

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Resolution of) DOCKET NO. 950984-TP
petition(s) to establish) ORDER NO. PSC-96-0811-FOF-TP
nondiscriminatory rates, terms,) ISSUED: June 24, 1996
and conditions for resale)
involving local exchange)
companies and alternative local)
exchange companies pursuant to)
Section 364.161, F. S.)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman
J. TERRY DEASON
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

BY THE COMMISSION:

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ORDER ESTABLISHING PROVISIONS FOR THE RESALE OF SERVICES
PROVIDED BY GTE FLORIDA INCORPORATED,
UNITED TELEPHONE COMPANY OF FLORIDA, AND
CENTRAL TELEPHONE COMPANY OF FLORIDA

I. BACKGROUND

The 1995 Florida Legislature approved substantial revisions to Chapter 364, Florida Statutes. These changes included provisions that authorize the competitive provision of local exchange

telecommunications service. Incumbent local exchange companies may elect to be price regulated rather than rate base, rate-of-return regulated companies. GTE Florida Incorporated (GTEFL) and United Telephone Company of Florida and Central Telephone Company of Florida (collectively United/Centel) elected to be price regulated.

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

On August 30, 1995, the Prehearing Officer set forth the procedural dates governing petitions filed requesting the Commission to establish nondiscriminatory rates, terms, and conditions for resale. See Order No. PSC-95-1083-PCO-TP. On January 24, 1996, Metropolitan Fiber Systems of Florida, Inc. (MFS-FL) filed a petition requesting that the Commission establish such nondiscriminatory rates, terms, and conditions for resale with GTEFL and United/Centel. The hearing in this docket was held on March 20 and 21, 1996. Our decision, based on the evidence in the record, is set forth below.

II. MFS-FL/GTEFL STIPULATION

On February 19, 1996, MFS-FL and GTEFL signed an agreement regarding several terms for unbundling and resale and stipulated some issues within this proceeding. On March 20, 1996, at the hearing, we approved the stipulation without objection. The stipulation resolves some of the terms for unbundling and resale between MFS-FL and GTEFL with regards to Sections IV, V and VII of this Order. The stipulation is attached to this Order as Attachment A, and is by reference incorporated herein.

III. NON-PETITIONING PARTIES AND THIS DECISION

At the prehearing conference held on March 1, 1996, the following issue was identified: "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

United/Centel and GTEFL?" The issue was orally argued at the hearing by the parties and ruled upon as follows:

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

IV. UNBUNDLED ELEMENTS

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

unbundle all of its network features, functions, and capabilities, including access to signalling databases, system and routing processes, and offer them to any other telecommunications provider requesting such features, functions or capabilities for resale to the extent technically and economically feasible.

We interpret this to mean that LECs are required to unbundle any network feature, function and capability upon request. This section does not require the LECs to offer existing tariffed services as unbundled network elements.

Generally, the parties agree that United/Centel should be required to unbundle loops, ports, loop concentration and any transport associated with these elements. Disagreement among the parties arises as to the level of unbundling requested by MFS-FL.

A. MFS-FL's Request

MFS-FL requested that United/Centel unbundle its exchange services into two separate packages: the link element plus cross-connect element and the port element plus cross-connect element. Specifically, MFS-FL seeks unbundled access and interconnection to the following forms of unbundled links: 1) 2-wire and 4-wire analog voice grade; 2) 2-wire Integrated Services Digital Network (ISDN) digital grade; and 3) 4-wire DS-1 digital grade.

A link element or loop element is the transmission facility, or channel or group of channels on such facility, which extends from the LEC end office to a demarcation point at the customer's premises. 2-wire analog voice grade links are commonly used for local dial tone service. 2-wire ISDN digital grade links are a 2B +D basic rate interface integrated services digital network (BRI-

ISDN) type of loop which meets national ISDN standards. 4-wire DS-1 digital grade links provide the equivalent of 24 voice grade channels. Cross-connection is an intra-wire center channel connecting separate pieces of telecommunications equipment including equipment between separate collocation facilities.

MFS-FL also requests the following forms of unbundled ports be made available by United/Centel: 1) 2-wire and 4-wire analog line; 2) 2-wire ISDN digital line; 3) 2-wire analog direct inward dialing (DID) trunk; 4) 4-wire DS-1 digital DID trunk; and 5) 4-wire ISDN DS-1 digital trunk.

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

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

MFS-FL also requests the ability to use its own digital loop carrier (DLC) through collocation to provide loop concentration or to purchase such loop concentration from United/Centel. MFS-FL also filed testimony on unbundled access and interconnection to the link sub-elements of United/Centel's DLCs located in the field.

B. United/Centel's Proposal

In addition to collocation offered in its expanded interconnection tariffs, United/Centel proposes to offer unbundled loops and ports. United/Centel's witness Poag asserts that United/Centel's existing special access tariff contains the loop elements that should be provided to MFS-FL on an unbundled basis. Special access services are currently used to connect end users to IXCs for switched toll and private line services. United/Centel

asserts that special access services meet the needs of IXCs and end users for a large variety of toll services; special access should be used to provide services on a local basis as well as a toll basis.

United/Centel proposes to offer unbundled ports with the capability to handle local, long distance, directory assistance, operator and 911 type calls. Currently, United/Centel's only tariffed port is a Centrex network access register (NAR) which is equivalent to the dial tone element of a PBX trunk. United/Centel states that it is in the process of developing residence, single line business, and rotary business ports.

C. Loop/Link vs. Special Access

MFS-FL argues that using a special access line as an unbundled loop is not appropriate. MFS-FL's witness Devine asserts that special access lines provide for additional performance parameters that are beyond what is necessary to provide plain old telephone service (POTS). He states that installation of a special access line typically requires special engineering by the LEC and costs more than installation of a POTS line. Another concern arises when a United/Centel customer chooses to change service to MFS-FL. MFS-FL asserts that the customer's existing link facility should be rolled over from United/Centel to MFS-FL without having the entire link re-provisioned or engineered over different facilities. MFS-FL's concerns regarding customer rollover are addressed in Section VII of this Order. We recognize that dedicated services are rated to reflect operational parameters that go beyond that of a basic local loop. Therefore, we find that special access lines are not an appropriate substitute for an unbundled loop.

D. ISDN Loops and Ports

MFS-FL argues that alternative local exchange companies (ALECs) must be able to use 2-wire and 4-wire connections in analog or digital format to offer advanced network services such as ISDN. Further, MFS-FL states that private branch exchange (PBX) and key systems almost always require a 4-wire connection. MFS-FL asserts that if the appropriate range of unbundled loops are not offered, ALECs effectively will be precluded from offering sophisticated telecommunications services, such as ISDN. Thus, MFS-FL states, United/Centel will be able to offer such sophisticated services without competition.

United/Centel states that it has 2-wire and 4-wire analog voice grade loops as well as data loops available in its special access tariff. United/Centel's witness Khazraee states that ports

are not currently tariffed but various grades of ports can be offered once a tariff is developed and operational issues are resolved. United/Centel states that it was confused as to exactly what MFS-FL is requesting.

It is curious that six months after MFS-FL's initial contact with United/Centel there is still a misunderstanding regarding MFS-FL's unbundling request. We find MFS-FL's request to be reasonable. We also find MFS-FL's request is consistent with its agreement with GTEFL and our decision regarding MFS-FL's unbundling for BellSouth Telecommunications, Inc. See Order No. PSC-06-0444-FOF-TP, issued March 29, 1996.

E. Loop Concentration

MFS-FL a nonpetitioner requests that it be allowed to collocate loop concentration equipment in United/Centel's central offices. United/Centel states that it will allow central office collocation of loop concentration equipment if it is being used for terminating loop facilities. We find that it is appropriate to allow ALECs to collocate loop concentration equipment. Collocating loop concentration equipment was not explicitly addressed during the expanded interconnection proceedings. That proceeding addressed collocation facilities as encompassing central office equipment needed to terminate basic transmission facilities, including optical terminating equipment and multiplexers. See Order No. PSC-94-0285-FOF-TP, issued March 10, 1994. In addition, we believe that the procedures for collocating loop concentration devices should be the same as those ordered in the expanded interconnection proceedings.

F. Loop Transport

MCImetro, an intervenor, requests loop transport from United/Centel. Loop transport is the function of transporting concentrated loops from the central office of the incumbent LEC to the switch of the ALEC. United/Centel asserts that loop transport is nothing more than interoffice transport and should be handled via existing tariffed rates. MFS-FL agrees and states that it would purchase this capability from United/Centel's tariff. We do not construe MFS-FL's request to include loop transport as an unbundled element. The ALECs currently have the option to lease these facilities from the LEC or to provide the facilities themselves as envisioned in expanded interconnection and ordered in the local transport restructure. See Orders Nos. PSC-94-0285-FOF-TP, issued March 10, 1994, and PSC-95-0034-FOF-TP, issued January 9, 1995. Accordingly, we find that it is not necessary to require

United/Centel to create a new pricing element if the petitioner has not requested it.

G. Sub-loop Unbundling

MFS-FL states that sub-loop unbundling consists of breaking the local loop into sub-elements that can be purchased by the ALEC. MFS-FL's witness Devine maintains that MFS-FL should have access to United/Centel's loop concentration equipment deployed in the field. Witness Devine states that sub-loop unbundling is needed in the future but that MFS-FL is not initially requesting it. We find that United/Centel shall not be required to offer sub-loop unbundling at this time because MFS-FL has not requested it. Upon a bona fide request from MFS-FL, United/Centel and MFS-FL shall develop a comprehensive proposal for sub-loop unbundling for our review. The proposal shall include cost and price support for each unbundled element, and a list of operational, administrative and maintenance procedures.

V. TECHNICAL ARRANGEMENTS

MFS-FL and MCImetro assert that interconnection of unbundled elements should occur at United/Centel's central office via collocated facilities, including loop concentration, or by way of loop transport. LDDS supports MFS-FL's and MCImetro's request.

FCTA and Time Warner state that unbundled elements should be made available at interconnection points. Time Warner believes this should be achieved according to industry standards.

AT&T asserts that unbundled elements should be provided in a manner that will not prohibit the new entrant from providing the same quality of service as the incumbent LEC. This means that technical arrangements used to connect unbundled elements to a new entrant's network should be equal to those currently used to connect these elements within the LEC's own network.

MFS-FL provided references to BellCore technical publications for digital loop carrier systems. Witness Devine states that most companies, whether an ALEC, incumbent LEC, or interexchange carrier, generally abide by BellCore standards. MFS-FL is requesting that collocation of loop concentration devices (digital loop carrier) be allowed. MFS-FL intends to aggregate its traffic via loop concentration and transport it to its respective switch. As stated previously, ALECs shall be allowed to collocate loop concentration devices within United/Centel's central office.

United/Centel states that the technical arrangements contained in its special access tariff provide a good starting point. United/Centel asserts that the technical requirements used to interconnect each of the unbundled elements are industry standards. These industry standards were developed by one or more of the following agencies: BellCore, American National Standards Institute (ANSI), or the International Telegraph and Telephone Consultive Committee (CCITT).

Upon consideration, we believe that the telecommunications industry has developed and created its own set of standards that are widely used for the provision of local traffic. These standards are a reasonable starting point for the provision of unbundled network elements and that this serves the public interest by helping to maintain service quality. Therefore, all parties shall adhere to industry standards for the provision and operation of each unbundled element.

VI. PRICING OF UNBUNDLED ELEMENTS

Section 364.01, Florida Statutes, mandates that the competitive provision of local exchange service is in the public interest. Section 364.161, Florida Statutes, requires unbundling of LEC features, functions, and capabilities, including access to signaling databases, systems and routing processes. The unbundling and resale of certain LEC features, functions and capabilities by competitors allows them to enter the market more quickly and with less cost than if they had to build an entire duplicative network. The statute also requires that unbundled rates not be set below cost but neither may they become a barrier to competition.

Essentially, parties were divided with respect to pricing of unbundled loops: those who advocated pricing at Special Access rates and those who advocated pricing at Total Service Long Run Incremental Cost (TSLRIC). The LECs and those ALECs who had signed agreements with the LECs, such as Florida Cable Telecommunications Association, Inc. (FCTA) and Time Warner, proposed Special Access rates or rates with some contribution in them. The others, including AT&T, MCImetro, MFS-FL, and LDDS, believe that for competition to occur, unbundled loop rates must be priced no higher than TSLRIC. MCImetro also advocates the establishment of deaveraged rates for unbundled loops which will be discussed further.

A. TSLRIC Data

Although the definitions are similar, there has not been a universally accepted definition of TSLRIC proposed in this proceeding. GTEFL witness Duncan states that it is defined differently depending on the context; in this proceeding, he means the average incremental cost of providing a service as opposed to not providing it at all. MCImetro witness Cornell describes it as the direct economic cost, which includes recovery of the firm's cost of capital, but does not include any contribution above cost. Witness Cornell also explains that the phrase "reasonable return on capital" as expressed in regulatory terms, is called "a normal profit" in standard economic terms.

