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October 27, 1997

Ms. Blanca S. Bayó
Director, Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Dockets Nos. ~~960833~~-TP & 960846-TP

*moved to 971140 -
see DN 00183-98*

Dear Ms. Bayó:

Enclosed for filing on behalf of MCI Telecommunications Corporation and MCImetro Access Transmission Services, Inc. in the above docket are the original and 15 copies of MCI's Motion to Compel Compliance.

By copy of this letter, this document has been provided to the parties on the attached service list.

Very truly yours,

Richard D. Melson

Richard D. Melson

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RDM/cc
Enclosures
cc: Parties of Record

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FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petitions by AT&T Communications	}	
of the Southern States, Inc.; MCI	}	Docket No. 960833-TP
Telecommunications Corporation; MCI Metro	}	Docket No. 960846-TP
Access Transmission Services, Inc. for	}	
arbitration of terms and conditions of a	}	
proposed agreement with BellSouth	}	Filed: October 27, 1997
Telecommunications, Inc. concerning	}	
Interconnection and resale under the	}	
<u>Telecommunications Act of 1996.</u>	}	

MCI's MOTION TO COMPEL COMPLIANCE

MCI Telecommunications Corporation and MCI Metro Access Transmission Services, Inc. (MCI), pursuant to Rule 25-22.037, Florida Administrative Code, hereby file a motion to compel BellSouth Telecommunications, Inc. (BellSouth) to comply with certain terms and conditions of Order No. PSC-96-1579-FOF-TP, issued December 31, 1996 (the "Arbitration Order"). In support thereof, MCI states as follows:

1. In the Arbitration Order, the Florida Public Service Commission set forth its policy determinations regarding MCI's Petition for Arbitration with BellSouth Telecommunications, Inc. pursuant to Section 252 (b) (1) of the Telecommunications Act of 1996 (the "Act"). Among other things, the Commission ordered BellSouth to provide various network features, functions and capabilities to MCI. The network elements to be unbundled include the network interface device (NID), loops, loop distribution, local switching, operator systems, cross-connect system functionality, dedicated transport, common transport, tandem switching, advanced intelligent network (AIN) capabilities, signaling link transport and signal transfer points. The Commission further determined

that AT&T and MCI should be allowed to combine unbundled network elements (UNEs) in any manner they choose, "including recreating existing BellSouth services." Arbitration Order at 38. In addition, the Commission established recurring and, where appropriate, nonrecurring rates for each UNE based on its adopted standard of the total long-run incremental cost (TSLRIC) of each element. This Commission has determined that its TSLRIC methodology fully compensates BellSouth for the use of its network.

2. On January 15, 1997, BellSouth filed a Motion for Reconsideration of the Arbitration Order asking, inter alia, that the Commission reconsider its decision regarding UNE pricing and require MCI to pay the discounted retail price when it purchases multiple UNEs in a way that fully replicates an existing BellSouth service. By Order No. PSC-97-0298-FOF-TP, issued March 19, 1997 ("Order on Reconsideration"), the Commission denied BellSouth's request for reconsideration on this issue. Order on Reconsideration at 7-8. The Commission also determined that, while the prices for the individual elements were appropriate for elements purchased on a stand-alone basis, there was a possibility of duplication of charges, and charges for services and functions which are not needed, when elements were purchased in combination. To address this concern, the Commission directed the parties to work together to establish recurring and nonrecurring charges that do not include duplicate charges or charges for services and functions which are not needed when two or more UNEs are combined. Order on Reconsideration at 27, 29.¹

3. Following the Order on Reconsideration, in the process of finalizing the arbitrated interconnection agreement, BellSouth attempted to insert language that would

¹ MCI subsequently requested negotiations with BellSouth on the non-recurring charges for certain loop/port combinations, but BellSouth refused to negotiate such rates. Accordingly, on August 28, 1997, MCI filed a petition asking the Commission to set nonrecurring rates for certain combinations of

have had the effect of pricing UNEs that were combined by MCI to provide service to its customers as a resold service, rather than at UNE prices. In Order No. PSC-97-0602-FOF-TP, issued May 27, 1997 ("Order on Agreement"), the Commission specifically, and for the third time, rejected BellSouth's position that a combination of UNEs that in some way replicated an existing BellSouth service should be priced as though it were a resold service. Order on Agreement at 5.

