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April 5, 1996

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

Re: Resolution of Petition to Establish Non Discriminatory Rates, Terms, and Conditions for Resale Involving Local Exchange Companies and Alternative Local Exchange Companies pursuant to Section 364.161, Florida Statutes
Docket No. 950984-TP

Dear Ms. Bayo:

Enclosed for filing in the above-styled docket are the original and fifteen (15) copies of Joint Brief and Posthearing Statement of Issues and Positions of United Telephone Company of Florida and Central Telephone Company of Florida.

We are also submitting the Joint Brief on a 3.5" high-density diskette generated on a DOS computer in WordPerfect 5.1 format.

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

Thank you for your assistance in this matter.

Sincerely,

J. Jeffry Wahlen

Enclosures
cc: All parties of record
utd\950984.byo

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Resolution of Petition to Establish Non Discriminatory Rates, Terms, and Conditions for resale Involving Local Exchange Companies and Alternative Local Exchange Companies pursuant to Section 364.161, Florida Statutes	)	DOCKET NO. 950984-TP Filed: 4/5/96

JOINT BRIEF AND POSTHEARING STATEMENT OF ISSUES AND POSITIONS OF UNITED TELEPHONE COMPANY OF FLORIDA AND CENTRAL TELEPHONE COMPANY OF FLORIDA

Central Telephone Company of Florida ("Sprint/Centel") and United Telephone Company of Florida ("Sprint/United")(collectively "Sprint-United/Centel" or the "Companies") file this Joint Brief and Posthearing Statement of Issues and Positions.

I.

INTRODUCTION

The purpose of this proceeding is to set the rates, terms and conditions for the resale of unbundled network elements to the alternative local exchange companies ("ALECs") that participated in the proceeding. This is the Florida Public Service Commission's ("FPSC" or "Commission") second opportunity to address this subject. In its first decision involving BellSouth, the Commission set interim rates for an unbundled two-wire analog voice grade loop and port, and directed BellSouth to prepare and file certain TSLRIC cost studies within 60 days. These cost studies will be used to re-evaluate the interim rates and to set permanent rates for unbundled network elements.

The need for additional cost information in the BellSouth case was driven by the short statutory period for conducting the proceeding and the time consuming process of performing TSLRIC cost studies. Those same factors were at work in this case. While Sprint-United/Centel believes that the prices for unbundled network elements should be based on its special access prices, not cost, the Companies understand the Commission's interest in the cost of unbundled network elements. Given the time constraints, it is not reasonable to expect the Companies to perform the many cost studies required, some for unbundled elements the ALECs do not require immediately. Although the Companies believe that the cost information presented support the proposed prices, it may be appropriate to adopt the BellSouth approach in this case. If the Commission decides to do so, it should allow more than 60 days to perform the studies. This should not be a problem since interim rates can be established, and many of the elements that MFS has requested will likely not be ordered for some time. This would allow the parties to focus on the unbundled elements expected to be ordered first by the ALECs; i.e., unbundled loops.

II.

PROCEDURAL BACKGROUND

As it relates to Sprint-United/Centel, this proceeding began on January 24, 1996, when Metropolitan Fiber Systems of Florida, Inc. ("MFS") filed its resale petition against Sprint-United/Centel. MFS is the only party that has filed a petition directed to Sprint-United/Centel. MCI Metro Access Services, Inc.

("MCImetro"), AT&T Communications of the Southern States, Inc. ("AT&T"), World Communication, Inc., d/b/a LDDS Limited Partnership ("WorldCom"), Intermedia Communications of Florida, Inc. ("ICI"), Time Warner AXS of Florida, L.P. ("TW"), and the Florida Cable Television Association, Inc. ("FCTA") did not file petitions, but actively participated in the proceeding.

The final hearing was held in this proceeding on March 20-21, 1996. The Companies presented the prepared direct and rebuttal testimony of Mr. F. Ben Poag, which was inserted into the record at Tr. 515 and 526, and the prepared rebuttal testimony of Ms. Sandra A. Khazraee, which was inserted into the record at Tr. 495. While Mr. Poag did not include any exhibits with his prefiled testimony, other parties and Staff presented exhibits during his cross-examination, which exhibits (Nos. 20 through 25) were admitted into the record. [Tr. 581] The composite exhibit attached to Ms. Khazraee's prefiled testimony (SAK-1) was admitted into the record as Exhibit No. 6. [Tr. 510]

III.

