier Interconnection, and Intercarrier Compensation* (N.Y. P.S.C., Sept. 27, 1995). This Commission should likewise require that such cross-connection be permitted. As to both GTE and Sprint, in the limited instances where MFS must pay for this intermediary function (such as, where both ALECs are not collocated at the same location), it should pay the lesser of: 1) GTE's or Sprint's interstate or intrastate switched access per minute tandem switching element; or 2) a per minute rate of \$0.002, transitioning to a LRIC based rate once adequate cost data is available.

The intermediary switching charge should only be applied between two LECs or ALECs that are not collocated at the same wire center for the transit of *local* calls. The intermediary transit switching charge for IXC intraLATA and interLATA switched access calls should not apply. Instead, the standard meet point billing tandem switching charge would apply. Sprint and GTE have proposed to charge both the tandem switching charges plus the intermediary switching charges for all calls which would be double-charging for transiting calls between two LECs or ALECs. This is yet another attempt by Sprint and GTE to raise entry barriers by imposing additional unjustifiable costs on new entrants.

With respect to both GTE and Sprint, in order to ensure that ALEC interconnection rates are not further improperly inflated, MFS has proposed that, where an interconnection occurs via a collocation facility, no incremental cross-connection charges would apply for the circuits. Upon reasonable notice, MFS would be permitted to change from one interconnection method to another (*e.g.*, collocation to a fiber meet point), if both carriers benefit from the change, with no penalty, conversion, or rollover charges.^{10/} Neither GTE nor Sprint agreed to waive these charges, and both could use such charges to impose additional interconnection costs on ALECs. The Commission should address these two collocation issues to ensure that hidden interconnection costs are not imposed on collocated ALECs.

With respect to all of these issues—cross-connection, tandem subtending, meet-point billing, and recovery of the RIC—it is critical that ALECs be treated in the same manner as other LECs currently are treated, that ALEC arrangements with GTE and Sprint be consistent with ALEC arrangements with BellSouth, and that neither GTE nor Sprint be permitted to impose significant unwarranted additional costs on its new ALEC competitors.

Issue 4: What are the appropriate technical and financial requirements for the exchange of intraLATA 800 traffic which originates from the respective ALECs' customer and terminates to an 800 number served by or through Sprint and GTE?

^{10/} Collocation has historically been used for special access and other services that generate revenue for the collocated party. However, traditionally, the exchange of traffic between local carriers is not an independent source of revenue.

Summary of Position: *** ALECs cannot route 800 numbers to the appropriate carrier. MFS and GTE have reached an agreement on this issue as outlined in Exhibit 4. Sprint should be required to handle database queries and route ALEC 800 number calls to the appropriate carrier. It will be compensated for this by switched access billed to IXCs and there should therefore be no fee for providing records.

Discussion: With respect to the resolution of this issue for Sprint, the Commission should adopt the policies described in Staff's Recommendation that it adopted in the BellSouth petition proceeding. Sprint has not offered any evidence in this proceeding that would require different arrangements with Sprint than those adopted for BellSouth.

New entrants have no ability to route 800 numbers to the appropriate local or long distance carrier. Sprint should therefore be required to do a database dip and route ALEC 800 number calls to the appropriate carrier. MFS agrees with Sprint that Sprint should compensate ALECs for the origination of 800 traffic terminated to Sprint pursuant to the ALEC's originating switched access charges including database queries. The ALECs and Sprint will need to provide the appropriate records in standard industry format (EMR) necessary for Sprint and ALECs to bill their customers and compensate each other. Of course, Sprint will be compensated for database queries by billing the IXCs switched access.

This issue should be viewed in the broader context of the new arrangements to be established between LECs and ALECs: LECs and ALECs will be required to reciprocally exchange significant amounts of information on a number of issues as competition

develops. Therefore, these records, like a wide variety of other information, should be reciprocally exchanged without any fees.

Issue 5: a) What are the appropriate technical arrangements for the interconnection of the respective ALECs' network to United/Centel & GTE's 911 provisioning network such that the respective ALECs' customers are ensured the same level of 911 service as they would receive as a customer of United/Centel or GTE?

b) What procedures should be in place for the timely exchange and updating of the respective ALECs' customer information for inclusion in appropriate E911 databases?

Summary of Position: *** a) MFS and GTE have reached agreement on this issue in the MFS/GTE Agreement. Sprint must provide trunk connections to its 911/E-911 selective routers/911 tandems for the provision of 911/E911 services and for access to subtending Public Safety Answering Points ("PSAPs"). Interconnection should be at the appropriate Sprint 911/E911 selective router/tandem.

b) MFS and GTE have reached agreement on this issue as outlined in the MFS/GTE Agreement. Sprint should provide on-line access for immediate E-911 database updates.