4. MCI has ordered 53 UNE combinations in Florida to provide telecommunications services. BellSouth has refused to provide such elements at UNE rates, and instead has billed such combinations as resale. A representative copy of one such order and BellSouth's response is attached hereto as Exhibit A.

5. There is nothing in the Commission-approved MCI/BellSouth Interconnection Agreement which authorizes BellSouth to price UNE combinations at the resale rate. Indeed, the Agreement specifically addresses the right of MCI to order UNE combinations, BellSouth's obligation to provide such combinations, and the rate at which such combinations will be provided.²

6. The MCI/BellSouth Interconnection Agreement specifically authorizes MCI to migrate existing BellSouth customers to MCI by means of unbundled network

UNEs. See Docket No. 971140-TP.

² The following excerpts from the MCI/BellSouth Interconnection Agreement are attached hereto as Exhibit B: Part A, Section 2, Regulatory Approvals; Part A, Section 6, Compliance with Laws; Attachment I, Sections 1 to 8, Price Schedule; Attachment III, Section 2, Unbundled Network Elements; Attachment VIII, Section 2.2.2, Service Migration and New Subscriber Additions; and Attachment VIII, Section 2.2.15, Specific Unbundling Requirements.

elements.³ Furthermore, this provision of the Interconnection Agreement was voluntarily agreed to by BellSouth.⁴

7. The MCI/BellSouth Interconnection Agreement specifically prohibits BellSouth from pulling such elements apart and from charging additional fees to “glue” them back together:

When MCI orders Network Elements or Combinations that are currently interconnected and functional, Network Elements and Combinations shall remain connected and functional without any disconnection or disruption of functionality.

(Section 2.2.15.3 of Attachment VIII)

With respect to Network Elements, . . . charges in Attachment I are inclusive and *no other charges apply, including but not limited to any other consideration for connecting any Network Element(s) with other Network Element(s).* (Emphasis added.)

(Section 2.6 of Attachment III)

BellSouth voluntarily agreed that these two provisions be included in the Interconnection Agreement. See Footnote 4, *infra*.

8. Finally, the MCI/BellSouth Interconnection Agreement determines the pricing of combinations. Section 8 of Attachment I provides that duplicate charges and

³ Section 2.2.2.3 of Attachment VIII authorizes MCI to migrate existing BellSouth customers to MCI to be served through unbundled Network Elements reusing existing BellSouth facilities. In contrast, Sections 2.2.2.1 and 2.2.2.2 of Attachment VIII refer to migration for resale. In light of these complementary provisions, it is clear that migration to UNEs is not the same as migration to resale.

⁴ Some of the provisions in the Interconnection Agreement were voluntarily agreed to by the parties and some were included by the parties as a result of the orders of this Commission. On January 30, 1997, BellSouth filed a draft of the MCI/BellSouth Interconnection Agreement with the Commission. In that draft, BellSouth indicated in bold the provisions which it was including only because it was ordered to do so by the Commission. While some of the provisions concerning UNE combinations were in bold, Section 2.2.2 of Attachment VIII was not. Similarly, Section 2.2.15.3 of Attachment VIII (prohibits disconnection of currently combined network elements) and Section 2.6 of Attachment III (prohibits “glue charges”) were not in bold.

charges for services not needed shall be removed from the stand-alone UNE prices when two or more UNEs are combined. See Order on Reconsideration at 27, 29.

9. The Eighth Circuit Court of Appeals has affirmed that under the Federal Act ALECs are entitled to provide complete services utilizing UNEs at UNE rates. 120 F.3d at 814.

10. The Eighth Circuit Court of Appeals has recently ruled that the Federal Act does not require the ILECs to combine network elements on behalf of ALECs. While MCI disagrees with this conclusion and intends to appeal the Eighth Circuit's ruling, that ruling does not automatically prohibit MCI from seeking enforcement of any provisions of the MCI/BellSouth Interconnection Agreement. The Interconnection Agreement itself contains procedures regarding when and how a court ruling can authorize parties to renegotiate the Agreement, and those provisions have not yet been triggered. See Part A, Sections 2 and 6 of the Interconnection Agreement. More importantly, that ruling can have no impact on provisions in the Interconnection Agreement to which BellSouth voluntarily consented. Finally, that ruling does not prevent this Commission from deciding on its own authority that requiring BellSouth to provide such combinations is in the best interest of Florida consumers. Sections 252(f)(2) and 253(b) of the Federal Telecommunications Act.

