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April 11, 1997

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

RE: Docket Nos. 960833-TP; 960846-TP

Dear Mrs. Bayo:

Enclosed are an original and fifteen copies of BellSouth Telecommunications, Inc.'s Response To MCI Metro Access Transmission Services, Inc.'s Motion To Approve MCI Metro-BellSouth Florida Interconnection Agreement. Please file these documents in the captioned docket.

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return the copy to me. Copies have been served on the parties shown on the attached Certificate of Service.

- ACK
- ACK
- AFA
- APP
- CAF
- CMU
- CTR
- EAG
- LEG
- LIN
- OFC
- RCH
- SEC
- WAS
- OTH

Sincerely,

J. Phillip Carver
(Bw)

J. Phillip Carver

Enclosures

cc: All Parties of Record
A. M. Lombardo
5 R. G. Beatty
W. J. Ellenberg

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EPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

03734 APR 11 97

FPSC-RECORDS/REPORTING

01/18/91
FILE 01/18/91

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petitions by AT&T Communications)	
of the Southern States, Inc., MCI)	
Telecommunications Corporation, MCI)	
Metro Access Transmission Services, Inc.,)	Docket No. 960833-TP
American Communications Services, Inc.)	Docket No. 960846-TP
and American Communications Services)	Docket No. 960916-TP
of Jacksonville, Inc. for arbitration of)	
certain terms and conditions of proposed)	
agreements with BellSouth)	
Telecommunications, Inc. concerning)	
interconnection and resale under the)	
Telecommunications Act of 1996.)	
)	

BELLSOUTH TELECOMMUNICATIONS, INC.'S
RESPONSE TO MCI METRO ACCESS TRANSMISSION
SERVICES, INC.'S MOTION TO APPROVE MCI
METRO-BELLSOUTH FLORIDA INTERCONNECTION AGREEMENT

BellSouth Telecommunications, Inc. ("BellSouth"), hereby files, pursuant to Rule 25-22.037(b), Florida Administrative Code, its Response to the Motion of MCI Metro Access Transmission Services, Inc. ("MCI") To Approve MCI Metro-BellSouth Florida Interconnection Agreement, and states the following:

1. BellSouth and MCI agree on one point. The respective Interconnection Agreements submitted to the Florida Public Service Commission ("Commission"), by BellSouth and by MCI are the same, except for the fact that BellSouth's Agreement contains two sentences regarding the rebundling of network elements. BellSouth submits that the language of these two sentences is entirely consistent with both the ruling of this Commission in the Final Order On Motion for

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Reconsideration and Amending Order No. PSC-96-1579-FOF-TP (Order No. PSC-97-0298-FOF-TP; issued March 19, 1997) and the concerns that this Commission expressed in that Order. MCI, on the other hand, has refused to execute an agreement that includes any language relating to the rebundling issue. Instead, MCI is apparently taking the tack of responding to the language of the Order on Reconsideration that displeases it (and which is the basis for the contractual language proposed by BellSouth) by acting as if it simply does not exist. BellSouth believes, however, that the language it has proposed is absolutely necessary to ensure that the Agreement is consistent with the most recent Order of this Commission on this point.

2. The language proposed by BellSouth, which MCI has refused to accept, is as follows:

Further, negotiations between the parties should address the charges for retail services recreated by combining UNEs. Recombining UNEs shall not be used to undercut the resale price of the service recreated.¹

(Section 8, Attachment 1)

Again, BellSouth believes that this language is a direct and straightforward expression of the ruling and expressed concerns of this Commission contained in the Reconsideration Order. MCI, however, claims in its Motion that this Commission has ordered that it may recombine elements in any way that it wishes, and that this ruling must necessarily mean that it is free to price recombined

¹ The entire text of Section 8 of Attachment 1 is appended hereto as Exhibit A.

network elements that duplicate an existing BellSouth service in any way that it wishes, even if this means undercutting the resale price of the BellSouth service.