Discussion: With respect to this issue, the Commission should adopt as to Sprint the policies described in Staff's Recommendation that it adopted in the BellSouth petition proceeding. Sprint has not offered any evidence in this proceeding that would require different arrangements with Sprint than those adopted for BellSouth.

As is the case with several issues, MFS and Sprint appear to be close to agreement on the critical 911/E911 issues. However, while MFS has had a 911/E-911 proposal on the table since this Summer, Sprint has been unwilling to sign a business agreement with MFS on this or any other issue.

MFS believes that Sprint must provide trunk connections to its 911/E-911 selective routers/911 tandems for the provision of 911/E911 services and for access to all sub-tending Public Safety Answering Points ("PSAP"). Devine, Tr. at 507. Sprint must also provide MFS with the appropriate common language location identifier code and specifications of the tandem serving area. Sprint must provide MFS with the Master Street Address Guide so that MFS can ensure the accuracy of the data transfer. Additionally, Sprint should provide to MFS the ten-digit POTS number of each PSAP which subtends each Sprint selective router/9-1-1 tandem to which MFS is interconnected. Finally, Sprint should use its best efforts to facilitate the prompt, robust, reliable, and efficient interconnection of MFS systems to the 911/E911 platforms. Devine, Tr. at 508.

Sprint should provide on-line access for immediate updates of the E911 database. Devine, Tr. at 508. Sprint should arrange for MFS's automated input and daily updating of 911/E911 database information related to MFS end users. Sprint seems to be close to agreement with MFS on this issue but, unlike GTE, has not committed to either of these arrangements in negotiations with MFS. While MFS will continue to attempt to negotiate on this and other issues with Sprint, at this time it appears appropriate for the Commission to rule on this issue. The Commission should adopt the same arrangements as it approved

in adopting the Staff's Recommendation on this issue in the BellSouth interconnection proceeding.

Issue 6: What are the appropriate technical and financial requirements for operator handled traffic flowing between the respective ALECs and United/Centel and GTE including busy line verification and emergency interrupt services?

Summary of Position: *** MFS and GTE have reached agreement on this issue in the MFS/GTE Agreement. MFS and Sprint should provide LEC-to-LEC Busy Line Verification and Interrupt ("BLV/I") trunks to one another to enable each carrier to support this functionality. MFS and Sprint should compensate one another for the use of BLV/I according to the effective rates listed in Sprint's tariffs.

Discussion: With respect to this issue, the Commission should adopt as to Sprint the policies described in the Staff's Recommendations that it adopted in the BellSouth petition proceeding. Sprint has not offered any evidence in this proceeding that would require different arrangements with Sprint than those adopted for BellSouth.

Because ALECs and Sprint must be able to interrupt calls in emergency situations, Sprint and the ALECs should provide LEC-to-LEC Busy Line Verification and Interrupt ("BLV/I") trunks to one another to enable each carrier to support this functionality. ALECs and Sprint should compensate one another for the use of BLV/I according to the effective rates listed in Sprint's and MFS' federal and/or state access tariffs, as applicable. Devine, Tr. at 494. This is an issue upon which Sprint and MFS appear to be in

substantial agreement. MFS will continue to attempt to negotiate a solution to this and other issues.

Issue 7: What are the appropriate arrangements for the provision of directory assistance services and data between the respective ALECs and United/Centel and GTE?

Summary of Position: *** MFS and GTE have reached agreement on this issue in the MFS/GTE Agreement. The Commission should require Sprint to list competing carriers' customers in their directory assistance databases. All LECs should be required to update their directory assistance databases with data provided by competitors on at least as timely a basis as they update these databases with information regarding their own customers.

Discussion: With respect to this issue, the Commission should adopt as to Sprint the policies described in Staff's Recommendation that it adopted in the BellSouth petition proceeding. Sprint has not offered any evidence in this proceeding that would require different arrangements with Sprint than those adopted for BellSouth.

The establishment of a single, comprehensive directory assistance database is in the public interest. The Commission should require Sprint to list competing carriers' customers in their directory assistance databases and should require all carriers (both LECs and ALECs) to make their directory listings available to one another. In general, all LECs should be required to update their directory assistance databases with data provided by competitors on at least as timely a basis as they update these databases with information regarding their own customers.