BASIC POSITION

* The Commission should use the Companies' special access tariffs and the prices and technical arrangements therein as the basis for unbundling Sprint-United/Centel's network. It is not necessary for the Commission to address other detailed operational issues at this time.

IV.

ISSUES AND POSITIONS

ISSUE 1: What elements should be made available by Sprint-United/Centel to the ALECs on an unbundled basis (e.g., link elements, port elements, loop concentration, loop transport)?

Position:* The Commission should order the Companies' to unbundle loops consistent with their special access tariffs. The Companies propose to provide unbundled ports that will provide the capability to originate and/or terminate local, long distance, directory assistance, operator, and 911 type calls.

Discussion: The issue here is whether the Commission should require the Companies to unbundle their networks consistent with their special access tariffs, or in the manner proposed by MFS. Sprint-United/Centel believe that the Commission should order the Companies to unbundle loops consistent with their special access tariffs. [Tr. 526] Adopting this proposal will allow the Companies to provide the same unbundled loop services on a nondiscriminatory basis to ALECs, IXCs, AAVs, and cellular providers at the same rates, terms and conditions. [Tr. 516-17] The Companies also propose to provide unbundled ports which provide the capability to originate and/or terminate local, long distance, directory assistance, operator, and 911 type calls. [Tr. 524-25]

MFS has suggested that the Companies' position is unworkable because special access cannot be used to provide dial tone service. This clearly is not the case. As noted by Witness Khazraee, a special access loop is a loop just like a business or residential loop, and can be used to provide "dial tone" service. [Tr. 509-510] The difficulty in this area, if any, lies in the fact that

MFS has not clearly articulated what it wants, and the fact that its requests are not consistent with the manner in which Sprint-United/Centel's network is configured. In addition, MFS has requested unbundled elements, but does not want to pay for the engineering and set up costs associated with provisioning the requested elements.

MFS has requested four unbundled link (loop) elements: 2 wire analog voice grade, 4 wire analog voice grade, 2 wire ISDN digital grade, and 4 wire DS-1 digital grade. A loop consists of an electrical or transmission path between the network interface located at the customer's premises and the vertical side of the main distributing frame (or other designated Company frame) at the serving central office. [Tr. 497] Loops are defined by the electrical interface rather than the type of facility used. [Tr. 497]

The serving central office is comprised of a single central office switch providing exchange and long distance service to the general public. [Tr. 498] A central office switch is designed for terminating and interconnecting lines and trunks. [Tr. 498] Generally restricted to digital hosts, a switching remote wholly serving an exchange is considered a central office. [Tr. 498] Where there are multiple central office switches in a single location, each switch is a discrete termination hub which provides call processing, switching, and interconnection of communication paths for those lines and trunks terminated on it. [Tr. 498]

MFS has also requested multiple ports: 2 wire analog, 4 wire analog, 2 wire ISDN digital line, 2 wire DID trunk, 4 wire DS-1 digital DID trunk, and 4 wire ISDN DS-1 digital trunk. A port is the capability derived from the central office switch hardware and software required to permit customers to transmit or receive information over the Company's public switched network. [Tr. 498] A port provides service enabling and network features and functionality, such as translations, a telephone number, network access also provides access to operator services, E911, usage, and switched access usage services. [Tr. 498]

Sprint-United/Centel currently has two wire and four wire analog voice grade loops as well as data loops available in the Special Access tariff. [Tr. 499] These are the unbundled loops Sprint-United/Centel are currently proposing to offer. [Tr. 499] It is appropriate to offer these from the existing special access tariff because these unbundled facilities do not terminate at the Companies' switches. [Tr. 499] Rather, they are provisioned and maintained in the same way as a dedicated special access line. [Tr. 499] The Companies will work cooperatively with MFS to provide the other requested unbundled elements.

The Companies will offer interoffice transport and multiplexing to the ALECs from the appropriate special access tariff. [Tr. 499] Currently, all other carriers (e.g., AAVs) purchase transport and multiplexing from the special access tariff. [Tr. 499-500] The same should be true of ALECs.