3. In its Motion, MCI first states that this Commission ruled in the Final Order on Arbitration (Order No. PSC-96-1579-FOF-TP, Issued December 31, 1996) that MCI may recombine unbundled network elements in any manner it chooses. This much of MCI's contention is true. The fallacy of MCI's position is two-fold. One, MCI incorrectly makes the argument that the fact that elements can be rebundled in any way MCI wishes necessarily means that MCI also may price the recreated service in any way that it wishes. Two, MCI makes the equally implausible contention that the Reconsideration Order does nothing more than reject BellSouth's request for reconsideration. The precise language of this Order, however, belies both of these contentions.

4. Even a cursory review of the Reconsideration Order is adequate to see that MCI's rendition of the meaning of the Order glosses over every relevant point. First, the Reconsideration Order stated on the issue of rebundling the Commission's conclusion that "[i]n our original arbitration proceeding in this docket, we were not presented with the specific issue of the pricing of recombined elements when recreating the same service offered for resale". (Order, p. 7) (emphasis added). Therefore, the Commission specifically noted that it,

. . . [s]et rates only for the specific unbundled elements that the parties requested. Therefore, it is not clear from the record in this proceeding that our decision included rates for all elements necessary to recreate a complete retail service. Thus, it is inappropriate for us to make a determination on this issue at this time.

(Order at p. 7).

5. Thus, the Commission noted expressly that it had not ruled upon the issue that MCI claims has been resolved, the pricing of recombined UNEs. Then, the Order set forth the statement that MCI would obviously prefer to ignore:

Nevertheless, we note that we would be very concerned if recombining network elements to recreate a service could be used to undercut the resale price of the service.

(Order, p. 8).

In its Motion, MCI "acknowledges" the above-quoted language of the Reconsideration Order. Nevertheless, MCI then makes the astounding argument that because the Final Arbitration Order entered approximately three months earlier by this Commission does not prohibit rebundling, MCI is free to disregard entirely the concerns of this Commission and price rebundled network elements that recreate a BellSouth service in any way that it wishes, even if it severely undercuts the price of the resold service. Although MCI is flatly wrong, it is at least consistent, i.e., it has refused to negotiate the price of rebundled elements, or even to include in the Agreement a provision that states that this is an open issue. Presumably, if MCI's version of the Agreement is adopted, then it will continue to be consistent and take the next logical step that follows from its flawed position, i.e., it will begin to rebundle elements it purchases while continuing to ignore the concerns of this Commission. For this reason, the language proposed by BellSouth must be included in the Agreement to ensure that it accurately reflects the Commission's ruling that this issue is open, and to ensure that MCI does not continue to act as if this issue has been resolved in its favor.

6. Turning specifically to the language of the two sentences proposed by BellSouth, the first sentence is necessary to specifically acknowledge the fact, as set forth in the Commission's Order, that the prices for recombined UNEs used to recreate a BellSouth retail service have not been set and that these prices are subject to future negotiation. The second sentence, which provides that UNEs should not be recombined to undercut the resale price of the service, is entirely consistent with the language of the Order quoted above. Again, this Commission has expressed in the order its concern about the recombination of elements being used in this way. BellSouth has simply suggested that the parties should address this expressed concern in the Agreement by the inclusion of a sentence that mirrors the language of the Order.

7. BellSouth submits that in determining whether to include these two sentences in the approved Agreement, this Commission should consider each separately, since each is designed to serve a different purpose. Again, the first sentence simply acknowledges that recombination is an open issue that has not been ruled upon by the Commission, and that the parties should negotiate on this point. Inclusion of this simple, accurate expression of the current status of the issue should be uncontroversial. Nevertheless, MCI is adamantly opposed to the inclusion of this sentence because, again, it takes the position that it is free to ignore the clear language of the Reconsideration Order that the pricing issue has not been ruled upon. Again, absent this provision, MCI would presumably begin

immediately to purchase network elements for recombination that would undercut the resale prices of the identical BellSouth services.

8. The second sentence proposed by BellSouth reflects its position that the recombination of UNEs should not be used to undercut resold service. This language, however, is not merely BellSouth's; it mirrors the language of the Order and the expressed concerns of this Commission. For this reason, BellSouth believes that it is appropriate to include this language.