11. This Commission has already ruled that under Florida Statute Sec. 364.161 the ALECs' right to combine unbundled loops and ports is essential to effective competition. Order No. PSC-96-0444-FOF-TP, pp. 14-15. To promote competition, the Commission should exercise its state law authority to require BellSouth to provide such elements on a combined basis, particularly where they are already combined in BellSouth's network.

12. The Federal Act provides three methods of market entry; only one, unbundled network elements, has the potential to bring full and robust competition to the residential markets. The first method of market entry is for ALECs to build their own facilities. While effective for serving larger business customers and some high end residential consumers, this is unlikely to happen outside of large metropolitan areas. ALECs do not have the resources necessary to replicate the network BellSouth has built up over the last half century as a legal monopoly. The second method is resale. As an initial matter, resale is not profitable so companies are not likely to use it as their primary long term strategy. More importantly, even if ALECs did use resale, it would never bring the benefits of true competition to residential customers. Competition should bring one of two things: new and better services and/or lower prices. Since all carriers will be forced to provide the same local service, BellSouth's, there will not be the flexibility necessary for improvement or innovation. Resale will not bring low prices since competition can only influence a fraction of the current retail price. The wholesale rate is not subject to competitive pressure. Indeed, if BellSouth raises its retail rate all ALECs will have to raise their prices because the wholesale rate will increase. In other words, one company would control the costs of all the other companies.

13. The third method of market entry is service using unbundled network elements. This is the method which has the greatest potential to bring the benefits of competition to the residential market. Since UNE rates are based on forward looking economic costs, they are not linked to the BellSouth retail rate. Therefore, BellSouth does not control the cost inputs of all the ALECs and competitive pressures can effect all facets of the telecommunications service. Service via UNEs, either combined with each other or in combination with ALEC provided facilities, will only bring the benefits of competition to the residential market,

however, if the rates are set properly and if ALECs are not forced to pay exorbitant and wasteful non-recurring charges to serve customers. BellSouth's proposal to provide UNE combinations to ALECs is to needlessly pull apart UNEs that are currently combined and take them to the ALECs' collocations for the ALECs to combine. Rather than have a procedure as simple and inexpensive as a PIC change, BellSouth would have this Commission approve a complex, unnecessary, and wasteful procedure which necessitates great expense. These unnecessary costs would have to be borne by the ALECs' customers since UNE service would only be viable for ALECs if they can eventually recover their up-front costs to provide such service. For example, rather than pay \$1.49 to switch local companies, the current NRC for a stand alone 2 wire analog loop and port is \$178.00. If an ALEC assumed it would keep a new customer and average of 12 months, it would need to charge an additional \$13.00 a month just to recoup the NRCs. This Commission should not force residential customers to fund wasteful procedures before they are allowed to enjoy the benefits of competition. Indeed, the practical effect of high NRCs would be that ALECs are priced out of the residential market not because BellSouth is more efficient or provides better service but because the ALECs are forced to pay BellSouth for a service that is wasteful and unnecessary. Such a result is certainly inconsistent with Florida's legislative policy in favor of fair and effective competition. Moreover, nothing in the Eighth Circuit order requires or even contemplates that MCI be required to establish collocation cages to perform combinations. At most, that order requires that MCI have access to ILEC offices to perform combinations. BellSouth has not proposed how it intends to provide the access expressly contemplated by the Eighth Circuit opinion.

14. In addition to billing MCI an unauthorized rate for UNE combinations, BellSouth has taken the position that it has no obligation to provide MCI with the

associated usage data necessary for MCI to bill for services, including switched access, provided by MCI using network elements. The term "network element" includes not just the equipment used to provide telecommunications services, but also the "information sufficient for billing and collection" of the service. Section 3(a)(2)(45) of the Federal Telecommunications Act.⁵ Section 4.1.1.3 of Attachment VIII requires BellSouth to provide recorded usage data on all completed calls. See Section 7.2.1.9 of Attachment III.