Ports are not currently tariffed but the various grades of ports can be offered after the Companies have developed a tariff and worked out operational issues. [Tr. 500] However, Basic Rate ISDN and Primary Rate ISDN are not ubiquitously available throughout the Companies' networks and could only be offered where available to the Companies' own end users or with additional transport required to extend the service to other locations. [Tr. 500] Sprint-United/Centel does not plan to offer sub-loop unbundling or connection of unbundled loops to unbundled ports, and should not be required to do so at this time. [Tr. 500]

It is also important to note that MFS has not timely requested sub-loop unbundling or connection of unbundled loops to unbundled ports; has not negotiated with the Companies; and has not included such elements in its Petition. [Tr. 151-155] Under the regulatory scheme envisioned by the Florida Legislature, sub-loop unbundling and the interconnection of unbundled loops to unbundled ports is not ripe for a decision in this proceeding. See Section 364.162, Florida Statutes, which requires a formal request, an opportunity for negotiation, and a petition to the Commission in the event negotiations fail before the Commission can order a resolution. None of these steps has been completed with respect to sub-loop unbundling. [Exhibit 7, pp. 37-38]

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

<u>Position</u>:* The technical arrangements contained in the Companies' special access tariff represent the basics of the required technical arrangements.

<u>Discussion</u>: The technical arrangements contained in the Companies' special access tariff represent the basics of the required technical arrangements. [Tr. 524] For example, voice grade and

digital grade local loops are already available today from the Companies' special access tariff. Alterative Access Vendors ("AAVs") order these local channels today, and ALECs can do the same. [Tr. 524] Additionally, any interoffice transport facilities needed to connect these unbundled loops to an ALEC's facilities are also available from the special access tariffs. [Tr. 524]

MFS has requested permission to install loop concentration equipment in certain areas of the Companies' network. In his rebuttal testimony and on cross-examination [Tr. 188-89], MFS witness Devine clarified that MFS is limiting its current request for the placement of loop concentration equipment in the Companies' central offices (either virtual or physical collocation) for purposes of delivery of local loop traffic to MFS' central office switch. The Companies will work with all ALECs to provide unbundled services where it is reasonable and technologically efficient to do so. [Tr. 503] However, there are technical and operational issues that need to be negotiated relative to the requested loop concentration, including ownership and maintenance of such equipment. These are unique situations, with different ALEC requirements and different Company central office configurations, and must be addressed on a case-by-case basis. [Tr. 503]

<u>ISSUE 3</u>: What are the appropriate financial arrangements for each such unbundled element?

<u>Position</u>:* Unbundled services should be priced consistent with the Companies' special access tariffs. Doing so will allow the Companies to provide similar services on a nondiscriminatory basis to ALECs, IXCs, AAVs, and cellular providers at the same rates, terms and conditions.

<u>Discussion</u>: The specific prices proposed by the Companies are shown on Attachment One to this Brief. Attachment One is the same as Exhibit 25, (Bates Stamp No. 439) except that the confidential cost information on that exhibit has been deleted. The prices shown on this exhibit are consistent with the prices in the Companies' special access tariffs. These prices should be approved for the following reasons.

<u>The Proposed Prices Avoid Potential Price Discrimination</u>

It would be discriminatory to require the provision of unbundled network elements at one price for ALECs and another price for IXCs, AAVs and cellular providers. [Tr. 527] Because these unbundled services will be used for both local and toll services, there is no rational basis for attempting to have separate rates for different classes of customers for essentially the same service. [Tr. 527] Separate prices for these services for ALECs at incremental cost is inappropriate because these services are cross elastic with other services, e.g., toll and switched access services, which provide substantial contribution. [Tr. 517] A price reduction for these services in order to avoid arbitrage could have substantial negative impacts on the financial integrity of the Companies. [Tr. 517]

It would be inappropriate and discriminatory to require the Companies to offer these services to ALECs at prices that are different from the prices AAVs, IXCs, and cellular providers pay for these same services. [Tr. 517] If ALECs are able to obtain these services at lower prices than IXCs, the ALECs could use the additional margin to undercut an IXC's prices to win the customers and then resell the same or a different IXC's toll services. [Tr. 517-518] This would be a significant advantage to the ALEC since the ALEC could use these same facilities to provide both local and toll services. [Tr. 518]