Sprint should be ordered: (1) to provide to MFS operators or to an MFS designated operator bureau on-line access to Sprint's directory assistance database, identical to the access Sprint's own operators utilize to provide directory assistance services to Sprint end users; (2) to provide to MFS unbranded and MFS branded directory assistance service comparable in every way to the directory assistance service Sprint makes available to its own end users; (3) to allow MFS or an MFS designated operator bureau to license Sprint's directory assistance database for use in providing competitive directory assistance services; and (4) in conjunction with (2), to provide caller-optional directory assistance call completion service which is comparable in every way to the directory assistance call completion service Sprint makes available to its own end users.^{11/}

Again, MFS has been attempting and will continue to attempt to negotiate the details with respect to directory assistance with Sprint. If Sprint is not willing to agree to reasonable, nondiscriminatory terms on these issues, however, it will be necessary for the Commission to ensure that satisfactory directory assistance arrangements are available from Sprint.

Issue 8: Under what terms and conditions should Sprint and GTE be required to list the respective ALECs' customers in its white and yellow pages directories and to publish and distribute these directories to the respective ALECs' customers?

^{11/} If call completion services were to be resold, Sprint should be required to provide calling detail in electronic format for MFS to rebill the calling services or to route these calls to MFS for MFS-completion of the call..

Summary of Position: *** MFS and GTE have reached agreement on this issue in the MFS/GTE Agreement. Sprint should be required to list competing carriers' customers in its White and Yellow Pages directories, should be required to distribute these directories to ALEC customers at no charge, and should provide enhanced listings, all in the identical manner that it does for Sprint customers.

Discussion: With respect to this issue, the Commission should adopt as to Sprint the policies described in Staff's Recommendation that it adopted in the BellSouth petition proceeding. Sprint has not offered any evidence in this proceeding that would require different arrangements with Sprint than those adopted for BellSouth.

Moreover, the public interest requires that persons be able to obtain telephone listing information for a given locality by consulting only one printed directory. If Sprint were not required to include the directory listings of ALEC customers in its directories, a proliferation of directories would occur causing significant confusion and inconvenience for customers of all carriers, including those of Sprint.

Sprint has raised two other points with respect to this issue: 1) that MFS should make payments to Sprint for directory listings and distribution and 2) that MFS should negotiate directory arrangements with the appropriate Sprint affiliate.

With respect to payment, the provision of customer listing information by ALECs to Sprint and the additional customer listings contained in the white pages directories of Sprint are valuable. Thus, while Sprint may incur additional printing costs for the additional listings, its end product will be more valuable as a result. In sum, MFS should

not be required to pay Sprint for printing the listing of its customer nor should Sprint be required to pay MFS for its customer information. Devine, Tr. at 511-512.

MFS proposes that Sprint include MFS' customers' telephone numbers in all its White Pages and Yellow Pages directory listings databases associated with the areas in which MFS provides services to such customers, and distribute such directories to such customers, in the identical manner in which it provides those functions for its own customers' telephone numbers. *Id.* The Washington Utilities and Transportation Commission agreed with this position when it required U S West and GTE to "include all listings of telephone subscribers submitted to them by companies serving the same area served by the directory or database . . . provided as 'in kind' compensation to the Company providing the subscriber information."^{12/} The New York Commission has concluded that fair compensation would consist of free listings to new entrant customers, while new entrants would not be required to compensate NYNEX for the value it receives from new entrant listings:^{13/}

^{12/} *Washington Utilities and Transportation Comm'n. v. U S West Communications, Inc.*, Docket No. UT-941464, Fourth Supplemental Order Rejecting Tariff Filings and Ordering Refiling; Granting Complaints, In Part, at ¶. 57 (Washington UTC, Oct. 31, 1995).

^{13/} *Proceeding on Motion of the Commission to Examine Issues Related to the Continued Provision of Universal Service and to Develop a Framework for the Transition to Competition in the Local Exchange Market*, Order Requiring Interim Number Portability Directing a Study of the Feasibility of a Trial of True Number Portability and Directing Further Collaboration at 6 (March 8, 1995).

The inclusion of new entrant listings in incumbent directories enhances the value of the incumbent directories. This enhanced value, with its consequently increased yellow pages revenues, which would be retained by the incumbents, should fairly compensate the incumbents for any costs of including the new entrants listings in their directories and providing copies to the new entrants for their customers' use. New entrants receive the value of a comprehensive directory, without charge.^{14/}

In fact, the New York Commission also found that "any additional revenues related to the sale of directory listings to third parties should be shared between the new entrant and incumbent. . . ." *Id.* The Commission should recognize the enhanced value of Sprint directories as a result of ALEC listings in its decision on this issue. While Washington and New York have refuted the Sprint directory listings policy directly, no state has yet required ALEC payment for directory listings and distribution. The Commission should therefore prohibit Sprint from charging ALECs for directory listing and distribution.

As to the second point that MFS should negotiate an arrangement with Sprint's separate publishing subsidiary, Sprint has used this as an excuse to avoid coming to terms on this issue. If in fact Sprint cannot enter into an agreement itself, it has in no way facilitated negotiations with a separate affiliate. Moreover, such negotiations would be fruitless given what appears to be Sprint corporate policy that ALECs should be required to pay for directory listings and distribution.