MFS-FL appears to use Long Run Incremental Cost (LRIC) and TSLRIC interchangeably. For example, witness Devine, in deposition, agreed with Dr. Cornell's definition of TSLRIC, yet he refers to that type of cost as "LRIC." Witness Devine defines LRIC as the direct economic cost of a given facility, including the cost of capital, and represents the cost that the LEC would otherwise have avoided if it had not installed relevant increment of plant, that is, local loops in a given region. This definition is similar to the ones given by MCImetro witness Cornell and GTEFL witness Trimble.

GTEFL witness Trimble explains the concept as follows:

... if the company were to get out of the R-1 residential business, the true TSLRIC would be defined as the total cost to the company with R-1 residential service minus the total cost of the company without residential service, or the total change in cost to the company.

Witness Trimble also noted that for a multi-product firm with significant joint and common costs, it is extremely difficult to calculate a true TSLRIC, and that he knew of no telecommunications company that had actually performed a true TSLRIC study. Therefore, GTEFL developed a two-step process by which it computed two known TSLRIC components: volume-sensitive costs (or LRIC) and the volume-insensitive costs specific to that service, which he describes as fixed costs. He indicated that certain common costs would be appropriate to include as well, but these were not identified and quantified for this proceeding.

United/Centel did not conduct any cost studies for loops at all. United/Centel did not define its cost data as TSLRIC except for the ports for the 2-wire analog loops. Unlike GTEFL,

United/Centel did not attempt to develop a substitute or proxy for TSLRIC.

AT&T described TSLRIC as the actual cost that the LEC incurs in providing the unbundled element, either to itself or to a new entrant. According to AT&T, when prices are set at TSLRIC, neither the new entrant nor the incumbent is disadvantaged. Both AT&T and MCImetro argue that TSLRIC is competitively neutral and thus will not be a barrier to competition by causing a price squeeze.

For purposes of this proceeding, we find that the TSLRIC estimates, where provided in accordance with our findings in this proceeding, shall be used to determine whether an unbundled rate meets the statutory requirement. Specifically, no permanent unbundled loop rate shall be set below our best estimate of TSLRIC, as determined by the evidence provided in this proceeding. TSLRIC estimates shall be based on the provider's current or prospective network facilities, as opposed to some theoretically optimal network configuration.

B. GTEFL Cost Data

GTEFL provided approximations of TSLRIC for the loops and ports that it has agreed to provide to MFS-FL. As noted earlier, GTEFL states that true TSLRIC estimates are extremely difficult to produce. Therefore, GTEFL provided estimates that reflect volume sensitive LRIC plus volume insensitive costs. We believe that this approach is reasonable considering the statutory time constraints in this proceeding. GTEFL provided cost data for several types of loops and ports that were requested specifically by MFS-FL.

For loops, the LRIC (or volume-sensitive) cost components included the basic loop costs, by distance, the Drop-In protector, the Main Distribution Frame (MDF) protector, the Network Access Cross Connect (NACC) which connects the port to the loop, Billing & Collection (B&C), and volume-sensitive customer contact/marketing expense. The volume-insensitive components included spare capacity equipment and volume-insensitive customer contact/marketing expense. GTEFL provided data for DS-1 channels and transport costs.

For ports, the LRIC cost components included the Basic Level Switch Interface (the line card that connects the loop and switch), Billing & Collection, Directory Exchange, which relates to costs for telephone directories, and volume-sensitive customer contact/marketing expense. The volume-insensitive component included just the volume-insensitive customer contact/marketing expense. GTEFL provided data for DID and ISDN costs.

MFS-FL states that GTEFL should exclude extra costs such as B&C, customer contact and marketing, as well as spare capacity inventory. MFS-FL proposes that GTEFL and United/Centel be required to resubmit proper cost data for the link, port, cross-connect, and local usage. MFS-FL further proposes that the Commission set interim rates so that local competition is not delayed in the meantime.

MCImetro states that GTEFL's cost studies include high amounts of marketing costs that should not be included in the TSLRIC of unbundled loops. MCImetro argues that LECs should not incur marketing costs on any unbundled network elements. GTEFL witness Trimble testified that these costs do not reflect retail marketing efforts, but rather the sales and support efforts that GTEFL does for interexchange carriers. He believes that this type of support would continue for ALECs in the unbundled environment. He explained that in developing these expenses, GTEFL used data that related to the current support provided to IXCs for special access services since that was information they had available.

We note these marketing or customer support costs were slightly over 12% of the total unbundled 2-wire loop cost. There is no evidence in the record that provides guidance as to what a reasonable proportion of total cost such customer contact/support expenses should be. Witness Trimble acknowledged that GTEFL had not provided specific supporting documentation for the expense numbers submitted.

We disagree with MFS-FL that GTEFL should exclude all B&C, customer contact and marketing, and spare capacity inventory. These types of costs are relevant TSLRIC components because they represent costs that would be avoided in the long run if the LEC did not provide the service. If these are costs which are not incurred if the service is not provided, then they are relevant costs to provide the service. As with the marketing and customer contact expenses discussed above, GTEFL did not provide support for the specific figures it used.

We believe that the cost data which GTEFL provided was a creditable effort, particularly given the time constraints of this proceeding. We believe that, for the most part, it is adequate to set rates for unbundled loops and ports in this proceeding.

One exception is the data provided for the 4-wire DS-1 loop. The TSLRIC estimate that GTEFL provided is higher than the Special Access rate that GTEFL has proposed for this element. In addition, the TSLRIC estimate is higher than GTEFL's currently tariffed rates for the equivalent service in its Private Line and Local Transport

tariffs as well. Since none of GTEFL's tariffed DS-1 rates cover the cost as submitted, we shall require GTEFL to reexamine the DS-1 loop cost estimate submitted in this proceeding and shall refile it. Alternatively, GTEFL shall explain why its TSLRIC estimate is higher than its proposed rate, current tariffed Special Access charge, for the unbundled DS-1 loop. In addition, GTEFL shall explain why its TSLRIC is higher than the currently tariffed rate for the equivalent service in its current Private Line and Local Transport tariffs. In the meantime, the current DS-1 Special Access rate shall be used as an interim rate for the unbundled 4-wire DS-1 loop.

C. United/Centel Cost Data

United/Centel filed its cost data on the rate elements immediately prior to hearing. United/Centel did not provide cost estimates or proposed rates for most of the requested elements. Instead of cost support, United/Centel cited to old tariffs. However, witness Poag conceded that he was not sure whether costs were in fact provided with those tariffs. He stated that for the 2-wire voice grade analog loop costs that he provided, the studies were old and the costs needed to be updated. Moreover, the loop costs did not reflect unbundled loops, but rather, consisted of the loop portion of residential and business exchange service. Witness Poag testified that the costs could be considered incremental but could not identify them as LRIC or TSLRIC. The only TSLRIC cost data provided, according to witness Poag, were for the 2-wire ports, and for these he submitted different estimates for residential and business ports. For reasons to be discussed, we do not believe that unbundled elements should be priced according to the type of user of the service. There were several elements for which neither costs nor rates were proposed. For those, witness Poag conceded that he was unclear as to what MFS-FL was requesting.

The data provided does not adequately support the development of rates for the elements requested; therefore, United/Centel shall refile cost studies for all elements requested by MFS-FL as found in Section IV of this Order. United/Centel shall organize the data so that we can determine the relevant TSLRIC cost components and the associated amounts. The cost data need not reflect separate estimates for residential and business: it shall include weighted averaged costs for each component. To the extent that TSLRIC is unavailable or a proxy is used, this needs to be stated clearly and the method used explained. These estimates shall be based on the provider's current or prospective network facilities, as opposed to some theoretically optimal network configuration. The cost studies shall conform to the information requirements set forth in Rule 25-

4.046, Florida Administrative Code. These studies shall be submitted no later than 60 days from the issuance of this Order.

We find the following rates are approved on an interim basis only: 2-W voice grade analog loop at \$15.00; and 2-W analog line port at \$7.00. These rates will be used as an interim mechanism so that ALECs may obtain service as quickly as possible. These interim rates will recover the costs as preliminarily identified by United/Centel.

D. "Price Squeezing" and Imputation

GTEFL argues that there will be no price squeeze if unbundled loop rates are set at Special Access rates, because ALECs will generate revenues from non-basic services. MFS-FL, however, argues that providing simple links at Special Access rates would create a price squeeze. The ALECs also stated that they would not be able to resell competitively at those rates.

MCImetro witness Cornell states that any price above TSLRIC for essential inputs would not permit the LEC to pass an imputation test and would therefore create a price squeeze. MCImetro argues that LEC proposals discriminate because they want to charge special access rates to ALECs for elements which the LECs obtain at TSLRIC. MCImetro argues that if a price squeeze is allowed to occur, then equally efficient firms would not be able to compete. Witness Cornell argues that a proper imputation test would require that the price floor for a LEC retail service (local exchange service) equal: (a) the price charged to ALECs for monopoly inputs (loops), plus (b) the LEC's TSLRIC of all other components of the retail service, such as switching, transport, billing and directory listings. MCImetro states that the LECs' current local exchange rates do not pass an imputation test: local exchange rates would have to more than double to pass the imputation test at the proposed special access rates.

Witness Cornell offers three alternative solutions: 1) raise local rates; 2) reduce the prices charged to ALECs for essential inputs; or 3) Universal Service Fund (USF). MCImetro recommends reducing rates to ALECs in the short run by setting rates at TSLRIC with deaveraged loops; in the long run, local rates should be raised to affordable levels and the difference should be funded by means of a USF mechanism. MCImetro argues that this is the only solution under the current regulatory regime where unbundled loops must cover costs, and local rates are capped below the claimed average cost of an unbundled loop.

Time Warner agrees with MCImetro that the proper imputation standard would require the incumbent LEC to recover from the retail service the price charged to entrants for monopoly inputs, plus all the other costs of providing the retail service. Alternatively, a LEC could reduce the price of its monopoly elements to avoid a price squeeze and to pass an imputation test. However, Time Warner disagrees with MCImetro that exercising this alternative would require pricing the inputs at TSLRIC. Time Warner also endorses MCImetro's third alternative, where local rates are frozen, to rely on the USF to make up the difference between TSLRIC and the unbundled loop.

We believe that to be able to compete, the ALECs must pay rates for essential inputs that do not result in a price squeeze by exceeding the rates charged by their competitors, the LECs, for their retail local exchange services. Given the statutory restrictions that LEC unbundled rates must not be set below cost, and that basic local rates may not increase prior to January 1, 1999, we find that the best course is to set rates now for essential monopoly inputs at or near TSLRIC. We agree with MCImetro witness Cornell that in the long run, if necessary, local rates could be raised to affordable levels and any difference could be funded by means of a USF mechanism.

E. Contribution to Shared and Common Costs

United/Centel argues that using Special Access tariffed rates avoids price discrimination because unbundled rates are not priced differently from rates charged to other providers, such as IXCs, MSPs, and AAVs. According to United/Centel, pricing at incremental costs is inappropriate because the relevant services are cross elastic with toll and switched access; LECs would not recover their shared and common costs; and incremental cost pricing would make end users subsidize ALECs. United/Centel asserts that its proposed pricing would not create a price squeeze, and that special access rates would reasonably reflect TSLRIC plus some contribution.

GTEFL endorses the concept of the Efficient Component Pricing (ECP) rule, which, according to GTEFL, requires that prices fall between Stand Alone costs and TSLRIC. Specifically, GTEFL advocates the ECP, which would set the price of unbundled loops at the lesser of: 1) the TSLRIC of the element, plus related wholesale marketing activities, plus the contribution that would have been received from the use of the element in the provision of the LEC's own end-user service; or 2) the stand-alone cost of the unbundled element. GTEFL argues that pricing at TSLRIC would drive firms out of business since there would be no recovery of shared and common costs. In addition, GTEFL argues that the

Federal Telecommunications Act of 1996 provides for cost recovery plus a reasonable profit. However, GTEFL did not ultimately propose to apply ECP, stating that prices should be set at a level comparable to where they would be in a competitive marketplace. Since application of ECP would result in rates which could be undercut by competitive providers, GTEFL proposed to price unbundled loops at Special Access tariffed rates.

According to GTEFL's studies, this results in an unbundled business loop of \$61.69, and an unbundled residential loop of \$28.67. These rates include the contribution from toll, access and vertical service revenues that go along with the loop when an ALEC takes the customer. But these amounts exceed the Stand Alone cost, as well as the cost to an entrant to provide the loop itself. Thus, GTEFL proposes \$23.00 for an unbundled loop, which is the same as the 2-wire special access line. GTEFL states that pricing this way will prevent arbitrage. Also, GTEFL states the special access price for a two-wire loop provides 12% contribution.

Time Warner and FCTA agree with the LEC positions that unbundled rates should include contribution. Time Warner believes that pricing at TSLRIC eliminates the incentive for facilities-based competitors to build out their networks and also endorses requiring that LEC retail services pass an imputation test. Time Warner also agrees with the LECs that deaveraging of loop rates should be done in conjunction with universal service reform.

MFS-FL, MCImetro, AT&T and LDDS advocate the pricing of essential monopoly elements at TSLRIC. MFS-FL asserts that the LEC cost studies that were submitted are inadequate; thus, MFS-FL proposes to set interim rates based on the costs submitted and require both LECs to refile true LRIC studies. Generally, MFS-FL states that the retail rates in the tariff for bundled services should cover the sum of the prices for applicable unbundled monopoly elements. MFS-FL objects to the LEC proposal to set rates at Special Access prices because unbundled loops are not the same as special access channels. Although there may be only slight physical differences, MFS-FL states that there are significant differences in technical standards, engineering and operational practices.