TSLRIC Pricing is Inappropriate

While MFS and the other ALECs have proposed pricing unbundled network elements at TSLRIC, the Commission should not do so for the following reasons. First, this would mean that the Companies would be required to recover the shared and common costs associated with the provision of unbundled elements from its end user customers only. [Tr. 527] This is not appropriate because it creates an imbalance in the market and requires the Companies and their end users to subsidize the ALECs' competitive entry. [Tr. 527]

As noted by Mr. Poag, the Companies have other costs in addition to the incremental cost of products and services which must be recovered if they are to maintain profitability. [Tr. 527] These other costs can generally be categorized as shared costs and common overhead costs. [Tr. 527] An example of shared cost would be a software program which provides two features, for example, call waiting and three-way calling. [Tr. 527]

By the definition of a TSLRIC cost study, the shared software cost would not be included in the incremental cost of either of the individual features. [Tr. 527] However, unless the Companies have that software in place, they could not provide the service. [Tr. 527] Moreover, unless the Companies can recover the software cost with revenues from one or both features, it would not be a financially prudent decision to offer the services. [Tr. 527]

In addition to shared costs, there are also common overhead costs. From a facilities perspective, air conditioning would be an example of an overhead cost. These types of costs, and many more real costs, do not get included in the economic definition of an incremental cost study. [Tr. 520] However, the underlying expenditures are necessary to efficiently and effectively provide the requested services, and these costs must be recovered for the firm to remain profitable. [Tr. 520] These costs should not be recovered only from Sprint-United/Centel's end user customers.

Further, new entrants will be entering markets where there is a significant revenue/cost margin for the packages of services for which new entrants will be competing with the Companies. [Tr. 520] These large revenue/cost margins result from the social pricing of the Companies' fundamental, gateway services which occurred under rate base, rate of return regulation. [Tr. 520] Under rate base, rate of return regulation, the Companies' basic service rates were developed based on a residual revenue requirement basis; cost of individual services was not a factor. [Tr. 521] Basic service prices were kept low with the shortfall of revenues being made up with profits from other services, e.g., toll, access and other discretionary services. [Tr. 521] Thus, Dr. Cornell's suggestion that the only profit that is supposed to fall out in a rate case kind of approach to setting rates is a fair return on equity is totally inappropriate. [Tr. 268] While the overall revenue requirement of the firm would include a fair return on equity, the prices of individual service would be designed to recover all their direct costs, plus a contribution to shared and common costs. Thus, if the contributions from all products and services did not cover all of the shared and common costs, there would be no profit.

The net result of these prior pricing decisions is that revenues from Sprint-United/Centel's high density, low cost exchanges cover costs and provide contribution to support its high cost, low density exchanges. [Tr. 521] In the historical monopoly environment, such pricing could be maintained. [Tr. 521] However, with local competition, these revenue/cost mismatches provide new entrants with significant market opportunities. [Tr. 521] Therefore, shifting the burden of recovering shared and overhead costs solely to the LECs to attempt recovery in an environment where existing revenue/cost distortions already favor new entrants is inappropriate and will exacerbate these revenue/cost distortions. [Tr. 521]

Second, setting prices at TSLRIC would result in arbitrage of special access services and substitution of lower priced unbundled loops for switched access services. [Tr. 527-528] As noted above, any rate reduction for special access services changes the crossover point at which IXCs and end user customers will substitute special access for switched access and toll services. [Tr. 528] The ILEC would not only lose the contributions from special access service but would also lose additional revenue contributions from the switched access and toll services. [Tr. 528] The shortfall would result in additional cost recovery burdens that would have to be recovered from Sprint United/Centel's end users. [Tr. 528] This would handicap Sprint-United/Centel in the competitive market, erode support for universal service, and create unfair profit margins for the ALECs. [Tr. 528]

Third, it is generally accepted that incremental costing methods are not used for price setting but are rather a price floor which is used to test for cross-subsidization. [Tr. 519] TSLRIC should not be used in this case to set prices for unbundled network elements.