^{14/} The term "LATA-wide traffic" refers to calls between a user of local exchange service where the new entrant provides the dial tone to that user, and a user of a Sprint-provided local exchange service where Sprint provides the dial tone to that user and where both local exchange services bear NPA-NXX designations associated with the same LATA.

MFS customers should be provided the same rates, terms and conditions for enhanced listings (*i.e.*, bolding, indention, etc.) as are provided to Sprint customers. MFS will provide Sprint with its directory listings and daily updates to those listings in an industry-accepted format; Sprint should provide MFS with a magnetic tape or computer disk containing the proper format. Sprint should accord MFS' directory listing information the same level of confidentiality which Sprint accords its own directory listing information, and Sprint should ensure that access to MFS' customer proprietary confidential directory information will be limited solely to those Sprint employees who are directly involved in the preparation of listings. Devine, Tr. at 511-512.

With regard to Yellow Page maintenance, Sprint should work cooperatively with MFS to ensure that Yellow Page advertisements purchased by customers who switch their service to MFS (including customers utilizing MFS assigned telephone numbers and MFS customers utilizing co-carrier number forwarding) are maintained without interruption. Sprint should allow MFS customers to purchase new yellow pages advertisements at non-discriminatory rates, terms and conditions. Sprint and MFS should implement a program whereby MFS may, at MFS' discretion, act as a sales, billing and collection agent for Yellow Pages advertisements purchased by MFS' exchange service customers. Devine, Tr. at 514.

Issue 9: What are the appropriate arrangements for the provision of billing and collection services between the respective ALECs and Sprint and GTE, including billing and clearing credit card, collect, third party and audiotext calls?

Summary of Position: *** MFS and GTE have reached agreement on this issue in the MFS/GTE Agreement. Sprint and ALECs need to exchange records in an accurate and timely manner and therefore need to develop arrangements for the reciprocal exchange of a wide variety of information without the assessment of charges between carriers. For calls provided by Sprint's interim number portability service, consolidated billing should be required.

Discussion: With respect to this issue, the Commission should adopt as to Sprint the policies described in Staff's Recommendation that it adopted in the BellSouth petition proceeding. Sprint has not offered any evidence in this proceeding that would require different arrangements with Sprint than those adopted for BellSouth.

Generally, MFS believes that Sprint and ALECs need to exchange records in an accurate and timely manner. LECs and ALECs will need to develop arrangements for the reciprocal exchange of a wide variety of information. This exchange should take place without the assessment of processing or other charges between carriers.

With respect to number portability, consolidated billing should be required where appropriate by providing for a single master bill for each wire center for calls provided by Sprint's interim number portability service, that will enable an ALEC to re-bill its end users. Carriers should also be required to enter into mutual billing and collection agreements. Sprint should be required to make Line Information Database ("LIDB") updates for ALECs that utilize interim number portability to ensure that collect, calling card, and third-party billed calls are appropriately rated, billed, and collected. Also,

Sprint should provide ALECs with this billing detail to enable ALECs to rebill their customers for these calls. Where a LEC or ALEC chooses to offer caller-paid information services, such as 976-XXXX services, customers of competing LECs and ALECs in the same service territory should have the ability to call these numbers. In this case, either the LEC/ALEC providing the audiotext service or its customer, the information provider, rather than the carrier serving the caller, determines the price of the service. Therefore, a co-carrier arrangement should provide that the originating carrier will collect the information service charge as agent for the service provider, and will remit that charge (less a reasonable billing and collection fee) to the carrier offering the audiotext service. To the extent that any charges apply for the reciprocal termination of local traffic, the originating carrier should also be entitled to assess a charge for the use of its network in this situation. This issue should be addressed in the context of the reciprocal billing and collection arrangements. Devine, Tr. at 508-511.

MFS will deliver information services traffic originated over its Exchange Services to information services provided over Sprint's information services platform (*e.g.*, 976) over the appropriate trunks. Sprint should at MFS's option provide a direct real-time electronic feed or a daily or monthly magnetic tape in a mutually-specified format, listing the appropriate billing listing and effective daily rate for each information service by telephone number. Additionally, Sprint should route calls to an MFS competitive information services platform over the appropriate trunks, and MFS will provide billing

listing/daily rate information on terms reciprocal to those specified above. Devine, Tr. at 509-510.