MCImetro advocates two basic pricing principles. First, the price for essential inputs, such as those which cannot be competitively provided in the near term, should be set at TSLRIC, which includes cost of capital but no contribution in excess of that normal profit. Second, the price for elements which can be competitively provided in the near term should be set by the market, and could contain contribution. According to witness

Cornell, the essential inputs include loops, loop concentration, and transport. MCImetro asserts that ports should be unbundled and made available for resale; however, they need not be priced at TSLRIC since they are more likely to be provided competitively. MFS-FL agrees that ports need not be priced at TSLRIC, and proposed that they be priced at the retail rate of the bundled service less the sum of the LRICs of the loop and the cross-connect.

MCImetro, MFS-FL, and AT&T assert that there should be no contribution in the loop rates. According to MFS-FL, LRIC (TSLRIC) pricing of unbundled elements is essential to the development of local exchange competition. AT&T states that when loops are priced at TSLRIC, both the LEC and the ALEC incur the same loop costs, and then both have the same opportunity to recover their joint and common costs from retail services. MCImetro states that including contribution raises the price floor down to which competition can force rates. MCImetro witness Cornell argues that the point of requiring loop unbundling is that it is not clear that economically, it will ever be viable to establish a complete duplicate of the LECs' distribution and feeder networks. She also makes the point that if such facilities-based competition ever does occur in certain areas and not in others, establishing TSLRIC-based rates will not impede the market.

Upon consideration, we do not believe that ECP produces a desirable result. A competitive market does not thrive on indifference. If a LEC is rendered indifferent by virtue of the pricing of its services as to whether it serves the customer or not, the reason for establishing competition is eliminated. There is no longer any incentive for the LEC to seek to attract customers, and the market is no longer driven by competition. If competitive providers do not have to compete, the consumer will not be served well. Therefore, we do not agree with GTEFL that ECP is an appropriate approach to determining prices.

United/Centel and GTEFL have opted for price cap regulation under which there is an assumption of a greater degree of competitive risk. However, the LECs seem to presume that they are entitled to the same revenue or at least contribution protection that they had under rate-of-return regulation. Their positions seem to indicate that they should not be required to assume any competitive risk at all.

We also disagree with United/Centel's argument that charging different rates to ALECs than those charged to Interexchange Carriers (IXC), cellular carriers, and Alternative Access Vendors (AAVs) is discriminatory. First, ALECs are a different class of customer than IXCs, AAVs, and cellular providers. Also, the

unbundled loops and ports at issue are not the same end-to-end tariffed services provided to IXCs, AAVs, and cellular providers. Moreover, if there still are any concerns about arbitrage, use and user restrictions are the standard method of addressing the problem. Thus, only ALECs could purchase the unbundled network elements at the prices approved in this proceeding.

Moreover, the evidence in the record indicates that the loops are not going to be competitively provided in any meaningful way in the foreseeable future. Thus, the LEC is the only realistic source for this element. We believe that loops should be priced at a level that approximates TSLRIC. Therefore, the LECs' proposed application of their Special Access rates to unbundled loops is denied.

GTEFL submitted proposed rates for all the port elements requested by MFS-FL. GTEFL proposes to charge a flat monthly rate plus a usage charge for ports. The flat rates cover the identified TSLRIC estimates. GTEFL also proposes to charge associated tariffed DID and ISDN charges where applicable. The usage charge would be identical to the Shared Tenant Service (STS) usage rate. Witness Trimble testified that he does not expect to see much demand for unbundled ports.

United/Centel proposed rates and provided cost estimates for some but not all of the requested ports. United/Centel proposes that the 2-wire analog port rates differ between residential and business. United/Centel does not propose a separate usage charge for ports but includes a usage component in its cost estimate.

We agree with GTEFL that ports may not be in high demand from the LECs and believe that they may be more widely available from alternative sources. Many ALECs own their switches, can provide their own ports, and can resell them to other ALECs as well. Ports can therefore either be priced with some contribution, or "market priced."

However, we do not believe that it is appropriate or necessary to decide a usage rate for ports. We have been asked by MFS-FL to determine rates for unbundled components. MFS-FL has requested loops and ports, but it did not request local switching in this proceeding which is what the usage rate would cover. The ALECs can obtain that from the LEC if they want, and at this point, the LECs may charge STS usage rates if that is what the ALECs are willing to pay. If MFS-FL or any other ALEC does not agree with that, and if it cannot resolve this issue with the LECs, it may request that the Commission decide this matter. We note that no party specifically objected to the usage rates proposed by GTEFL.

F. Distance and Density Sensitive Loop Rates

ALECs advocate unbundling loops even further through deaveraging loop rates by distance and density. MFS-FL argues that any proposed rate that does not consider this distance-sensitivity, and more importantly, does not consider line density, is fundamentally flawed and could severely impair facilities-based local exchange competition.

MCImetro contends, based on the evidence in the record, that under the LECs' proposed flat special access rates, shorter loops would provide a greater level of contribution than the longer loops because the cost of longer loops is higher. At a flat averaged rate, the effect would be to charge all loops a share of the non-integrated pair gain costs, even though shorter loops do not use pair gain technology. Witness Cornell stated that customers would be better off if loop rates were deaveraged by distance and density. Deaveraging helps identify areas that need universal service support and allows rural customers to benefit from competition that they might otherwise not have. MCImetro also argues that setting unbundled loop prices equal to deaveraged costs would help minimize the chance for a price squeeze in higher density areas, which would enhance the likelihood of competitive entry in such areas. MCImetro also notes that the official corporate position for United/Centel on this issue is that loop prices should be deaveraged, at least by distance.

MCImetro proposes that unbundled loop prices for GTEFL be based on density and distance and that for United/Centel, the rates should be based on distance only for now since that is all it provided. MCImetro suggests requiring United/Centel to refile TSLRIC studies incorporating both distance and density. Since United/Centel separated the loop costs between residential and business, that would have to be modified as well. We will not design rates for resale that distinguish between residential and business, because there would be no way to monitor or enforce the intended use. We agree with MCImetro's statement that the costs of the loops should be expressed in terms of the functionality and not the projected service to be provided over them.

The LECs acknowledge the distance and density aspects of loop costs. They state, however, that although deaveraged loops are appropriate in theory, the Commission should not allow such deaveraging until LECs can also deaverage. United/Centel states that distance sensitive pricing was not included in MFS-FL's petition, and therefore is not ripe for decision now. The LECs say they should be allowed to deaverage at the same time as ALECs, or they would be competitively disadvantaged.

We believe that eventually loop rates may need to be deaveraged as the market develops. However, this proceeding was initiated by petitions of MFS-FL requesting that we resolve issues between MFS-FL, GTEFL, and United/Centel which they were unable to resolve during their negotiations. Deaveraging local loops was not part of the negotiation process according to United/Centel. We agree with United/Centel that it is premature to require deaveraging of the loop rates at this time.

G. Selling Unbundled Loops and Ports Together

MFS-FL maintains that the ability to combine unbundled loops with unbundled ports is crucial to its ability to compete for local traffic. However, United/Centel does not want to allow the connection of unbundled loops with unbundled ports.

We agree with the ALECs that these items together are important for resale. Section 364.161(1), Florida Statutes, requires that a LEC unbundle all of its network features, functions and capabilities for resale. There are two limitations on this statutory directive: 1) the price cannot be below cost; and 2) the Commission cannot require the resale of "currently tariffed, flat-rated, switched residential and business services" prior to 1997. The combination of unbundled loops and ports at the approved rates does not run afoul of either of these limitations. Moreover, in view of the statutory directive to promote competition, these limitations should be narrowly construed. Therefore, we find that the ALECs shall be allowed to combine unbundled loops and unbundled ports.

H. GTEFL's Taking Arguments

GTEFL asserts that it will lose contribution and market share. Specifically, GTEFL contends that forcing the loss of contribution constitutes an impermissible taking of GTEFL's property. GTEFL argues that prices should not be set at LRIC or TSLRIC because it will be unable to obtain any contribution to their joint and common and/or shared costs. GTEFL contends that LRIC and TSLRIC do not recover all costs nor provide a profit to the firm. Further, GTEFL asserts that pricing the unbundled loop at TSLRIC does not cover any of GTEFL's embedded costs in providing the loop. GTEFL also argues that denying it recovery of these costs is inconsistent with the Federal Telecommunications Act of 1996 which authorizes the incumbent LEC to recover reasonable profit after the LEC's costs are recovered. GTEFL asserts that the Commission should immediately address this expected loss of contribution in a comprehensive universal service docket or some other proceeding to avoid confiscation of GTEFL's property.

Further, GTEFL argues that it is entitled to rates which return to the company all funds expended in the deployment of assets under the de jure local monopoly which was in effect until January 1, 1996. GTEFL contends that the investments and costs were previously recovered through rate mechanisms and control of entry into the telecommunications field by the Commission and thus constituted an express regulatory compact between the Commission and GTEFL. With the revisions to Chapter 364, GTEFL contends that the state has abandoned the regulatory compact by opening the local exchange market to competition. GTEFL asserts that while the state previously allowed recovery of these investments, the Commission now jeopardizes the financial integrity of GTEFL.

Specifically, GTEFL takes issue with MFS-FL's assertion that GTEFL must price its services at LRIC levels, requiring GTEFL to forego recovery of all service-specific incremental volume insensitive costs as well as shared common costs. GTEFL asserts that neither the Commission nor any other governmental agency is permitted to impose confiscatory rates on one line of a company's business simply because the company can theoretically afford those losses by generating additional revenue on other lines of business. Such a notion, GTEFL argues, would permit the government to impose below-cost pricing on any profitable company. GTEFL argues that mandatory below-cost pricing on a particular line of business is unconstitutional even if the company is able to make up those losses from revenues generated from other businesses and cites to the following case for support. Brooks-Scanlon Co. v Railroad Commission, 251 U.S. 396 (1920).

Although we cannot rule on whether our decision will be unconstitutional, we can address the concerns which GTEFL asserts implicate the takings clause.

Implicit in GTEFL's arguments is the notion that this Commission owes GTEFL an increase in local rates to replace the company's potential losses of expected contribution and profit. GTEFL is asking that we look at potential revenue losses, albeit under the disguise of alleged constitutional violations. Even if it could be predicted with certainty that there would be major losses, GTEFL does not have a per se statutory right that it must recover profit and contribution as a result of unbundling and reselling services. Even under the rate-base regulation regime in Chapter 364, GTEFL was merely afforded the opportunity to earn a fair return on its investment, not a guarantee of a return. Further, under the new, price-regulated regime in Chapter 364 that GTEFL has elected, GTEFL is not guaranteed a specific return in this competitive environment. Moreover, even if the losses come to

fruition, such losses, if necessary, can be addressed through appropriate Commission proceedings.

Property interests are not created by the Constitution, but rather are delineated by existing rules or understandings that stem from an independent source such as state law. Ruckelshaus v. Mansanto Co., 467 U. S. 986, 1000 (1984) citing Webb's Fabulous Pharmacies, Inc v. Beckwith, 449 U.S. 155, 161 (1980).

As previously stated, under Sections 364.161 and 364.162, Florida Statutes, the LEC is required to unbundle its network features, functions, and capabilities and offer them for resale to the extent technically and economically feasible. If the parties cannot negotiate an agreement, then this Commission's obligation is to set rates for such services, features, functions, capabilities, or unbundled local loops at rates that are not below cost. This Commission is also obligated by statute to ensure that the rate must not be set so high that it would serve as a barrier to competition. The incumbent LEC has no statutory or constitutional right to contribution above cost for unbundled services. Most significantly, the unbundled rates we have established for GTEFL meet our obligation to ensure that the rates are not below GTEFL's costs.

GTEFL argues that setting rates based on TSLRIC is inconsistent with the Federal Telecommunications Act of 1996. GTEFL states that basing rates on TSLRIC violates the Act because: 1) it does not cover any of GTEFL's embedded costs in providing the loop; and 2) it denies a reasonable profit to GTEFL as provided in the Act. We disagree with GTEFL's arguments. First, Section 252(c)(1)(A) of the Act provides that just and reasonable rates shall be based on the cost of providing the network element. Basing rates on TSLRIC meets Section 252(c)(1)(A) of the Act, because TSLRIC is the cost of providing the service. Second, Section 252(c)(1)(B) provides that just and reasonable rates may, not must, include a reasonable profit. As discussed previously, TSLRIC includes recovery of the cost of capital or a reasonable profit; therefore, we cannot sustain GTEFL's argument.

In anticipation or speculation that GTEFL will experience lost revenues as a result of unbundling, GTEFL believes that this Commission must order an immediate rate rebalancing or explicit subsidy payments when unbundled rates go into effect. Even if we agreed that there was a possibility of major revenue losses, that mere possibility would not give rise to an immediate rate increase. To the extent GTEFL does experience revenue losses, there are specific procedures for relief set forth in Chapter 364. First, under Section 364.051(5), Florida Statutes, if GTEFL believes that

circumstances have changed substantially to justify any increase in the rates for basic local telecommunications services, it may petition the Commission for a rate increase. This Commission shall grant such a petition only after an opportunity for a hearing and a compelling showing of changed circumstances. Second, under Section 364.025, Florida Statutes, GTEFL may seek a subsidy towards its universal service obligations. Specifically, GTEFL must file a petition showing that competition has eroded its ability to support universal service and identify the amount of subsidy needed. See Order No. PSC-95-1592-FOF-TP.