The Proposed Prices Do Not Create a Price Squeeze

MFS and the ALECs claim that the prices proposed by the Companies will create a price squeeze; however, that is not true. The prices proposed by the Companies do not present a real risk of a price squeeze. Given the fact that other ALECs have signed agreements with BellSouth which provide unbundled loops based on special access prices, it would appear that the possibility of a "price squeeze" is more of a theoretical concern than a real threat. [Tr. 531] This is true, even though the ALECs who have contracted with BellSouth have specifically reserved resolution of the imputation issue. [Tr. 538]

Indeed, applying "price squeeze" theory in the real world is difficult given the existing revenue/cost distortions for LEC services. [Tr. 531] Prices for LEC services are generally average prices and do not reflect economic cost differences. [Tr. 531-532] Due to historical social pricing policies, prices for some services far exceed cost while others are below cost. [Tr. 531-532]

If the LECs' prices reflected true economic costs, application of price squeeze theory might be more appropriate. [Tr. 532] However, there continue to be social, political and legal considerations that prohibit LECs from doing so. [Tr. 532] That being the case, the Commission should not attempt to force a text book theory on a real-world market which did not develop in the traditional economic sense. [Tr. 532] This is not to say that economic theory should be ignored, but suggests that it must be applied within the confines of the existing social, political and legal constraints and with the goals of universal service in mind. [Tr. 532]

Whether a "price squeeze" will ever occur in a manner that impairs the development of competitive local exchange service is difficult to predict. [Tr. 532] If a price squeeze occurs at all, it would probably only occur in geographic areas where the cost of a residential unbundled loop exceeds average cost. [Tr. 532] These areas are not likely to be targeted by new entrants, at least initially. [Tr. 532] If a "price squeeze" does in fact occur, the Commission will need to balance the goal of universal service against the goal of fostering local exchange competition. [Tr. 532-533]

Dr. Cornell's price squeeze argument appears to address only the worst case scenario, that is basic residential service, and even in this analysis, fails to include the revenues from other services which are associated with the access line itself. [Tr. 533] Additionally, Dr. Cornell does not address the price squeeze from the perspective of business services. [Tr. 533] For example, using Sprint United/Centel's rate for a special access service and a voice grade electrical cross-connect, the charge would be $20.35 per month. [Tr. 533] However, this service, when connected to the ALEC's switch, can replace a PBX trunk, which at Winter Park exchange rates including the subscriber line charge is $54.06, a 166% margin. [Tr. 533] In addition to the $54.06, the ALEC would also get switched access service and intraLATA toll revenues over that same facility. [Tr. 533] Clearly, the PBX trunk, the access charges and the intraLATA toll rates are far in excess of their costs. [Tr. 533]

Similarly, where an end user customer has 24 PBX trunks, the ALEC can purchase an unbundled DS1, the equivalent of 24 voice grade circuits, for $112.75 per month plus $4.45 for the electrical cross-connect. [Tr. 533-534] Thus, the unbundled loop charge, with the electrical cross-connect is $117.15 as compared to $1,297.44 that Sprint United charges for the 24 PBX trunks. [Tr. 534] Again, the $1,297.44 does not include the additional revenues that the ALEC will also receive from the provision of toll and access services over the DS-1. [Tr. 534] The difference between Sprint United/Centel's charges to end user business customers versus the charges for unbundled loops is a windfall market opportunity for ALECs. [Tr. 534] This shows that there is no real-world price squeeze. [Tr. 534]

Sprint-United/Centel's Loop
Costs are Reasonable

If the Commission decides to set unbundled loop prices at TSLRIC plus some contribution, the Commission should order Sprint-United/Centel's special access prices for unbundled loops. These prices are based on TSLRIC costs, are fully supported on the record, and are reasonable relative to the TSLRIC costs presented by GTFL in Exhibit 14. Indeed, a comparison of the costs in Exhibit 25 (Sprint-United/Centel) to the costs shown in Exhibit 14 (GTFL) reveals that Sprint-United/Centel's costs are not significantly greater than GTFL's as MFS' witness Devine has suggested. [Tr. 187] MFS witness Devine concedes that the special access two-wire voice grade analog local loop price is just a few dollars over costs. [Tr. 188]

In its first resale decision involving BellSouth, the Commission set interim rates for an unbundled two-wire analog voice grade loop and port, and directed BellSouth to prepare and file certain TSLRIC cost studies within 60 days. These cost studies will be used to re-evaluate the interim rates and to set permanent rates for unbundled network elements. The need for additional cost information in the BellSouth case was driven by the short statutory period for conducting the proceeding and the time consuming process of performing TSLRIC cost studies. Those same factors were at work in this case.