With respect to compensation issues, MFS will bill and collect from its end users the specific end user calling rates Sprint bills its own end users for such services, unless MFS obtains tariff approval from the Commission specifically permitting MFS to charge its end users a rate different than the rate set forth in Sprint's tariff for such services. MFS will remit the full specified charges for such traffic each month to Sprint, less \$0.05 per minute, and less uncollectibles. In the event MFS provides an information service platform, Sprint should bill its end users and remit funds to MFS on terms reciprocal to those specified above. Devine, Tr. at 510-511.

MFS has not been able to come to agreement with Sprint on any of these billing and collection issues to date.

Issue 10: What arrangements are necessary to ensure the provision of CLASS/LASS services between the respective ALECs and Sprint and GTE's networks?

Summary of Position: *** MFS and GTE have reached agreement on this issue in the MFS/GTE Agreement. ALECs and Sprint should provide LEC-to-LEC CCS to one another, where available, in conjunction with LATA-wide traffic. All CCS signaling parameters should be provided. Sprint and MFS should cooperate on the exchange of Transactional Capabilities Application Part ("TCAP") messages to facilitate full interoperability of CCS-based features between their respective networks.

Discussion: With respect to Sprint, the Commission should adopt the policies described in the Staff's Recommendation that it adopted in the BellSouth petition proceeding. Neither Sprint nor GTE have offered any evidence in this proceeding that would require different arrangements with GTE or Sprint than for BellSouth.

ALECs and Sprint should provide CCS to one another, where available, in conjunction with LATA-wide traffic, in order to enable full interoperability of CLASS features and functions. All CCS signaling parameters should be provided, including automatic number identification, originating line information, calling party category, charge number, etc. Sprint and MFS should cooperate on the exchange of Transactional Capabilities Application Part ("TCAP") messages to facilitate full interoperability of CCS-based features between their respective networks. CCS should be provided by company-wide Signal Transfer Point-to-Signal Transfer Point connections. Such interconnections should be made at the D-NIP and other points, as necessary. Given that CCS will be used cooperatively for the mutual handling of traffic, link facility and link termination charges should be prorated 50% between the parties. For traffic for which CCS is not available, in-band multi-frequency, wink start, and E&M channel-associated signaling with ANI will be forwarded. The originating carrier should also be required to transmit the privacy indicator where it applies. Network signaling information such as Carrier Identification Parameter (CCS platform) and CIC/OZZ information (non-CCS environment) should be provided wherever such information is needed for call routing or billing.

While MFS and Sprint generally agree on these CLASS interoperability issues, Sprint, unlike GTE, would not sign a detailed business agreement addressing all of the necessary aspects of this issue.

Issue 11: What are the appropriate arrangements for physical interconnection between the respective ALECs and Sprint and GTE, including trunking and signaling arrangements?

Summary of Position: *** MFS and GTE have reached agreement on this issue in the MFS/GTE agreement. ALECs and Sprint should jointly establish at least one location per LATA as a Designated Network Interconnection Point (“D-NIP”). Sprint should exchange traffic between its network and ALEC networks using reasonably efficient routing, trunking, and signaling arrangements. ALECs and Sprint should reciprocally terminate LATA-wide traffic via two-way trunking arrangements.

Discussion: With respect to Sprint, the Commission should adopt the policies described in the Staff’s Recommendation that it adopted in the BellSouth petition proceeding. Neither Sprint nor GTE have offered any evidence in this proceeding that would require different arrangements with GTE or Sprint than for BellSouth.

MFS supports interconnection at *neutral* interconnection points (referred to by MFS as Default Network Interconnection Points or “D-NIPs”). While the Staff Recommendation incorporates the idea of negotiated interconnection at “mid-span meets” “where technically and economically feasible” (Staff Recommendation at 72), MFS would emphasize that the requirement that LECs negotiate a mid-span meet should mean a

neutral meet point. If the meet point is not required to be neutral, LECs will be encouraged to negotiate meetpoints that sacrifice ALEC efficiencies for those of the LECs. If neutral meetpoints are required, each carrier will have the responsibility to bring traffic to the neutral meet point.

MFS supports the mutual exchange of traffic based on these interconnection points. Within each LATA, all carriers and Sprint should jointly establish at least one mutually acceptable location as a D-NIP. MFS and Sprint should be responsible for providing trunking to the interconnection points for the hand-off of combined local and toll traffic and each carrier should be responsible for completing calls to all end users on their network. In order to establish interconnection points, carriers would pass both local and toll traffic over a single trunk group, utilizing a percent local utilization ("PLU") factor (similar to the currently utilized percent interexchange utilization ("PIU") factor) to provide the proper jurisdictional call types, and subject to audit.