GTEFL also argues that mandatory interconnection and unbundling by definition provides physical access to its tangible property. GTEFL states that interconnection allows MFS-FL to move its traffic over GTEFL's network which is then physically invaded by the bits and bytes transmitted by MFS-FL. GTEFL contends that the movement of bits of information across telephone wires constitutes a physical invasion of GTEFL's private property. GTEFL relies on Loretto v. Teleprompter Manhattan CATV Corp., 458 U.S. 419 (1982), for the proposition that the appropriate compensation for this physical taking is to compensate the property owner for the full opportunity cost of the physical invasion. This argument would have been more appropriately raised in the interconnection proceeding in Docket No. 950985-TP; nevertheless, we will address GTEFL's arguments in this unbundling proceeding.

A similar argument was raised by the LECs when this Commission ordered mandatory physical collocation in Phase I of the expanded interconnection docket. See Order No. PSC-94-0285-FOF-TP, issued March 10, 1994. This Commission stayed its order when the FCC ordered mandatory virtual rather than physical collocation. See Order No. PSC-94-1102-FOF-TP, issued September 7, 1994. In that order, this Commission was persuaded by the argument that property dedicated for the public purpose is subject to a different standard when, pursuant to statutory authorization, a regulatory body mandates certain uses of that property in the furtherance of its dedicated use. This Commission was not persuaded by the LECs' argument that a mandatory physical occupation is a per se taking.

In this case, the statutory authorization is provided by Chapter 364, Florida Statutes. Effective interconnection and unbundling and the adequate provision of telecommunications service require that this Commission mandate interconnection and unbundling of the local loop and such purposes do not turn statutorily authorized regulation into a taking.

Loretto is relied upon by GTEFL as authority for the taking analysis based upon an ad hoc factual inquiry of:

- 1) The economic impact of the regulation;
- 2) The extent to which it interferes with investment-backed expectations; and
- 3) The character of the governmental action.

Loretto is also relied upon for the proposition that a permanent physical occupation represents a per se taking and that an ad hoc inquiry is only reached in the absence of such a permanent physical occupation. In Loretto, the Court stated:

We affirm the traditional rule that a permanent physical occupation of property is a taking. In such a case, the property owner entertains a historically rooted expectation of compensation, and the character of the invasion is qualitatively more intrusive than perhaps any other category of property regulation. Id. at 441

This Commission previously found that an objective reading of Loretto is that if there is a permanent physical occupation there is a taking. This is the case regardless of the size of the occupation. In Loretto, the permanent occupation was the attachment of wires and a box to the exterior of a building.

In the instant case, GTEFL objects to the possible mandate of interconnection and unbundling of its local loop to effectuate statutorily authorized interconnection and unbundling. However, based on Loretto, it appears that such interconnection would be a taking if opposed by GTEFL. Such an interpretation would make it impossible for this Commission to regulate telecommunications pursuant to its statutory mandate.

GTEFL contends that it must be compensated for the full opportunity cost of the physical invasion of its private property. We believe that Loretto is not the appropriate standard to employ regarding the Commission's statutorily authorized regulation of the LEC's property. Loretto involved neither the taking of a common carrier's property nor government regulation of a common carrier. This distinction is central to any taking analysis.

A lawful governmental regulation of the service of common carriers, though it may be a burden, is not a violation of constitutional rights to acquire, possess, and protect property, to due process of law, and to equal protection of the laws, since those who devote their property to the uses of a common carrier do so subject to the right of

governmental regulation in the interest of the common welfare. . . . Even where a particular regulation causes a pecuniary loss to the carrier, if it is reasonable with reference to the just demands of the public to be affected by it, and it does not arbitrarily impose an unreasonable burden upon the carrier, the regulation will not be a taking of property, in violation of the Constitution. State ex rel. Railroad Com'rs v. Florida East Coast Ry. Co., 49 So. 43-44 (Fla. 1909) (Emphasis added).

It has long been established that property which has been dedicated to a public purpose can be regulated and even permanently physically occupied as long as the regulation involves the dedicated public purpose. See Munn v. Illinois, 94 U.S. 113, 126 (1876). Under this analysis, the taking issue is not reached except to the extent that there is inadequate compensation for the use of the property or a mandate to use the property in a manner to which it has not been dedicated. Neither case is present here.

Although we cannot determine the appropriate compensation for a taking, we certainly have the authority to establish the appropriate rates for the provision of telecommunications service in Florida. Provided that the rates are not confiscatory, we have the statutory authority to establish nondiscriminatory rates, terms, and conditions for resale.

I. Conclusion

Based upon the foregoing, we find that GTEFL's rates for unbundled loops shall approximate TSLRIC. Unbundled ports may be set at reasonable market prices. Based on the evidence in the record, we find that the monthly recurring rates for the unbundled elements for GTEFL shall be set as follows:

Loops

1A.	2-W voice grade analog loop:	\$ 20.00	
1B.	4-W voice grade analog loop:	\$ 25.00	
2.	2-W ISDN digital grade loop:	\$ 20.00	
3.	4-W DS-1 digital grade loop:	\$250.00	- First System
		\$154.00	- Add'l System

Ports

4.	2-W & 4-W analog line ports:	\$ 6.00	
5.	2-W ISDN digital line port:	\$ 20.00	
6.	2-W analog DID trunk port:	\$ 6.00	plus tariffed DID charges

7. 4-W DS-1 digital DID trunk port: \$ 60.00 plus tariffed DID charges
8. 4-W ISDN DS-1 digital port: \$350.00

The rate shown above for the 4-W DS-1 digital grade loop is an interim rate. GTEFL shall either refile its cost information or explain why its proposed rate (current Special Access DS-1 rate) is below its cost estimate, and why the TSLRIC is higher than currently tariffed rates for the equivalent service in GTEFL's Special Access, Private Line, and Local Transport tariffs. This information shall be filed no later than 60 days following the issuance of this Order.

United/Centel shall refile its cost studies providing estimates of TSLRIC for all elements as approved in Section IV of this Order. United/Centel shall organize the cost studies so that we can determine the relevant TSLRIC cost components and the associated amounts. The cost data need not reflect separate estimates for residential and business and shall include weighted average total costs for each component. To the extent that TSLRIC is unavailable or that a proxy is used, this shall be stated clearly and the method used explained. These cost studies shall conform to the information requirements set forth in Rule 25-4.046, Florida Administrative Code, and shall be submitted no later than 60 days from the issuance of this Order.

Also, we find that the following rates for United/Centel are approved on an interim basis only:

2-W voice grade analog loop:	\$ 15.00
2-W analog line port:	\$ 7.00

For GTEFL and United/Centel, TSLRIC estimates, where provided in accordance with our findings, shall be used to determine whether an unbundled rate meets the statutory requirement. That is, no permanent unbundled loop rate shall be set below our best estimate of TSLRIC, as determined by the evidence provided in this proceeding. TSLRIC estimates shall be based on the provider's current or prospective network facilities, as opposed to some theoretically optimal network configuration, assuming no facilities are in place.

Further, we find that ALECs shall be allowed to combine unbundled loops and unbundled ports for GTEFL and United/Centel.

Finally, all tariffs required to be filed in this section shall be filed no later than 30 days following the issuance of this

Order. They shall become effective fifteen days following the date that complete and correct tariffs are filed.

VII. OPERATIONAL ARRANGEMENTS

GTEFL and MFS-FL signed a partial co-carrier agreement which pertained to this issue; however, GTEFL and MFS-FL were not able to fully agree on this subject, so we did not approve it as a stipulation. The agreement states that each party will use its best efforts to address, within 60 days, certain operational issues which remain to be resolved by GTEFL and MFS-FL. The only aspect to which MFS-FL and GTEFL do not agree is the handling of further operational disputes that may arise.

Time Warner, MCImetro, and FCTA argue that United/Centel and GTEFL should provide, on an automated basis, ordering, repair, and testing and any other administrative systems needed wherever possible. LDDS's position is that the requests and proposals presented in this docket do not necessarily meet the needs of these petitioners in the future nor may they meet the needs of future competitors. AT&T supports MFS-FL's position which is described below.

MFS-FL states that for it to efficiently offer service, United/Centel and GTEFL should make the following terms and conditions available for unbundled elements:

- 1) United/Centel and GTEFL should be required to apply all transport-based and switched-based features, functions, service attributes, grades-of-service, and installation maintenance and repair intervals which apply to bundled service to unbundled links.
- 2) United/Centel and GTEFL should permit any customer to convert its bundled service to an unbundled service and assign such service to MFS-FL, with no penalties, rollover, termination or conversion charges to MFS-FL or the customer.
- 3) United/Centel and GTEFL should bill all unbundled facilities purchased by MFS-FL on a single consolidated statement per wire center.
- 4) United/Centel and GTEFL should provide MFS-FL with an appropriate 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-ticket and repair requests associated with unbundled elements.

United/Centel argues that it is not necessary for us to address detailed operational issues at this time, and that it is willing to work in good faith with MFS-FL to address the operational concerns. United/Centel states that since it will be difficult to predict the areas in which we will be called upon to arbitrate operational disputes between United/Centel and ALECs, it is premature to decide detailed operational issues at this time. Instead, United/Centel asserts that detailed operational issues are best left to the parties, with resolution by the Commission on a case-by-case basis.

United/Centel disagrees with MFS-FL that United/Centel should permit any customer to convert its bundled service to an unbundled service and assign such service to MFS-FL, with no penalties, rollover, termination or conversion charges to MFS-FL or the customer. United/Centel states that there are nonrecurring costs involved in making the changes necessary in the network and the records to change an end user's service, and that United/Centel should be allowed to recover direct costs from direct cost causers, including MFS-FL. United/Centel proposes that it use its existing nonrecurring charges associated with residence or business service as an alternative to the nonrecurring charges that are in the special access tariff until such time as it is able to develop nonrecurring charges that are appropriate for unbundled loops.

United/Centel also disagrees with MFS-FL with respect to the mechanized arrangement by which MFS-FL may place, verify, and receive confirmation on orders for unbundled elements, and issue and track trouble-ticket and repair requests associated with unbundled elements. United/Centel states that it should not be required to develop new systems simply to allow electronic interconnection in the manner desired by each ALEC. However, United/Centel states that if the existing systems can be used to effect such transfer of information or if minor modifications can be made to the existing systems, then it would be willing to negotiate such transfers with MFS-FL.

GTEFL argues that any applicable termination charges, as specified in its existing tariffs, would apply when any customer converts its bundled service to an unbundled service and assigns such service to MFS-FL. Further, GTEFL states that it cannot agree to do all of the work to discontinue billing GTEFL's customer and institute billing to MFS-FL at no charge. GTEFL states that it is patently unfair to force it to bear the costs of these changes simply to hold down MFS-FL's cost of entry. The interests of all

carriers, both incumbents and new entrants, must be balanced if open and effective competition is to develop. In addition, GTEFL asserts that if GTEFL has a customer on some type of contract arrangement with termination liability, then those termination liability charges should apply when the customer terminates early.

GTEFL does not disagree that some type of on-line electronic file transfer system by which ALECs may place, verify, and receive confirmation on orders for unbundled elements, and issue and track trouble-ticket and repair requests associated with unbundled elements should be developed. In addition, GTEFL asserts that developing such a system is in its interest and has agreed to work with the industry in developing a standard system.

MFS-FL agrees that GTEFL should not have many different systems and that they should attempt to have one for GTE nationwide. In addition, MFS-FL states that with regard to rolling over service, there are additional costs associated with the conversion, and MFS-FL would pay for the jumper cable on the main distribution frame and the service order charge in order to convert.

We understand that there are many operational issues that will arise as the ALECs begin to provide service. The following operational arrangements should help to minimize problems between the ALECs and LECs in a competitive market.

We agree with MFS-FL that United/Centel and GTEFL should be required to apply all transport-based and switched-based features, functions, service attributes, grades-of-service, and installation maintenance and repair intervals which apply to bundled service to unbundled links because the change in service providers should be transparent to the end-user.

However, we do not believe that MFS-FL's request for rolling over service should be at no charge to the ALEC. Witnesses for GTEFL and United/Centel stated that there are specific nonrecurring charges that are necessary to cover the costs of converting service to the ALECs. Even MFS-FL agreed that there are costs and that the ALECs should pay for these nonrecurring costs of conversion. Further, GTEFL points out that there may be situations in which the LEC customer is under a contract and termination liability charges would apply if the contract is terminated early. Therefore, we find that MFS-FL's request that United/Centel and GTEFL should permit any customer to convert its bundled service to an unbundled service and assign such service to MFS-FL, with no penalties, rollover, termination or conversion charges to MFS-FL or the customer is denied.