Although Sprint-United/Centel believes that the prices for unbundled network elements should be based on its special access prices, not cost, the Companies understand the Commission's interest in the cost of unbundled network elements. The Companies proposed that the cost studies filed with the Commission be used for cost support, but that it would be appropriate given the time lapse since the original studies were filed, to update the cost data. [Exhibit 25] Likewise, some of the cost information presented by the Companies was not TSLRIC-based and could be revised to reflect a TSLRIC methodology.

While the Companies believe that the existing cost information they presented support the proposed prices, it may be appropriate to adopt the BellSouth approach for some of the elements, most of which are not immediately required by MFS. If the Commission decides to do so, it should order interim rates and allow the Companies more than 60 days to perform the studies for the many elements that MFS has requested but will likely not order for some time. This would allow the parties to focus on the unbundled elements expected to be ordered first by the ALECs; i.e., unbundled loops.

The Commission Should Not Approve
<u>Distance Sensitive Pricing</u>

In its Petition, MFS never requested that the Companies cost-out or price unbundled local loops based on distance. Therefore, distance sensitive pricing is not an issue ripe for decision in this proceeding. However, during the cross-examination of

Mr. Poag, MFS and MCI asked questions about whether the cost of a loop varies based on its length. Without conceding that this is a matter which warrants a Commission decision at this time, the Commission should not, in any event, require distance sensitive pricing for unbundled loops at this time. Distance sensitive pricing will require a massive restructuring of the Companies' services and product lines and will have enormous ramifications on the Companies' marketing and service provisioning. It would also impact the cross-elasticity of switched access and special access services.

Requiring distance sensitive pricing for unbundled loops without also restructuring the Companies' entire service and product lines will place Sprint-United/Centel at a competitive disadvantage. Deaveraging the price for a local loop now would allow an ALEC to offer deaveraged prices for retail services when the Companies cannot. For example, an ALEC might charge a customer located one mile from the central office a price lower than it would charge a customer 20 miles from a central office. Because Sprint-United/Centel cannot as a general rule offer distance sensitive, deaveraged prices for its tariffed retail services, enabling ALECs to do so by approving distance sensitive pricing for unbundled loops will place the Companies at a competitive disadvantage.

Conversion Charges

The Companies should not be required to convert their bundled services to unbundled services and assign such services to MFS-FL with no penalties, roll-over, termination, or conversion charges to MFS or the customer. [Tr. 503] There are nonrecurring costs involved in making the changes necessary in the network and the records to change an end user's service. [Tr. 503] The Companies are required to recover that cost from their own end users and should be allowed to recover these costs from the cost causers, including ALECs like MFS. [Tr. 503]

Exhibit 6 (SAK-1), which addresses the technical arrangements for the provision of unbundled network elements [Tr. 502], consists of diagrams that illustrate potential solutions for providers with unbundled loops, based on a variety of technologies. [Tr. 502] This document reflects various loop unbundling scenarios and the Companies' proposals for the basic technical arrangements necessary to provide unbundled loops. In some cases it will be impractical and in other cases technically impossible simply to convert an existing local loop to MFS without additional facilities and/or facilities rearrangements. [Tr. 171-175] These additional facilities and activities will involve additional costs which must be borne by MFS.

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

Position:* It is not necessary for the Commission to address other detailed operational issues at this time. [Tr. 525] Sprint-United/Centel are willing to work in good faith with MFS and other ALECs to address their operational concerns.

Discussion: It is not necessary for the Commission to address detailed operational issues at this time. [Tr. 525] Sprint-United/Centel are willing to work in good faith with MFS and other ALECs to address their operational concerns. [Tr. 525] Since it will be difficult to predict the areas in which the Commission will be called upon to arbitrate operational disagreements between Sprint-United/Centel and ALECs, it is premature to decide detailed operational issues at this time. [Tr. 525] Rather, detailed operational issues are best left to the parties, with resolution by the Commission on a case-by-case basis when disagreements occur. [Tr. 525]