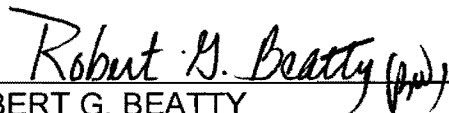
9. Nevertheless, even if this Commission determines that the second sentence proposed by BellSouth for inclusion in this section should not be included because this issue has not yet been arbitrated, this does not in any way affect the necessity of including the first sentence proposed by BellSouth. In fact, if there is no immediate resolution of the recombination issue by the Commission, then there is an even greater need for the inclusion of the first sentence proposed by BellSouth to acknowledge that this issue remains open. The agreement must reflect the fact that the parties have not agreed on this issue, and that the Commission has not ruled upon it. Otherwise, MCI would be able to begin immediately to recombine unbundled network elements into services that are identical to BellSouth services. This would clearly be improper at this juncture, and the Agreement must have language to prevent this result.

10. As set forth above, BellSouth has included the subject provision in this Agreement to reflect the rulings and concerns of this Commission, and the spirit of its Orders. In contrast, MCI has blatantly misconstrued the Orders of this


Commission and refused to abide by any provision that it has arguably not been explicitly ordered to accept. BellSouth submits that the language it has proposed is consistent with the letter and spirit of the Orders issued by this Commission, and that the language that it proposes should be approved.

WHEREFORE, BellSouth respectfully requests the entry of an Order approving the Arbitrated Agreement submitted by BellSouth.

Respectfully submitted this 11th day of April, 1997.



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CERTIFICATE OF SERVICE
DOCKET NOS. 960833-TP and 960846-TP

I HEREBY CERTIFY that a true and correct copy of the foregoing was served by Federal Express this 11th of April, 1997 to the following:

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J. Phillip Carver (Att)

MCImetro-BellSouth Florida Interconnection Agreement**5. Recorded Usage Data**

The prices for Recorded Usage data are set forth in Table 1 of this Attachment.

6. Inside Wire

The price of the BellSouth Inside Wire Maintenance Plan purchased by MCIm for resale shall not be reduced by the wholesale discount.

7. Interconnection and Reciprocal Compensation

7.1 Compensation for the exchange of local traffic is set forth in Table 1 of this Attachment and shall be based on per-minutes-of-use and shall be measured in accordance with Attachment IV.

7.2 MCIm may choose to establish trunking to any given end office when there is sufficient traffic to route calls directly to such end office. If MCIm leases one-way trunks from BellSouth, MCIm will pay the transport charges for dedicated or common transport. For two-way trunks the charges will be shared equally by both parties.

7.3 Compensation for the termination of toll traffic and the origination of 800/888 traffic between the interconnecting parties shall be based on the applicable access charges in accordance with FCC Rules and Regulations in effect.

7.4 Where a toll call is completed through BellSouth Florida's INP arrangement (e.g., remote call forwarding, flexible DID, etc.) to MCIm's subscriber, MCIm shall be entitled to applicable access charges in accordance with FCC Rules and Regulations.

7.5 MCIm shall pay a transit rate as set forth in Table 1 of this Attachment when MCIm uses a BellSouth access tandem to terminate a call to a third party LEC or another local service provider. BellSouth shall pay MCIm a transit rate equal to the BellSouth rate referenced above when BellSouth uses an MCIm switch to terminate a call to a third party LEC or another local service provider.

8. Prices for Combined Network Elements

The recurring and non-recurring prices for Unbundled Network Elements ("UNEs") in Table 1 of this Attachment are appropriate for UNEs on an individual, stand-alone basis. When two or more UNEs are combined, these prices may lead to duplicate charges. BellSouth shall provide recurring and non-recurring charges that do not include duplicate charges

MCImetro-BellSouth Florida Interconnection Agreement

for functions or activities that MCIm does not need when two or more Network Elements are combined in a single order. MCIm and BellSouth shall work together to establish the recurring and non-recurring charges in situations where MCIm is ordering multiple network elements. Further, negotiations between the parties should address the price of a retail service that is recreated by combining UNEs. Recombining UNEs shall not be used to undercut the resale price of the service recreated. Where the parties cannot agree to these charges, either party may petition the Florida Public Service Commission to settle the disputed charge or charges.