We also find that the appropriate nonrecurring charges for conversion of bundled loops to unbundled loops shall apply and that the termination liability charges for early termination of contracts shall also apply. Termination liability charges shall be pursuant to existing tariffs for the specific service. Nonrecurring charges for the conversion of bundled loops to unbundled loops shall be based on their costs. However, United/Centel stated that it has not developed nonrecurring conversion charges. Therefore, in the interim, United/Centel shall use its currently tariffed nonrecurring charges associated with residence and business service for the conversion of bundled loops to unbundled loops. United/Centel shall submit cost studies which reflect the nonrecurring costs of converting bundled service of the LEC to unbundled service for the ALEC. United/Centel shall file these cost studies and proposed terms, conditions, and rates for conversion within 60 days from the issuance of this Order.

We find that MFS-FL's request that United/Centel and GTEFL bill all unbundled facilities purchased by MFS-FL on a single consolidated statement per wire center is denied because there is insufficient support for this request. However, we believe that some type of billing arrangement should be negotiated between the LECs and ALECs for the ordering of unbundled elements. Therefore, we require United/Centel and MFS-FL to develop a billing arrangement to be filed with the Commission within 60 days of the issuance of this Order.

We believe that the mechanized intercompany operational procedures supported by the ALECs are appropriate, since similar procedures are currently used today between LECs and IXCs. In addition, mechanized procedures will be the most efficient means for both LECs and ALECs to operate together in the same markets. However, the parties need to work together to determine how much these interfaces will cost, how long they will take to develop, and who should pay for them. Such mechanized systems should conform to industry standards, so that they will function for all interconnecting companies. Therefore, we find that mechanized intercompany operational procedures, similar to the ones between IXCs and LECs today, shall be jointly developed by MFS-FL and United/Centel and shall conform to national industry standards that are currently being developed.

We believe that for the future, parties should attempt to resolve operational problems that arise. If the parties cannot reach a resolution, they can request resolution of the problem with the Commission by filing a petition or motion.

We also find that GTEFL and MFS-FL shall continue to negotiate as outlined in their partial co-carrier agreement. If an agreement is reached on these operational issues, it shall be filed with this Commission before it becomes effective. If no agreement is reached within 60 days of the issuance of this Order, then GTEFL shall adhere to the same operational arrangements that are ordered for United/Centel.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that each and all of the specific findings herein are approved in every respect. It is further

ORDERED that the stipulation attached to this Order as Attachment A and reached between MFS-FL and GTEFL is hereby approved and by reference incorporated herein. It is further

ORDERED that any intervenor ALEC who fully participates in this proceeding is bound by the resolution of the issues. Such ALEC is still free to negotiate its own rates. To the extent negotiations fail, the affected ALEC may petition the Commission to set unbundling rates. It is further

ORDERED that United/Centel shall offer the following elements on an unbundled basis: 1) 2-wire and 4-wire analog voice grade loops; 2) 2-wire ISDN digital grade loop; 3) 4-wire DS-1 digital grade loop; 4) 2-wire and 4-wire analog line ports; 5) 2-wire ISDN digital line port; 6) 2-wire analog DID trunk port; 7) 4-wire DS-1 digital DID trunk port; and 8) 4-wire ISDN DS-1 digital trunk port. It is further

ORDERED that United/Centel shall allow ALECs to collocate loop concentration equipment as set forth in the body of this Order. It is further

ORDERED that all parties shall be required to adhere to industry standards for the provision and operation of each unbundled element as outlined in the body of this Order. It is further

ORDERED that GTEFL's rates for unbundled loops shall approximate TSLRIC. Unbundled ports may be set at reasonable market prices. The monthly recurring rates for the unbundled elements for GTEFL shall be set as set forth in the body of this Order. It is further

ORDERED that GTEFL shall either refile its cost information or explain why its proposed rate (current Special Access DS-1 rate) is below its cost estimate, and why the TSLRIC is higher than currently tariffed rates for the equivalent service in GTEFL's Special Access, Private Line, and Local Transport tariffs. This information shall be filed no later than 60 days following the issuance of this Order. It is further

ORDERED that United/Centel shall refile its cost studies providing estimates of TSLRIC for all elements as approved in Section IV of this Order. United/Centel shall organize the cost studies so that we can determine the relevant TSLRIC cost components and the associated amounts. The cost data need not reflect separate estimates for residential and business and shall include weighted average total costs for each component. To the extent that TSLRIC is unavailable or that a proxy is used, this shall be stated clearly and the method used explained. These cost studies shall conform to the information requirements set forth in Rule 25-4.046, Florida Administrative Code, and shall be submitted no later than 60 days from the issuance of this Order. It is further

ORDERED that the following rates for United/Centel are approved on an interim basis only:

2-W voice grade analog loop:	\$ 15.00
2-W analog line port:	\$ 7.00

It is further

ORDERED that for GTEFL and United/Centel, TSLRIC estimates, where provided in accordance with our findings, shall be used to determine whether an unbundled rate meets the statutory requirement. That is, no permanent unbundled loop rate shall be set below our best estimate of TSLRIC, as determined by the evidence provided in this proceeding. TSLRIC estimates shall be based on the provider's current or prospective network facilities, as opposed to some theoretically optimal network configuration, assuming no facilities are in place. It is further

ORDERED that ALECs shall be allowed to combine unbundled loops and unbundled ports for GTEFL and United/Centel. It is further

ORDERED that all tariffs required to be filed in Section VI of this Order shall be filed no later than 30 days following the issuance of this Order. They shall become effective fifteen days following the date that complete and correct tariffs are filed. It is further

ORDERED that GTEFL and MFS-FL shall continue to negotiate operational issues as outlined in their partial co-carrier agreement. If an agreement is reached on these operational issues, it should be filed with the Commission before it becomes effective. If an agreement is not reached within 60 days of the issuance of this Order, then GTEFL and MFS-FL shall adhere to the same operational arrangements that are ordered for United/Centel. It is further

ORDERED that regarding operational issues, United/Centel shall apply all transport-based and switched-based features, functions, service attributes, grades-of-service, installation, maintenance, and repair intervals which apply to bundled service to unbundled loops. It is further

ORDERED that the appropriate termination liability charges for early termination of contracts shall apply. Termination liability charges shall be pursuant to existing tariffs for the specific service. In addition, nonrecurring charges for conversion of bundled loops to unbundled loops shall apply. Nonrecurring charges for the conversion of bundled loops to unbundled loops shall be based on their costs. In the interim, United/Centel shall use its currently tariffed nonrecurring charges associated with residence and business service for the conversion of bundled loops to unbundled loops. United/Centel shall submit cost studies which reflect the nonrecurring costs of converting bundled service of the LEC to unbundled service for the ALEC. United/Centel shall file these cost studies and proposed terms, conditions, and rates no later than 60 days following the issuance of this Order. It is further

ORDERED that United/Centel and MFS-FL shall develop a billing arrangement for unbundled elements ordered between the companies to be filed with this Commission within 60 days from the issuance of this Order. It is further

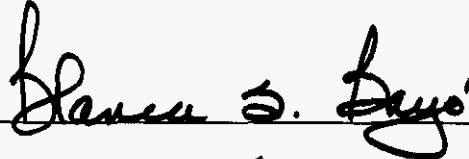
ORDERED that mechanized intercompany operational procedures shall be jointly developed by MFS-FL and United/Centel and shall conform to national industry standards which are currently being developed. It is further

ORDERED further operational disputes that may arise that MFS-FL and United/Centel are unable to resolve through negotiations shall be handled by filing a petition or motion with this Commission. It is further

ORDERED that this docket shall remain open.

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By ORDER of the Florida Public Service Commission, this 24th
day of June, 1996.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

DLC/SKE

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.

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EXHIBIT TTD-9**

Pursuant to this agreement, Metropolitan Fiber Systems of Florida, Inc. ("MFS") and GTE Florida Incorporated ("GTE") (collectively, "the Parties") will extend certain arrangements to one another within each LATA in which they both operate within the state of Florida, as described and according to the terms, conditions and pricing specified hereunder. The Parties enter into this agreement without prejudice to any positions they have taken previously, or may take in the future in any legislative, regulatory, or other public forum.

I. RECITALS & PRINCIPLES

WHEREAS, universal connectivity between common carriers is the defining characteristic of the public switched telecommunications network in which all common carriers participate; and

WHEREAS, absent such connectivity the utility of communications services to individual consumers and to society as a whole would be severely and unnecessarily diminished; and

WHEREAS, in the service of maximum inter-operability, the Parties should be able to efficiently, flexibly, and robustly exchange traffic and signaling at well-defined and standardized points of mutually agreed interconnection; and

WHEREAS, GTE Florida Incorporated is a local exchange telecommunications company (LEC) as defined by Section 384.02(6) of the Florida Statutes. Metropolitan Fiber Systems of Florida, Inc. (MFS) is an alternative local exchange telecommunications company (ALEC) as defined by Section 384.02(1); and

WHEREAS, Section 384.16, Florida Statutes, requires, among other things, GTE Florida to provide access to, and interconnection with, its telecommunications facilities to any other provider of local telecommunications services requesting such access and interconnection at non-discriminatory prices, rates, terms, and conditions established by the procedures set forth in Section 384.162, Florida Statutes; and

WHEREAS, Section 384.161, Florida Statutes, requires each LEC, upon request, to unbundle each of its network features, functions and capabilities, including access to signaling databases, systems and routing process, and offer them to any other telecommunications provider requesting such features, functions or capabilities for resale to the extent technically and economically feasible and at prices that are not below cost; and

WHEREAS, Sections 384.16 and 384.161 also requires LECs and ALECs to attempt to negotiate satisfactory rates, terms and conditions for interconnection and unbundling. If such negotiations fail, either party has the right to file a petition with

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the Florida Public Service Commission to establish such rates, terms and conditions;
and

WHEREAS, on January 24, 1996, MFS filed petitions before the Commission in Docket Nos. 950984 and 950985 asking the Commission to establish rates, terms and conditions for interconnection and the provision of GTE Florida unbundled services and features to MFS; and

WHEREAS, GTE Florida and MFS, in an effort to avoid the uncertainties and expense of litigation before the Commission and appeals before the courts, desire to enter the following agreement which will serve as a partial settlement of Docket Nos. 950984 and 950985 noted above; and

WHEREAS, GTE Florida and MFS acknowledge and understand that this Agreement is entered into to resolve issues and matters which are unique to the State of Florida and is a result of compromise and negotiation. The parties further acknowledge that none of the provisions set forth herein shall be proffered by either GTE Florida or MFS or any of their affiliates in this or any other jurisdiction as evidence of any concession or as a waiver of any position or for any other purpose.

NOW, THEREFORE, in consideration of the mutual provisions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, MFS and GTE hereby covenant and agree as follows:

II. DEFINITIONS

- A. "Automatic Number Identification" or "ANI" refers to the number transmitted through the network identifying the calling party.
- B. "Central Office Switch", "Central Office" or "CO" means a switching entity within the public switched telecommunications network, including but not limited to:

"End Office Switches" which are Class 5 switches from which end user Exchange Services are directly connected and offered.

"Tandem Office Switches" which are Class 4 switches which are used to connect and switch trunk circuits between and among Central Office Switches.

Central Office Switches may be employed as combination End Office/Tandem Office switches (combination Class 5/Class 4).

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- C. "CLASS Features" (also called "Vertical Features") include: Automatic Call Back; Automatic Recall; Call Forwarding Busy Line/Don't Answer; Call Forwarding Don't Answer; Call Forwarding Variable; Call Forwarding - Busy Line; Call Trace; Call Waiting; Call Number Delivery Blocking Per Call; Calling Number Blocking Per Line; Cancel Call Waiting; Distinctive Ringing/Call Waiting; Incoming Call Line Identification Delivery; Selective Call Forward; Selective Call Rejection; Speed Calling; and Three Way Calling/Call Transfer.
- D. "Co-Location" or "Co-Location Arrangement" is an interconnection architecture method in which one carrier extends network transmission facilities to a wire center/aggregation point in the network of a second carrier, whereby the first carrier's facilities are terminated into equipment installed and maintained in that wire center by or on the behalf of the first carrier for the primary purpose of interconnecting the first carrier's facilities to the facilities of the second carrier.
- E. "Commission" means the Florida Public Service Commission (PSC).
- F. "Common Channel Signaling" or "CCS" means a method of digitally transmitting call set-up and network control data over a special network fully separate from the public switched network that carries the actual call.
- G. "DID" means direct inward dialing.
- H. "DS-1" is a digital signal rate of 1.544 Mbps (Mega Bit Per Second).
- I. "DS-3" is a digital signal rate of 44.736 Mbps.
- J. "DSX panel" is a cross-connect bay/panel used for the termination of equipment and facilities operating at digital rates.
- K. "Electronic File Transfer" refers to any system/process which utilizes an electronic format and protocol to send/receive data files.
- L. "Exchange Message Record" or "EMR" is the standard used for exchange of telecommunications message information among Local Exchange Carriers for billable, non-billable, sample, settlement and study data. EMR format is contained in BR-010-200-010 *CR/S Exchange Message Record*, a Bellcore document which defines industry standards for exchange message records.