MFS has suggested that Sprint-United/Centel should be required to develop an on-line electronic file transfer arrangement by which MFS-FL may place, verify, and receive confirmation on orders for unbundled elements, and issue and track trouble tickets and repair requests. The Commission should decline to require this at this time. The ability to transfer information electronically between the Companies and all ALECs competing with the Companies would be beneficial to both Sprint-United/Centel and the ALECs. [Tr. 504] However, Sprint-United/Centel should not be required to develop new systems simply to allow electronic interconnection in the manner desired by each ALEC. [Tr. 504] If the existing systems can be used to effect such transfers of information or if minor modifications can be made to the existing systems, then the Companies would be willing to negotiate such transfers with the ALECs. [Tr. 504]

<u>ISSUE 5</u> (legal): To what extent are the non-petitioning parties that actively participate in this proceeding bound by the Commission's decision in this docket as it relates to Sprint-United/Centel?

<u>Discussion</u>: By stipulation of the parties, the decision reached in Docket No. 950985-TP applies in this docket. [Tr. 14] This issue was resolved in Docket No. 950985-TP as follows:

> Any interconnector ALEC who fully participates in this proceeding is bound by the resolution of the issues. Such ALEC is still free to negotiate its own interconnection rate. And to the extent negotiations fail, affected ALECs may petition the Commission to set interconnection rates.

[Docket No. 950985-TP; Tr. 90]

In the context of this case, the resolution of this issue should read as follows:

> Any ALEC who fully participates in this proceeding is bound by the resolution of the issues. Such ALEC is still free to negotiate its own unbundled elements. And to the extent negotiations fail, affected ALECs may petition the Commission to set prices for unbundled network elements.

DATED this 5th day of April, 1996.

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ATTORNEYS FOR CENTRAL TELEPHONE COMPANY OF FLORIDA AND UNITED TELEPHONE COMPANY OF FLORIDA

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by U. S. Mail or hand delivery (*) or overnight express (**) this 5th day of April, 1996, to the following:

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Sprint-United
Unbundled Exchange Elements

Link Categories (Loop)	Existing Tariff Recurring Rate	Proposed Unbundled Recurring Rate	Cost	Cross-reference to Cost Backup
2 wire analog voice grade				
Residence	$ 19.05	$ 19.05	CONFIDENTIAL	Residence loop cost study-Page 2-Line "TOTALS"
Business	$ 19.05	$ 19.05	CONFIDENTIAL	Business loop cost study - Page 2 - Line "TOTALS"
4 wire analog voice grade	$ 28.75	$ 28.75		Costs were provided in original tariff filing T91-312 with 1990 data; needs to be updated.
2 wire ISDN (BRI) digital grade	See Note 1	N/A	N/A	See T96-053
4 wire DS-1 digital grade	$112.75	$112.75		Costs were provided in original tariff filing T91-312. Needs to be updated (See GET A 20, Sheet 48).
Port Categories (Switch Access)				
2 wire analog line				
Residence	N/A	$ 3.50	CONFIDENTIAL	Line Port Cost study - 1st Page
Business	N/A	$ 9.00	CONFIDENTIAL	Line Port Costs study - 1st Page
PBX trunk	See attached	See attached	N/A	Not Available - Do not have PBX usage data. Use Network Access Register (See GET A 12, Sheet 45).
4 wire analog line				Not sure what this is. It appears to be line side termination through a channel bank.
2 wire ISDN (BRI) digital line	$ 55.00	$ 55.00	CONFIDENTIAL	See T96-053
2 wire analog DID trunk				MFS is requesting bundled services consisting of an analog port and tariffed DID service.
4 wire DS-1 digital DID trunk				MFS is requesting bundled service consisting of trunk side port plus tariffed DID service.
4 wire ISDN DS-1 (PRI) digital trunk	$325.00	$325.00	CONFIDENTIAL	See T94-560 (See GET A-10, Sheet 5).
ISA Basic	$ 15.00	$ 15.00	CONFIDENTIAL	See T94-560 (See GET A-10, Sheet 5).
D Channel Access	$150.00	$150.00	CONFIDENTIAL	See T94-560 (See GET A-10, Sheet 5).
D Channel Backup	$150.00	$150.00	CONFIDENTIAL	See T94-560 (See GET A-10, Sheet 5).

N/A - Not Available. For the elements shown as Not Available - there are costs associated with these elements but the company has not estimated them.
Note 1: In addition to port charge of $55.00 recurring rate, the customer must also subscribe to R-1 or B-1 service.