Where MFS and Sprint interconnect at a D-NIP, MFS should have the right to specify any of the following interconnection methods: 1) a mid-fiber meet at or near the D-NIP; 2) a digital cross-connection hand-off where both MFS and Sprint maintain such facilities at the D-NIP; or 3) a collocation facility. In extending network interconnection facilities to the D-NIP, MFS should have the right to extend its own facilities or to lease dark fiber facilities or digital transport facilities from Sprint or a third party under the most favorable terms Sprint offers. More than one meet-point could be established if mutually acceptable, and the cost of terminating a call to that meet-point should be identical to the

cost of terminating a call to the D-NIP. This proposal permits the interconnecting parties to determine where interconnection should take place, while minimum interconnection requirements ensure that all carriers are interconnected.

The Commission should adopt a plan that gives both Sprint and ALECs the flexibility to determine the meet-point. This approach more accurately reflects existing LEC-to-LEC arrangements and the basic concept of co-carriers as equal carriers. The Connecticut Department of Utility Control recently adopted a proposal similar to MFS' in order to maximize the efficiencies of all interconnecting parties. *DPUC Investigation Into the Unbundling of the Southern New England Telephone Company's Local Telecommunications Network*, Docket No. 94-10-02, Decision at 85 (Conn. D.P.U.C., Sept. 22, 1995).

Sprint should exchange traffic between its network and the networks of competing carriers using reasonably efficient routing, trunking, and signaling arrangements. ALECs and Sprint should reciprocally terminate LATA-wide traffic^{15/} originating on each other's network via two-way trunking arrangements. These arrangements should be jointly

^{15/} The term "LATA-wide traffic" refers to calls between a user of local exchange service where the new entrant provides the dial tone to that user, and a user of a Sprint-provided local exchange service where Sprint provides the dial tone to that user and where both local exchange services bear NPA-NXX designations associated with the same LATA.

provisioned and engineered, and each local carrier should be required to engineer its portion of the transmission facilities terminating at a D-NIP to provide the same grade and quality of service between its switch and the other carrier's network as it provides in its own network. At a minimum, transmission facilities should be arranged in a sufficient quantity to each D-NIP to provide a P.01 grade of service. MFS and Sprint should use their best collective efforts to develop and agree upon a Joint Interconnection Grooming Plan prescribing standards to ensure that trunk groups are maintained at this grade of service. Carriers should provide each other the same form and quality of interoffice signaling (*e.g.*, in-band, CCS, etc.) that they use within their own networks, and SS7 signaling should be provided where the carrier's own network is so equipped.

Each carrier should be required to provide the same standard of maintenance and repair service for its trunks terminating at the D-NIP as it does for interoffice trunks within its own network. Each carrier should be required to complete calls originating from another carrier's switch in the same manner and with comparable routing to calls originating from its own switches. In particular, callers should not be subject to diminished service quality, noticeable call set-up delays, or requirements to dial access codes or additional digits in order to complete a call to a customer of a different carrier.

Interconnection via two-way trunk groups is critical to ALECs such as MFS, and carriers should be required to interconnect using two-way trunk groups wherever technically feasible. Use of two-way trunking arrangements to connect the networks of incumbent LECs is standard in the industry. Two-way trunk groups represent the most

efficient means of interconnection because they minimize the number of ports each carrier will have to utilize to interconnect with all other carriers.

MFS has not been able to reach an agreement with Sprint on this issue. The Commission should therefore mandate specific interconnection, trunking, and signaling arrangements between MFS and Sprint.

Issue 12: To the extent not addressed in the number portability docket, Docket No. 950737-TP, what are the appropriate financial and operational arrangements for interexchange calls terminated to a number that has been “ported” to the respective ALECs?

Statement of Position: *** MFS and GTE reached agreement on this issue in the MFS/GTE Agreement. Switched access (toll) or local compensation (local) should still apply when calls are completed using interim number portability. Sprint should compensate ALECs as if traffic were terminated directly to the ALEC. Interim number portability processing and billing procedures should be established herein.

Discussion: With respect to Sprint, the Commission should adopt the policies described in the Staff’s Recommendation that it adopted in the BellSouth petition proceeding. Neither Sprint nor GTE have offered any evidence in this proceeding that would require different arrangements with GTE or Sprint than for BellSouth.