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- M. "Exchange Service" refers to all basic access line services, or any other services offered to end users which provide end users with a telephonic connection to, and a unique telephone number address on, the public switched telecommunications network, and which enable such end users to place or receive calls to all other stations on the public switched telecommunications network.
- N. "Interconnection" means the connection of separate pieces of equipment, transmission facilities, etc., within, between or among networks. The architecture of interconnection may include several methods including, but not limited to co-location arrangements and mid-fiber meet arrangements.
- O. "Interexchange Carrier" or "IXC" means a provider of stand-alone interexchange telecommunications services.
- P. "Interim Number Portability" or "INP" means the transparent delivery of Local Telephone Number Portability ("LTNP") capabilities, from a customer standpoint in terms of call completion, and from a carrier standpoint in terms of compensation, through the use of existing and available call routing, forwarding, and addressing capabilities.
- Q. "ISDN" means Integrated Services Digital Network; a switched network service providing end-to-end digital connectivity for the simultaneous transmission of voice and data. Basic Rate Interface-ISDN (BRI-ISDN) provides for digital transmission of two 64 Kbps bearer channels and one 16 Kbps data channel (2B + D). Primary Rate Interface-ISDN (PRI-ISDN) provides for digital transmission of twenty-three (23) 64 Kbps bearer channels and one 16 Kbps data channel (23 B + D).
- R. "Line Side" refers to an end office switch connection that has been programmed to treat the circuit as a local line connected to a ordinary telephone station set. Line side connections offer only those transmission and signaling features appropriate for a connection between an end office and an ordinary telephone station set.
- S. "Link Element" or "Link" is a component of an Exchange Service; for purposes of general illustration, the "Link Element" is the transmission facility (or channel or group of channels on such facility) which extends from a Main Distribution Frame, DSX-panel, or functionally comparable piece of equipment in an GTE end office wire center, to a demarcation or connector block in/at a customer's premises. Traditionally, links were provisioned as 2-wire or 4-wire copper pairs running from the end office distribution frame to the customer premise; however, a link may be

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provided via other media, including radio frequencies, as a channel on a high capacity feeder/distribution facility which may in turn be distributed from a node location to the customer premise via a copper or coax drop facility, etc. Links fall into the following categories:

"2-wire analog voice grade links" will support analog transmission of 300-3000 Hz, repeat loop start or ground start seizure and disconnect in one direction (toward the end office switch), and repeat ringing in the other direction (toward the end user). This link is commonly used for local dial tone service.

"2-wire ISDN digital grade links" will support digital transmission of two 64 Kbps bearer channels and one 16 Kbps data channel. This is a 2B+D basic rate interface Integrated Services Digital Network (BR-ISDN) type of loop which will meet national ISDN standards.

"4-wire DS-1 digital grade links" will support full duplex transmission of isochronous serial data at 1.544 Mbps. This T-1/DS-1 type of loop provides the equivalent of 24 voice grade/DS0 channels.

- T. "Local Exchange Carrier" or "LEC" means any company certified by the Commission to provide local exchange telecommunications service. This includes the Parties to this agreement.
- U. "Local Telephone Number Portability" or "LTNP" means the technical ability to enable an end user customer to utilize its telephone number in conjunction with any exchange service provided by any Local Exchange Carrier operating within the geographic number plan area with which the customer's telephone number(s) is associated, regardless of whether the customer's Chosen Local Exchange Carrier is the carrier which originally assigned the number to the customer, without penalty to either the customer or its chosen local exchange carrier.
- V. "Main Distribution Frame" or "MDF" is the primary point at which outside plant facilities terminate within a wire center, for interconnection to other telecommunications facilities within the wire center.
- W. "Meet-Point Billing" or "MPB" refers to an arrangement whereby two LECs jointly provide the transport element of a switched access service to one of the LEC's end office switches, with each LEC receiving an appropriate share of the transport element revenues as defined by their effective access tariffs.

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- X. "MECAB" refers to the *Multiple Exchange Carrier Access Billing (MECAB)* document prepared by the Billing Committee of the Ordering and Billing Forum (OBF), which functions under the auspices of the Carrier Liaison Committee (CLC) of the Alliance for Telecommunications Industry Solutions (ATIS). The MECAB document, published by Bellcore as Special Report SR-BDS-000983, contains the recommended guidelines for the billing of an access service provided by two or more LECs, or by one LEC in two or more states within a single LATA.
- Y. "MECOD" refers to the *Multiple Exchange Carriers Ordering and Design (MECOD) Guidelines for Access Services - Industry Support Interface*, a document developed by the Ordering/Provisioning Committee under the auspices of the Ordering and Billing Forum (OBF), which functions under the auspices of the Carrier Liaison Committee (CLC) of the Alliance for Telecommunications Industry Solutions (ATIS). The MECOD document, published by Bellcore as Special Report SR STS-002843, establish methods for processing orders for access service which is to be provided by two or more LECs.
- Z. "Mid-Fiber Meet" is an interconnection architecture method whereby two carriers meet at a fiber splice in a junction box.
- AA. "NANP" means the "North American Numbering Plan", the system of telephone numbering employed in the United States, Canada, and the Caribbean countries which employ NPA 809.
- BB. "Numbering Plan Area" or "NPA" is also sometimes referred to as an area code. This is the three digit indicator which is defined by the "A", "B", and "C" digits of each 10-digit telephone number within the North American Numbering Plan ("NANP"). Each NPA contains 800 possible NXX Codes. There are two general categories of NPA, "Geographic NPAs" and "Non-Geographic NPAs". A "Geographic NPA" is associated with a defined geographic area, and all telephone numbers bearing such NPA are associated with services provided within that geographic area. A "Non-Geographic NPA", also known as a "Service Access Code" or "SAC Code" is typically associated with a specialized telecommunications service which may be provided across multiple geographic NPA areas; 800, 900, 700, and 888 are examples of Non-Geographic NPAs.
- CC. "NXX", "NXX Code", "Central Office Code" or "CO Code" is the three digit switch entity indicator which is defined by the "D", "E", and "F" digits of a 10-digit telephone number within the North American Numbering Plan ("NANP"). Each NXX Code contains 10,000 station

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numbers. Historically, entire NXX code blocks have been assigned to specific individual local exchange and office switches.

- DD. "On-Line Transfer" means the transferring of an incoming call to another telephone number without the call being disconnected.
- EE. "Permanent Number Portability" or "PNP" means the use of a database solution to provide fully transparent LTNP for all customers and all providers without limitation.
- FF. "Plain Old Telephone Service Traffic" or "POTS traffic." The parties agree that this includes local traffic as defined in GTE's tariff and disagree as to whether this includes non-local intralATA toll traffic exchanged between the parties respective exchange customers.
- GG. "Port Element" or "Port" is a component of an Exchange Service; for purposes of general illustration, the "Port" is a line card and associated peripheral equipment on an GTE end office switch which serves as the hardware termination for the customer's exchange service on that switch and generates dial tone and provides the customer a pathway into the public switched telecommunications network. Each Port is typically associated with one (or more) telephone number(s) which serves as the customer's network address. Port categories include:

"2-wire analog line port" is a line side switch connection employed to provide basic residential and business type Exchange Services.

"2-wire ISDN digital line port" is a Basic Rate Interface (BRI) line side switch connection employed to provide ISDN Exchange Services.

"2-wire analog DID trunk port" is a direct inward dialing (DID) trunk side switch connection employed to provide incoming trunk type Exchange Services.

"4-wire DS-1 digital DID trunk port" is a direct inward dialing (DID) trunk side switch connection employed to provide the equivalent of 24 analog incoming trunk type Exchange Services.

"4-wire ISDN digital DS-1 trunk port" is a Primary Rate Interface (PRI) trunk side switch connection employed to provide the ISDN Exchange Services.

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- HH. "Rate Center" means the specific geographic point and corresponding geographic area which have been identified by a given LEC as being associated with a particular NPA-NXX code which has been assigned to the LEC for its provision of Exchange Services. The "rate center point" is the finite geographic point identified by a specific V&H coordinate, which is used to measure distance-sensitive end user traffic to/from Exchange Services bearing the particular NPA-NXX designation associated with the specific Rate Center. The "rate center area" is the exclusive geographic area which the LEC has identified as the area within which it will provide Exchange Services bearing the particular NPA-NXX designation associated with the specific Rate Center. The Rate Center point must be located within the Rate Center area.
- II. "Rating Point", sometimes also referred to as "Routing Point" means a location which a LEC has designated on its own network as the homing (routing) point for traffic inbound to Exchange Services provided by the LEC which bear a certain NPA-NXX designation. Pursuant to Bellcore Practice BR 795-100-100, the Rating Point may be an "End Office" location, or a "LEC Consortium Point of Interconnection". Pursuant to that same Bellcore Practice, examples of the latter shall be designated by a common language location identifier (CLLI) code with (x)KD in positions 9, 10, 11, where (x) may be any alphanumeric A-Z or 0-9. The Rating Point/Routing Point need not be the same as the Rate Center Point, nor must it be located within the Rate Center Area.
- JJ. "Reference of Calls" refers to a process in which calls are routed to an announcement which states the new telephone number of an end user.
- KK. "Service Control Point" or "SCP" is the node in the signaling network to which informational requests for service handling, such as routing, are directed and processed. The SCP is a real time database system that, based on a query from the SSP, performs subscriber or application-specific service logic, and then sends instructions back to the SSP on how to continue call processing.
- LL. "Signal Transfer Point" or "STP" performs a packet switching function that routes signaling messages among SSPs, SCPs and other STPs in order to set up calls and to query databases for advanced services.
- MM. "Synchronous Optical Network" or "SONET" means synchronous electrical (STS) or optical (OC) channel connections between LECs.
- NN. "Switched Access Service" means the offering of facilities for the purpose of the origination or termination of non-POTS traffic to or from

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Exchange Services offered in a given area. Switched Access Services include: Feature Group A, Feature Group B, Feature Group D, 800 access, and 900 access.

OO. "Trunk Side" refers to a central office switch connection that is capable of, and has been programmed to treat the circuit as, connecting to another switching entity, for example a private branch exchange ("PBX") or another central office switch. Trunk side connections offer those transmission and signaling features appropriate for the connection of switching entities, and can not be used for the direct connection of ordinary telephone station sets.

PP. "Wire Center" means a building or space within a building which serves as an aggregation point on a given carrier's network, where transmission facilities and circuits are connected or switched.

III. NETWORK INTERCONNECTION ARCHITECTURE

The Parties shall interconnect their networks as necessary to effect the Co-Carrier Arrangements identified in Parts V., VI., VII., and IX., as defined below:

A. In each LATA identified below, the correspondingly identified wire center shall serve as the initial Designated Network Interconnection Point ("D-NIP") at which point MFS and GTE will interconnect their respective networks for inter-operability within that LATA.

<u>LATA</u>	<u>D-NIP</u>
Tampa	Tampa Main SWC (GTE) (MFS connects to GTE)
Tampa	Tampa Downtown Node (MFS) (GTE connects to MFS)

B. Initially, MFS agrees to connect to GTE at GTE's Tampa Main Serving Wire Center (810 Morgan) and GTE agrees to reciprocally connect to MFS at MFS' Tampa downtown Node facility (Barnett Bank Building). Where MFS and GTE interconnect at a D-NIP, the parties may mutually agree to other arrangements including, but not limited to any of the following interconnection methods:

1. a mid-fiber meet at the D-NIP, or in a manhole or other appropriate junction point near to or just outside the D-NIP;

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2. a digital cross-connection hand-off, DSX panel to DSX panel, where both MFS and GTE maintain such facilities at the D-NIP;
 3. a co-location facility maintained by MFS, or by a 3rd-party with whom MFS has contracted for such purposes, at an GTE wire center, where such wire center has been designated as the D-NIP; or
 4. a co-location facility maintained by GTE, or by a 3rd-party with whom GTE has contracted for such purposes, at an MFS wire center, where such wire center has been designated as the D-NIP.
- C. In extending network interconnection facilities to the D-NIP, MFS shall have the right to extend its own facilities or to lease dark fiber facilities (if available) or digital transport facilities from GTE or from any 3rd-party, subject to the following terms:
1. Such leased facilities shall extend from any point designated by MFS on its own network (including a co-location facility maintained by MFS at an GTE wire center) to the D-NIP or associated manhole or other appropriate junction point.
 2. Where MFS leases such facilities from GTE, MFS shall have the right to lease under non-discriminatory tariff or contract terms from GTE.
- D. Upon reasonable notice and if agreed to by GTE, MFS and GTE may change from one of the interconnection methods specified above, to one of the other methods specified ~~above~~, with no penalty, conversion, or rollover charges.

IV. NUMBER RESOURCE ARRANGEMENTS

- A. Nothing in this agreement shall be construed to in any manner limit or otherwise adversely impact any MFS' right to employ or to request and be assigned any NANP number resources including, but not limited to, central office (NXX) codes pursuant to the Central Office Code Assignment Guidelines¹.
- B. As contemplated by the Central Office Code Assignment Guidelines, MFS will designate within the geographic NPA with which each of its assigned

¹ Last published by the Industry Numbering Committee ("INC") as INC 95-0407-008, Revision 4/7/95, formerly ICCF 93-0729-010.

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NXX codes is associated, a Rate Center area within which it intends to offer Exchange Services bearing that NPA-NXX designation, and a Rate Center point to serve as the measurement point for distance-sensitive traffic to/from the Exchange Services bearing that NPA-NXX designation.

- C. MFS will also designate a Rating Point for each assigned NXX code. MFS may designate one location within each Rate Center as the Rating Point for the NPA-NXXs associated with that Rate Center; alternatively, MFS may designate a single location within one Rate Center to serve as the Rating Point for all the NPA-NXXs associated with that Rate Center and with one or more other Rate Centers served by MFS within the same LATA.
- D. Until such time MFS receives specific permission from the Commission to vary its rate centers from GTE's rate centers, MFS will agree to deploy a minimum of one NXX per established GTE rate center area.
- E. To the extent GTE serves as Central Office Code Administrator for a given region, GTE will support all MFS requests related to central office (NXX) code administration and assignments in an effective and timely manner.
- F. The Parties will comply with code administration requirements as prescribed by the Federal Communications Commission, the Commission, and accepted industry guidelines.
- G. It shall be the responsibility of each Party to program and update its own switches and network systems to recognize and route traffic to other Party's assigned NXX codes at all times. Neither Party shall impose any fees or charges whatsoever on the other Party for such activities.

V. MEET-POINT BILLING ARRANGEMENTS

A. Description

- 1. MFS may establish meet-point billing arrangements with GTE in order to provide Switched Access Services to third parties via an GTE access tandem switch, in accordance with the Meet-Point Billing guidelines adopted by and contained in the Ordering and Billing Forum's MECAB and MECOD documents, except as modified herein.
- 2. Except in instances of capacity limitations, GTE shall permit and enable MFS to sub-lease the GTE access tandem switch(es) nearest

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to the MFS Rating Point(s) associated with the NPA-NXX(s) to/from which the Switched Access Services are homed. In instances of capacity limitation at a given access tandem switch, MFS shall be allowed to sub-tand the next-nearest GTE access tandem switch in which sufficient capacity is available.

3. Interconnection for the meet-point arrangement shall occur at the GTE Tampa Main Serving Wire Center (SWC) D-NIP.
4. Common channel signalling ("CCS") shall be utilized in conjunction with meet-point billing arrangements to the extent such signaling is resident in the GTE access tandem switch.
5. MFS and GTE will use their best reasonable efforts, individually and collectively, to maintain provisions in their respective federal and state access tariffs, and/or provisions within the National Exchange Carrier Association ("NECA") Tariff No. 4, or any successor tariff, sufficient to reflect this meet-point billing arrangement, including meet-point billing percentages.
6. As detailed in the MECAB document, MFS and GTE will in a timely fashion exchange all information necessary to accurately, reliably and promptly bill third parties for Switched Access Services traffic jointly handled by MFS and GTE via the meet-point arrangement. Information shall be exchanged in Electronic Message Record ("EMR") format, on magnetic tape or via a mutually acceptable electronic file transfer protocol.
7. MFS and GTE shall work cooperatively to coordinate rendering of meet-point bills to customers, and shall reciprocally provide each other, at no charge, the Usage Data, etc.

B. Compensation

1. Initially, billing to 3rd-parties² for the Switched Access Services jointly provided by MFS and GTE via the meet-point billing arrangement shall be according to the multiple-bill/multiple-tariff method.
2. Subsequently for billing to 3rd-parties for the Switched Access Services jointly provided by MFS and GTE via the meet-point arrangement, MFS and GTE may mutually agree to implement one

² Including any future GTE separate interexchange subsidiaries.

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of the following options: 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 shall notify GTE of such a request in writing, 90-days in advance of the date on which such change shall be implemented.

3. Switched Access charges to 3rd-parties shall be calculated utilizing the rates specified in MFS's and GTE'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.
4. MFS shall be entitled to the balance of the switched access charge revenues associated with the jointly handled switched access traffic, less the amount of transport element charge revenues³ to which GTE is entitled pursuant to the above-referenced tariff provisions.
5. MPB will apply for all traffic bearing the 800, 888, or any other non-geographic NPA which may be likewise designated for such traffic in the future, where the responsible party is an LXC. In those situations where the responsible party for such traffic is a LEC, full switched access rates will apply.

VI. RECIPROCAL TRAFFIC EXCHANGE ARRANGEMENT

A. Description

The Parties shall reciprocally terminate POTS calls originating on each others' networks, as follows:

1. The Parties shall make available to each other the following traffic exchange trunk groups for the reciprocal exchange of POTS traffic at the respective D-NPs:
 - a. GTE shall make available to MFS, at the GTE Tampa Main SWC, trunks over which MFS shall terminate to end users of GTE-provided Exchange Services, POTS traffic originated from end users of MFS-provided Exchange Services.

³ For purposes of clarification, this does not include the interconnection charge, which is to be remitted to the end office provider, which in this case would be MFS.

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- b. MFS shall make available to GTE, at the MFS Tampa downtown Node, trunks over which GTE shall terminate to end users of MFS-provided Exchange Services, POTS traffic originated from end users of GTE-provided Exchange Service.
 - c. MFS and GTE shall, where applicable, make reciprocally available, by mutual agreement, the required trunk groups to handle different traffic types. MFS and GTE agree to work cooperatively to agree on network trunking within 60 days upon execution of this agreement.
 - d. To the extent different rates are agreed upon or are ordered by the Commission for local and non-local traffic, the parties will provide each other appropriate percentages for the traffic carried over the trunk groups.
2. Reciprocal Traffic Exchange Arrangement trunk connections shall be made at a DS-1 or multiple DS-1 level, DS-3, (SONET where technically available) and shall be jointly-engineered to an objective P.01 grade of service.
 3. MFS and GTE agree to use their best collective efforts to develop and agree on a Joint Interconnection Grooming Plan prescribing standards to ensure that the Reciprocal Traffic Exchange Arrangement trunk groups are maintained at consistent P.01 or better grades of service. Such plan shall also include mutually-agreed upon default standards for the configuration of all segregated trunk groups.
 4. The Parties will provide Common Channel Signalling (CCS) to one another, where and as available, in conjunction with all traffic exchange trunk groups. The parties will cooperate on the exchange of Transactional Capabilities Application Part (TCAP) messages to facilitate full inter-operability of CCS-based features between their respective networks, including all CLASS features and functions. All CCS signalling parameters will be provided including automatic number identification (ANI), originating line information (OLI) calling party category, charge number, etc. All privacy indicators will be honored. Network signalling information such as Carrier Identification Parameter (CCS platform) and CIC/OZZ information (non-CCS environment) will be provided wherever such information is needed for call routing or billing. For traffic for which CCS is not available, in-band multi-frequency

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(MF), wink start, E&M channel-associated signalling with ANI will be forwarded.

5. The Parties shall establish company-wide CCS interconnections STP-to-STP. Such STP links shall be reciprocally provided.

B. Compensation

MFS and GTE do not agree as to the compensation arrangements for the exchange of POTS (local/traditional toll) traffic. The parties agree that the rates for reciprocal compensation will be in accordance with any future Commission decision or mutual agreement of the parties.

VII. SHARED NETWORK PLATFORM ARRANGEMENTS

A. 9-1-1/E9-1-1

1. Description

- a. MFS will interconnect trunk groups to the GTE 9-1-1/E-9-1-1 selective routers/911 tandems which serve the areas in which MFS provides exchange services, for the provision of 9-1-1/E9-1-1 services and for access to all sub-tending Public Safety Answering Points. GTE will provide MFS with the appropriate CLLI codes and specifications of the tandem serving area.
- b. GTE and MFS will arrange for the automated input and daily updating of 9-1-1/E-9-1-1 database information related to MFS and users. GTE will work cooperatively with MFS to ensure the accuracy of the data transfer by verifying it against the Master Street Address Guide (MSAG). Additionally, GTE shall work with the county to provide MFS the ten-digit POTS number of each PSAP which sub-tends each GTE selective router/9-1-1 tandem to which MFS is interconnected.
- c. GTE will use its best efforts to facilitate the prompt, robust, reliable and efficient interconnection of MFS systems to the 9-1-1/E-9-1-1 platforms.

2. Compensation

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For the provision of 911/E911 services between MFS and GTE, the parties will work cooperatively to address, any/all compensation issues within 90 days upon execution of this agreement. To the extent the parties are unable to agree within 90 days, either party may petition the Commission to seek resolution. MFS will be required to connect trunks to the 911/E911 tandem(s).

B. Exchange of 800 Traffic

1. Description

The Meet-point Billing terms and conditions contained in section V of this agreement apply for the exchange of 800 traffic.

2. Compensation

Applicable Switched Access Meet-point billing rates shall apply for all 800 calls per the terms and conditions contained in section V of this agreement.

C. Information Services Billing and Collection

1. Description

- a. MFS and GTE shall work cooperatively to reach agreement on all information services (e.g. 976, 974, N11, weather lines, sports lines, publisher lines, etc.) issues. The subsequent information services agreement shall enable MFS and GTE to reciprocally provide information services, originate and terminate information services calls between each other, bill and collect revenues from each others end users (including Information Providers), and reasonably compensate MFS and GTE.

D. Directory Listings and Directory Distribution

MFS and GTE agree that an additional agreement will be required to effectuate the terms of this section and will work cooperatively to execute the additional agreement within 90 days upon the execution of this agreement.

1. Description

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The directory listings and distribution terms and rates specified in this section shall apply to listings of MFS customer numbers falling within NXX codes directly assigned to MFS, and to listings of MFS customer telephone numbers which are retained by MFS pursuant to Local Telephone Number Portability Arrangements described below. The terms of this section may require a subsequent additional agreement with GTE's Directory Publishing company.

- a. GTE will include MFS's customers' telephone numbers in all its "White Pages" and "Yellow Pages" directory listings and directory assistance databases associated with the areas in which MFS provides services to such customers, and will distribute such initial directories and directory updates to such customers, in the identical and transparent manner in which it provides those functions for its own customers' telephone numbers.
- b. MFS will provide GTE with its directory listings and daily updates to those listings in an industry-accepted format; GTE will provide MFS a magnetic tape or computer disk containing the proper format.
- c. MFS and GTE will accord MFS' directory listing information the same level of confidentiality which GTE accords its own directory listing information, and GTE shall ensure that access to MFS's customer proprietary confidential directory information will be limited solely to those GTE employees who are directly involved in the preparation of listings.

2. Compensation

- a. GTE and MFS will work cooperatively to address any payments for sales of any bulk directory lists to third parties, where such lists include MFS customer listings and any compensation due GTE for administrative functions associated with furnishing listings to third parties. GTE will not provide/sell MFS' listings to any third parties without MFS' prior written approval.
- b. GTE shall provide directory distribution, directory database maintenance, and directory listings for MFS and its customers under the same terms that GTE provides those same services for its end users. In-area directory delivery, database maintenance, and basic "White" and "yellow" page

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listings will be at no fee. Out-of-area directory delivery and enhanced listings, i.e. bolding, indention, second listings, etc., will be per GTE's currently tariffed or non-discriminately available contract rates.

E. Directory Assistance (DA)

1. Description

At MFS' request, GTE will:

- a. provide to MFS unbranded directory assistance service MFS which is comparable in every way to the directory assistance service GTE makes available to its own end users;
- b. provide to MFS directory assistance service under MFS's brand which is comparable in every way to the directory assistance service GTE makes available to its own end users;

2. When available, at MFS' request, GTE will:

- a. provide to MFS operators or to an MFS-designated operator bureau on-line access to GTE's directory assistance database, where such access is identical to the type of access GTE's own directory assistance operators utilize in order to provide directory assistance services to GTE and users;
- b. allow MFS or an MFS-designated operator bureau to license GTE's directory assistance database for use in providing competitive directory assistance services; and/or
- c. in conjunction with VII.E.1.a. or VII.E.1.b., above, provide caller-optional directory assistance call completion service which is comparable in every way to the directory assistance call completion service GTE makes available to its own end users. When this functionality is available, GTE will route the calls back to MFS for MFS to complete the customer call.

3. Compensation

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GTE will charge MFS its wholesale IXC/LEC rates for the following functionality:

- a. \$0.25 per unbranded directory assistance intrastate call.
- b. \$0.25 per branded directory assistance intrastate call.
- c. \$0.28 per unbranded directory assistance interstate call.
- d. \$0.28 per branded directory assistance interstate call.

When available:

- e. \$0.0_ per use of caller-optional directory assistance call completion. (Future)
- f. \$0.0_ per directory assistance database query. (Future)
- g. \$___ for licensing of each directory assistance database. (Future)

F. Yellow Page Maintenance

GTE will 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. GTE will allow MFS customers to purchase new yellow pages advertisements without discrimination, at non-discriminatory rates, terms and conditions. GTE and MFS will work cooperatively to investigate with GTE Directory Publishing whether GTE would implement a commission program whereby MFS may act as a sales, billing and collection agent for Yellow Pages advertisements purchased by MFS's exchange service customers.

G. Transfer of Service Announcements

When an end user customer changes from GTE to MFS, or from MFS to GTE, and does not retain its original telephone number, the party formerly providing service to the end user will provide a transfer of service announcement on the abandoned telephone number upon request. This announcement will provide details on the new number to be dialed to reach this customer. These arrangements will be provided reciprocally

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based upon current practice with GTE's customers to either the other carrier or the end user customer.