The most significant issue that was not addressed in the interim number portability docket is the compensation for termination of remote call forwarded (“ported”) calls and the entitlement to terminating network access charges on such calls. Devine, Tr. at 517-

520. Switched access represents a significant revenue source to LECs and, because the majority of ALEC customers will initially be former LEC customers utilizing interim number portability, this is a critical issue for ALECs. The Commission resolved this issue in the BellSouth interconnection proceeding by adopting the Staff's Recommendation that the carrier that ultimately terminates an interexchange call should collect the access charges from the IXC. The Commission should order the same requirements in this proceeding as Sprint has provided no legitimate basis to conclude otherwise. ALECs terminating a call should receive the appropriate compensation (switched access or local compensation, depending on the type of call) *regardless of whether a call is completed using interim number portability.*

MFS believes that this is the only approach consistent with the Commission's goal of introducing competition in the local exchange market. Only if the customers' carrier collects these revenues will competition be stimulated by interim number portability. Allowing Sprint to retain toll access charges for calls terminated to a retained number belonging to a customer of another carrier would reward Sprint for the lack of true local number portability, and therefore provide a financial incentive to delay true number portability for as long as possible. Moreover, it would reinforce the Sprint bottleneck on termination of interexchange traffic, stifling potential competition in the local exchange market. Put simply, it would give Sprint a competitive advantage by preventing new entrants from competing for toll access charges, a key component of LEC revenues.

As noted in the universal service docket, MFS does not subscribe to the LEC conventional wisdom that access charges "subsidize" local exchange service, since there is no evidence that the forward-looking economic cost of the basic local exchange service exceeds its price as a general matter. Nonetheless, access charges clearly provide a significant source of revenue -- along with subscriber line charges, local flat-rate or usage charges, intraLATA toll charges, vertical feature charges, and perhaps others -- that justify the total cost of constructing and operating a local exchange network, including shared and common costs. It is unrealistic to expect ALECs to make the substantial capital investment required to construct and operate competitive networks if they will not have the opportunity to compete for all of the services provided by the LECs and all of the revenues generated by those services. As long as true local number portability does not exist, new entrant opportunities to compete for access revenue would be severely restricted if they had to forfeit access charges in order to use interim number portability arrangements.

Interim number portability is a technical arrangement that will permit competition to take root in Florida. Because interim number portability is necessary to bring to the public the benefits of competition, it benefits all callers, and an ALEC's compensation should not vary depending on whether interim number portability is in place or not. Sprint should compensate MFS as if the traffic had been terminated directly to MFS' network, except in cases where tandem subtending meet point billing arrangements are in place where some elements are shared based on the functionality provided by each carrier. Thus, for LATA-wide calls originating on Sprint's network and terminating on MFS' network,

the effective inter-carrier compensation structure at the time the call is placed should apply. Traffic from IXCs forwarded to MFS via interim number portability should be subject to the appropriate intraLATA, interLATA-intrastate, or interstate switched access rate less those transport elements corresponding to the use of the Sprint network to complete the call.^{16/}

Not surprisingly, like BellSouth, Sprint uses interim number portability as an excuse to attempt to deprive ALECs of virtually all of their switched access revenue. (Sprint would also receive a windfall by receiving full switched access revenue despite the fact that the call is terminated over ALEC facilities.) Sprint is already receiving compensation for interim number portability (incremental cost of transport and switching).

The details of how a request for interim number portability will be processed and billed were also not addressed in the number portability docket. MFS believes that the Commission should address these issues in this proceeding to ensure that interim number portability is implemented efficiently and without dispute. Based on its experience in other states, these kinds of details are precisely the issues that are most likely to delay competition. In sum, these arrangements require that an ALEC requiring temporary number portability submit to Sprint an order on behalf of the customer. (A similarly

^{16/} In other words, Sprint should receive entrance fees, tandem switching, and part of the tandem transport charges. MFS should receive local switching, the RIC, the CCL, and potentially part of the transport charge depending upon the meet-point billing percentage. The pro-rata billing share to be remitted to MFS should be identical to the rates and rate levels as non-temporary number portability calls. Sprint will bill and collect from the IXC and remit the appropriate portion to MFS.

signed order would be required for a customer changing from MFS to Sprint.) Sprint will then provide temporary number portability for that customer. The ALEC requiring temporary number portability becomes the customer of record for Sprint and receives a single consolidated master billing statement each month for all collect and third-number billed calls associated with these numbers, with sub-account detail by retained number. Sprint will update its LIDB listings for retained numbers, and restrict or cancel calling cards associated with those forwarded numbers, as directed by the ALEC requiring temporary number portability.

The ALEC and Sprint will deliver consolidated billing statements to one another in magnetic tape formats which are compatible with their respective systems in order to re-bill their end users for collect, calling card and third-number billed calls. Additionally, the ALEC and Sprint will implement a process to coordinate temporary number portability cut-overs with unbundled link conversions. Specifically, to minimize customer downtime and inconvenience, Sprint should be required to ensure that cut-overs occur within one hour. The ALEC and Sprint will pledge to use their best efforts to ensure that temporary number portability arrangements will not be utilized in instances where a customer changes locations and would otherwise be unable to retain its number without subscribing to foreign exchange service. The Commission should adopt these procedures in this docket to ensure that interim number portability and the competition it will make possible are quickly and smoothly implemented.