H. Coordinated Repair Calls

MFS and GTE will employ the following procedures for handling misdirected repair calls:

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

I. Busy Line Verification and Interrupt

1. Description

Each Party shall establish procedures whereby its operator bureau will coordinate with the operator bureau of the other Party operating in order to provide Busy Line Verification ("BLV") and Busy Line Verification and Interrupt ("BLVI") services on calls between their respective end users. BLV and BLVI inquiries between operator bureaus shall be routed over the appropriate trunk groups. MFS and GTE will reciprocally provide adequate connectivity to facilitate this capability.

2. Compensation

Each Party shall compensate the other Party for BLV and BLVI inquiries according to the following rates:

	<u>per inquiry</u>
BLV	\$0.05

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BLVI

\$0.85

J. Information Pages

GTE will 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 installation, repair and customer service and other information. This term may require an additional agreement with GTE Directory Publishing.

K. Operator Reference Database (ORDB)

If available, GTE will work cooperatively with MFS to assist MFS in obtaining from the appropriate 911 government agencies monthly updates to the Operator Reference Database (ORDB). If available, this will enable MFS to promptly respond to emergency agencies (i.e. fire, police, emergency medical technicians, etc), as a back-up to 911, during a catastrophic situation.

VIII. UNBUNDLED EXCHANGE SERVICE ARRANGEMENTS

A. Description

GTE shall unbundle all its Exchange Services into three separate packages: (1) link element; (2) port element; and (3) cross-connect element. The following link and port categories shall be provided:

Link Categories

2/4-wire analog voice grade
2 wire ISDN digital grade
4-wire DS-1 digital grade

Port Categories

2/4-wire analog line
2-wire ISDN digital line
2-wire analog DID trunk
4-wire DS-1 digital DID trunk
4-wire ISDN DS-1 digital trunk

GTE shall unbundle and separately price and offer these elements such that MFS will be able to lease and interconnect to whichever of these unbundled elements MFS requires, and to combine the GTE-provided elements with any facilities and services that MFS may itself provide, in order to efficiently offer telephone services to end users, pursuant to the following terms:

1. Interconnection shall be achieved via co-location arrangements MFS shall maintain at the wire center at which the unbundled elements are resident.

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2. Each link or port element shall be delivered to the MFS co-location arrangement over a loop/port connector applicable to the unbundled service delivered, through other tariffed or contracted options, or through other technically feasible and economically comparable hand-off arrangements in accordance with agreements between MFS and GTE.
3. To the degree possible all transport-based features, functions, service attributes, grades-of-service, install, maintenance and repair intervals which apply to the bundled service should apply to unbundled links.
 - a. GTE will not monitor the unbundled loop for maintenance purposes. MFS will be required to provision a loop testing device either in its central office, Network Control Center, or in their collocation arrangement to test the unbundled loop. GTE will perform repair and maintenance once trouble is identified by MFS.
4. To the degree possible all switch-based features, functions, service attributes, grades-of-service, and install, maintenance and repair intervals which apply to the bundled service should apply to unbundled ports.
5. GTE and MFS will work cooperatively to attempt to accommodate MFS' requirement for billing of all unbundled facilities purchased by MFS (either directly or by previous assignment by a customer) on a single consolidated statement per wire center. GTE will work toward billing at a wire center level, however, in the initial phases of unbundling, GTE's billing will be at a state level, or at an aggregate account level based on GTE's billing cycles.
6. Where GTE utilizes digital loop carrier ("DLC")⁴ technology to provision the link element of an bundled Exchange Service to an end user customer who subsequently determines to assign the link element to MFS and receive Exchange Service from MFS via such link, GTE shall use its best efforts to deliver such link to MFS on an unintegrated basis, pursuant to MFS' chosen hand-off architecture, without a degradation of end user service or feature availability. GTE and MFS recognize that there may be technical

⁴ See, Balcore TR-TSY-000008, *Digital Interface Between the SLC-96 Digital Loop Carrier System and Local Digital Switch* and TR-TSY-000303, *Integrated Digital Loop Carrier (IDLC) Requirements, Objectives, and Interface*.

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limitations that may need to be addressed to enable this requirement, therefore MFS and GTE agree to begin working cooperatively to address any technical issues within 60 days upon execution of this agreement.

7. GTE will permit MFS to co-locate digital loop carriers and associated equipment in conjunction with co-location arrangements MFS maintains at an GTE wire center, for the purpose of interconnecting to unbundled link elements.
8. To provide future order and trouble reporting GTE shall work cooperatively with MFS to attempt accommodating MFS' requirement for an appropriate industry-standard on-line electronic file transfer arrangement by which MFS may place, verify and receive confirmation on orders for unbundled elements, and issue and track trouble-ticket and repair requests associated with unbundled elements.

B. Compensation

MFS and GTE do not agree as to compensation rates for Unbundled Exchange Access Arrangements.

IX. LOCAL TELEPHONE NUMBER PORTABILITY ARRANGEMENTS

A. Description

GTE and MFS will provide Interim Number Portability (INP) on a reciprocal basis between their networks to enable each of their end user customers to utilize telephone numbers associated with an Exchange Service provided by one carrier, in conjunction an Exchange Service provided by the other carrier, upon the coordinated or simultaneous termination of the first Exchange Service and activation of the second Exchange Service.

1. MFS and GTE will provide reciprocal INP immediately upon execution of this agreement via call forwarding. GTE and MFS will migrate from INP to a database-driven Permanent Number Portability arrangement as soon as practically possible, without interruption of service to their respective customers.
2. INP shall operate as follows:
 - a. A customer of Carrier A elects to become a customer of Carrier B. The customer elects to utilize the original

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telephone number(s) corresponding to the Exchange Service(s) it previously received from Carrier A, in conjunction with the Exchange Service(s) it will now receive from Carrier B. Upon receipt of a signed letter of agency from the customer assigning the number to Carrier B, Carrier A will implement one of the following arrangements:

- (1) For the initial implementation of the portability of telephone numbers, Carrier A will implement an arrangement whereby all calls to the original telephone number(s) will be forwarded to a new telephone number(s) designated by Carrier B. Carrier A will route the forwarded traffic to Carrier B via the mutual traffic exchange arrangements, as if the call had originated from the original telephone number and terminated to the new telephone number.
- b. Carrier B will become the customer of record for the original Carrier A telephone numbers subject to the INP arrangements. Carrier A will provide Carrier B a single consolidated master billing statement for INP. GTE will explore the possibility of enabling collect, calling card, and 3rd-number billed calls associated with those numbers to enable MFS to rebill its newly acquired customers for those functions. Also, GTE will explore the possibility of sub-account detail for collect, calling card, and 3rd-number billed calls, and the capability of having billing statements delivered in real time via an agreed-upon Electronic data transfer, or via daily or monthly magnetic tape.
- c. Carrier A will update its Line Information Database ("LIDB") listings for retained numbers and cancel calling cards associated with those forwarded numbers.
- d. Within two (2) business days of receiving notification from the customer, Carrier B shall notify Carrier A of the customer's termination of service with Carrier B, and shall further notify Carrier A as to the Customer's instructions regarding its telephone number(s). Carrier A will cancel the INP arrangements for the customer's telephone number(s). If the Customer has chosen to retain its telephone number(s) for use in conjunction with Exchange Services provided by Carrier A, Carrier A will simultaneously transition the number(s) to the customer's preferred carrier.

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3. Under INP, MFS and GTE will implement a process to coordinate INP cut-overs with Unbundled Loop conversions within a reasonable time that is acceptable to customers. MFS and GTE pledge to use their best efforts to ensure that INP 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.
4. Per the Florida Public Service Commission's order in Docket No. 950737-TP, MFS and GTE may continue to develop Direct Inward Dialing-type number portability arrangements.

B. Compensation

1. MFS and GTE shall provide INP arrangements to one another either at the rates ordered by the Florida Public Service Commission in Docket No. 950737-TP or at MFS' option, other mutually agreed upon rates, except for authorized collect, calling card and 3rd-number billed calls billed to the retained numbers.
2. For all traffic terminated between MFS and GTE to the party whose customer ultimately receives the call, reciprocal compensation charges and Switched Access charges (pursuant to each carrier's respective tariffs), shall apply for POTS traffic and non-POTS traffic. For compensation purposes, a mutually agreed surrogate will have to be developed as neither MFS nor GTE can classify this traffic.

X. RESPONSIBILITIES OF THE PARTIES

- A. GTE and MFS agree to treat each other fairly, non-discriminatory, and equally for all items included in this agreement, or related to the support of items included in this agreement.
- B. MFS and GTE will work cooperatively to minimize fraud associated with 3rd-number billed calls, calling card calls, or any other services related to this agreement.
- C. MFS and GTE agree to promptly exchange all necessary records for the proper billing of all traffic.
- D. For network expansion, MFS and GTE will review engineering requirements on a quarterly basis and establish forecasts for trunk utilization. New trunk groups will be implemented as dictated by

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engineering requirements for both GTE and MFS. GTE and MFS are required to provide each other the proper call information (e.g., originated call party number and destination call party number, CIC, OZZ, etc.) to enable each company to bill in a complete and timely fashion.

- E. There will be no re-arrangement, reconfiguration, disconnect, or other non-recurring fees for any mutually beneficial network interconnections associated with the initial reconfiguration for traffic exchange, 911/E911, Interim Number Portability, Meet-point Billing, Directory Assistance, Information Services, Common Channel Signalling, and BLV/BLVI connectivity.
- F. With respect to any outstanding issue set forth in this agreement requiring an additional agreement within 90 (sixty) days, each party will use its best efforts to address all such outstanding items within that time period. Failure to reach agreement on these additional issues will not affect the enforceability of this agreement.

XI. TERM

MFS and GTE agree to provide service to each other on the terms defined in this agreement until superseded by amended or additional mutually agreeable arrangements approved by the Commission, whichever occurs first. By mutual agreement, MFS and GTE may amend this agreement to extend the term of this agreement. Also by mutual agreement, GTE and MFS may jointly petition the appropriate regulatory bodies for permission to have this agreement supersede any future standardized agreements or rules such regulators might adopt or approve.

XII. INSTALLATION

GTE and MFS shall effectuate all the terms of this agreement within 90 days upon execution of this agreement.

XIII. NETWORK MAINTENANCE AND MANAGEMENT

MFS and GTE will work cooperatively to install and maintain a reliable network. MFS and GTE will exchange appropriate information (e.g., maintenance contact numbers, network information, information required to comply with law enforcement and other security agencies of the Government, etc.) to achieve this desired reliability.

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MFS and GTE will work cooperatively to apply sound network management principles by invoking network management controls to alleviate or to prevent congestion.

XIV. OPTION TO ELECT OTHER TERMS

If, at any time while this agreement is in effect, either of the parties to this agreement provides arrangements similar to those described herein to a third party operating within the same LATAs (including associated Extended Area Service Zones in adjacent LATAs) as for which this agreement applies, on terms different from those available under this agreement (provided that the third party is authorized to provide local exchange services), then the other party to this agreement may opt to adopt the rates, terms, and conditions offered to the third party for its own reciprocal arrangements with the first party. This option may be exercised by delivering written notice to the first party.

XV. CANCELLATION, CONVERSION, NON-RECURRING OR BOLL-OVER CHARGES

Unless mutually agreed otherwise, neither MFS nor GTE shall impose cancellation charges upon each other for any beneficial network interconnection functions.

XVI. FORCE MAJEURE

Neither party shall be responsible for delays or failures in performance resulting from acts or occurrences beyond the reasonable control of such Party, regardless of whether such delays or failures in performance were foreseen or foreseeable as of the date of this Agreement, including, without limitation: fire, explosion, power failure, acts of God, war, revolution, civil commotion, or acts of public enemies; any law, order, regulation, ordinance or requirement of any government or legal body; or labor unrest, including, without limitation, strikes, slowdowns, picketing or boycotts; or delays caused by the other Party or by other service or equipment vendors; or any other circumstances beyond the Party's reasonable control. In such event, the Party affected shall, upon giving prompt notice to the other Party, be excused from such performance on a day-to-day basis to the extent of such interference (and the other Party shall likewise be excused from performance of its obligations on a day-for-day basis to the extent such Party's obligations related to the performance so interfered with). The affected party shall use its best efforts to avoid or remove the cause of non-performance and both parties shall proceed to perform with dispatch once the causes are removed or cease.

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XVI. OTHER PROVISIONS

GTE and MFS acknowledge that additional terms and conditions (including, but not limited to provisions relating to limitation of liability, indemnity, severability, notices, assignment, dispute resolution, cancellation, default, and non-disclosure) will need to be agreed prior to interconnection. The parties agree to negotiate these terms and conditions within five (5) calendar days after execution of this agreement.

.....

If this agreement is acceptable to MFS and GTE, both parties shall sign in the space provided below. This agreement shall not bind MFS and GTE until executed by both parties.

Quintin Dennis
Date 2-19-96

Donald W. ...
Date 2-19-96

Timothy T. Devine
Print Name

James H. ...
Print Name

Sr. Director, External
Title Regulatory Affairs

The ...
Title - ...

Metropolitan Fiber Systems of Florida, Inc. GTE Florida Incorporated