Issue 13: What arrangements, if any, are necessary to address other operational issues?

Statement of Position: *** Certain operational issues remain to be resolved between MFS and GTE, but the MFS and GTE have agreed to negotiate a solution within 60 days. MFS and GTE have reached agreement on all other aspects of this issue in the MFS/GTE Agreement. With respect to Sprint, the Commission should establish reasonable arrangements to address transfer of service announcements, coordinated repair calls, information pages, and the operator reference database.

Discussion: With respect to Sprint, the Commission should adopt the policies described in the Staff's Recommendation that it adopted in the BellSouth petition proceeding. Neither Sprint nor GTE have offered any evidence in this proceeding that would require different arrangements with GTE or Sprint than for BellSouth.

The Commission should establish detailed arrangements for certain additional operational issues that MFS has found to be important issues for MFS affiliates and their customers in other states. These issues have also been exploited by incumbent LECs to obstruct or delay ALEC operations. The appropriate Commission resolution of issues such as transfer of service announcements, coordinated repair calls, information pages, and the operator reference database will therefore avoid future disputes and facilitate the introduction of competition. Devine, Tr. at 515-16.

When an end user customer changes from Sprint to MFS or vice versa, and does not retain its original telephone number, the carrier formerly providing service to the end

user should provide a transfer of service announcement on the abandoned telephone number. This announcement will provide details on the new number to be dialed to reach this customer. These arrangements should be provided reciprocally, free of charge to either the other carrier or the end user customer.

With respect to misdirected repair calls, MFS and Sprint should educate their respective customers as to the correct telephone numbers to call in order to access their respective repair bureaus. To the extent the correct provider can be determined, misdirected repair calls should be referred to the proper provider of local exchange service in a courteous manner, at no charge, and the end user should be provided the correct contact telephone number. Extraneous communications beyond the direct referral to the correct repair telephone number should be strictly prohibited. In addition, MFS and Sprint should provide their respective repair contact numbers to one another on a reciprocal basis.

Sprint should include in the "Information Pages" or comparable section of its White Pages Directories for areas served by MFS, listings provided by MFS for MFS's calling areas, services installation, repair and customer service and other information. Such listings should appear in the manner and likenesses as such information appears for subscribers of Sprint and other LECs.

Sprint should also be required to provide operator reference database ("ORDB") (*i.e.*, emergency agencies, police, fire, etc.) updates on a monthly basis at no charge in order to enable MFS operators to respond in emergency situations.

MFS would like to resolve operational issues that have proven to be obstacles in other states in advance. Such an approach would also be in the public interest. The Commission should therefore establish reasonable arrangements to address transfer of service announcements, coordinated repair calls, information pages, and the operator reference database.

Issue 14: What arrangements, if any, are appropriate for the assignment of NXX codes to the respective ALECs?

Statement of Position: *** MFS and GTE have reached agreement on this issue as outlined in the MFS/GTE Agreement. It is the understanding of MFS that Sprint does not currently assign NXX codes.

CONCLUSION


This proceeding gives the Commission an opportunity to establish a clear and detailed roadmap for the development of local exchange competition in Florida by setting compensation and other arrangements that will permit competition to emerge. MFS strongly urges the Commission to adopt a bill and keep system of reciprocal compensation for local call termination, as it ordered in the BellSouth interconnection proceeding, transitioning to LRIC-based rates in order to ensure that ALECs are not caught in a price squeeze. The MFS compensation proposal would create equal, reciprocal, and identical rates that would permit ALECs to compete. By contrast, GTE and Sprint's switched access rates are not cost-based and will lead to either higher rates for consumers, or a price squeeze for ALECs, while shielding GTE and Sprint from the forces of competition.

ALECs should receive the same switched access on “ported” calls as on other calls, and compensation to the terminating carrier should include the RIC, consistent with current industry practice.

MFS also strongly encourages the Commission to establish at the requisite level of detail the appropriate physical interconnection arrangements, including tandem subtending, meet point billing, ALEC cross-connection at a collocated site, and two-way trunking. The Commission should also address significant operational issues that may well prove to be stumbling blocks if not addressed in advance. If all of the issues addressed herein are resolved by the Commission, and compensation and rates for other essential services preclude a price squeeze, the Commission will have done what it can to encourage the immediate introduction of robust local competition in Florida consistent with the legislative mandate.

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Dated: March 22, 1996

CERTIFICATE OF SERVICE

I, Linda A. Crelling, hereby certify that on the 22nd day of March, 1996, a copy of the foregoing **Posthearing Brief of Metropolitan Fiber Systems of Florida, Inc., Docket No. 950985-TP**, was served, via Federal Express* or first-class mail, postage prepaid, to the following parties:

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