15. BellSouth's actions are a direct impediment to MCI's attempt to enter the local exchange market through the use of UNEs as authorized by the Commission. As the de facto local monopoly, BellSouth is using its control of the essential elements necessary for local competition to restrict the manner and extent of competition. BellSouth's refusal to provide UNEs at UNE prices, or to provide all usage data necessary for MCI to render bills for services provided using UNEs, is an improper attempt to thwart competition. These actions are contrary to the orders of the Commission, the MCI/BellSouth Interconnection Agreement, the Telecommunications Act of 1996, and Florida's legislative policy in favor of fair and effective competition.

16. BellSouth's refusal to provide UNEs at the individual prices established by the Commission is a direct violation of the MCI/BellSouth Interconnection Agreement and Orders of this Commission. If allowed to continue, BellSouth's actions will give it an

⁵ When MCI uses UNEs to provide service, it is not required to pay originating switched access to BellSouth and may charge terminating switched access for toll calls which MCI's customers receive. See First Report and Order, Par. 356 and 363. While BellSouth contends that the Commission has not determined the price for a UNE combination which recreates an existing BellSouth service, BellSouth admits that the Commission has already decided that ALECs may provide such a service by combining UNEs. See BellSouth's Response and Memorandum in Opposition to AT&T's Motion to Compel Compliance, p. 2, Docket No. 960833-TP. Since the service is being provided via UNEs regardless of the price, BellSouth's pricing claim is irrelevant to the issue of billing for switched access.

unfair advantage, impede MCI's ability to compete for local customers, and stifle the full and fair competition that is the Commission's objective.

WHEREFORE, based on the foregoing, MCI requests that the Commission:

- (a) determine that BellSouth's refusal to provide UNEs at existing UNE prices and its refusal to provide the data associated with the use of UNEs to MCI violates the Commission's arbitration decisions and the MCI/BellSouth Interconnection Agreement;
- (b) direct BellSouth to provide UNEs, including combinations of UNEs, at the ordered UNE prices pending resolution of Docket No. 971140-TP;
- (c) direct BellSouth to provision the appropriate usage data for all billable calls (including calls involving switched access service) for all call types made by customers receiving service through UNEs; and
- (d) grant such other relief as the Commission deems appropriate.

RESPECTFULLY SUBMITTED this 27th day of October, 1997.

HOPPING GREEN SAMS & SMITH, P.A.

By: Richard D. Melson
Richard D. Melson
P.O. Box 6526
Tallahassee, FL 32314
(904) 425-2313

and

Thomas K. Bond
MCI Telecommunications Corporation
780 Johnson Ferry Road
7th Floor
Atlanta, GA 30342

Attorneys for MCI



BellSouth Interconnection Services

Firm Order Confirmation

Date: September 4, 1997

CLEC: mci metro

OCN: 7229

CLEC Initiator: nancy shimer

PON: bs0027ds

Order Number: nrf9v602

Due Date: 09-10-97

TN/CKT: 561-995-1631

BST Representative: Linda a Snavely

BST Telephone: 800-872-3116

Remarks:

This service was ordered as an unbundled port-loop combination. BellSouth considers such combinations to be the same as the equivalent resale service and will process and bill the service as resale.

1

TELEPHONE NUMBERS ARE NOT GUARANTEED UNTIL CONNECTED

Local Service Request

Administrative Section

COMP: WIA 25000005 VER: 01 LBR NO: NO

DATE: 09-02-1997 020000M COO: 09-10-1997 DODD: PROJECT: NO

ACT: SUP: BXP AFO: RTR: CO: 1227 AGNO: ALDR: SCA: AGAUTH: QATED: AUT: ACT: NO

SEC: JCI: APO: TOS: 28M SPEC: NO: NO: 020012-000

SAY: LSP AUTH: LSP AUTH DATE: LSP AUTH NAME: CBA

CUST:

Bill Section

BI1: BI2: 5161-0915-8923, 336 EBO:

STREET: FLOOR: ROOM: CITY: STATE:

ZIP CODE: TEL NO: VIA:

Contact Section

INIT: WAWCNY SHAMER TEL NO: 888-300-4670 EMAIL:

FLOOR: ROOM/MAIL STOP: CITY: DENVER STATE: CO ZIP CODE: 80246

IMP CON: TEL NO: PAGER:

ALT IMP CON: WENDY COX TEL NO: 888-300-4670 PAGER:

DSO CON: TEL NO: FAX NO: EMAIL:

FLOOR: ROOM/MAIL STOP: CITY: STATE: ZIP CODE:

Remarks: PLEASE COMBINE UNBUNDLED LOCAL LINE PORT WITH UNBUNDLED LOOP. BOTH LINE PORT AND LOOP SHOULD BE CAPABLE OF SUPPORTING LOOP START PORTS SERVICE. SEE AG 61.

2

303 584 2590 P.03/31

MCI LOCAL DC

13:48 SEP-18-1997

PAGE.03 303 584 2590

SEP 18 '97 15:49

Administrative Section

303 584 2590

CR 43

Location and Access

NAME: *DIVANE SCHMEDMANER* STREET: *1509 CLAZIT MARRE RD*
CITY: *ROCKY HARBOR* STATE: *VA* ZIP CODE: *22976*

TELEPHONE

541-1995-1631

Inside Wire

Bill Section

LOC BAY: *10* BILL IN: *10*
STREET: *1509 CLAZIT MARRE RD* FLOOR: *1* ROOM: *10*
CITY: *ROCKY HARBOR* STATE: *VA* ZIP CODE: *22976* BILLION: *1*
TEL NO: *541-1995-1631*

Disconnect Information

REF NUM	DISC #	TER	TC OPT	TC TO	TC PER

Remarks

CONTINUED FROM PREVIOUS LINE PORT SHOWS UNABLE ACCESS TO STANDARD ROUTING CONTROL TRUNK TRANSPORT AND SIGNALING OPERATOR. SEE ABOVE REMARKS.

303 584 2590 P. 04/31

MCI LOCAL DC

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PAGE 24

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(3)

SEP 18 '97 15:50

Administrative Section **ASUBR7AS** VER: **01** POY: **001** ORD: **03 05**

Hunting HUNTYP: HUNT SEQ: **03 05**

Service Details

REF NUM: **00011** CNA: **M** IN: **5611-1999-V631** SIN: **01** FE: **0233** TPC: **01**

CHK: **01**

LOCK: **01**

TC OPT: TO TO: TO PER: SYSTEM ID: CABLE ID: SHELF: SLOT: CHAN PAR:

CFA: **45** PULSE: **01** TBE: **01**

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CHK: **01**

LOCK: **01**

TC OPT: TO TO: TO PER: SYSTEM ID: CABLE ID: SHELF: SLOT: CHAN PAR:

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Remarks: **CONTINUED FROM PG 2. SERVICES ASSISTANCE AS**
WALK AS ADDRESS TO ALL INTRASTATE TOLL ROUTES

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P. 05/31

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MCI LOCAL OC

SEP-18-1997 13:48

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SEP 18 '97 15:50

Administrative Section

REF ID: A5002709

YPR: 01 LOTY: 001

04 05

86

Service Details

REF NUM	CRN	BLOCK	CFA	SHELF	SLOT	RELAY RACK	CHANPAIR	JK CODE	JK NUM	JK POS	LR	NDR	WJK	WJO	WJK	WJO	DISC	TER	TC OPT	TC TO	TC PER	SYSTEM ID	CABLE ID
0001																							

REF NUM	CRN	BLOCK	CFA	SHELF	SLOT	RELAY RACK	CHANPAIR	JK CODE	JK NUM	JK POS	LR	NDR	WJK	WJO	WJK	WJO	DISC	TER	TC OPT	TC TO	TC PER	SYSTEM ID	CABLE ID

REF NUM	CRN	BLOCK	CFA	SHELF	SLOT	RELAY RACK	CHANPAIR	JK CODE	JK NUM	JK POS	LR	NDR	WJK	WJO	WJK	WJO	DISC	TER	TC OPT	TC TO	TC PER	SYSTEM ID	CABLE ID

Remarks: SEE LSR PG 1 END VISOR PG 2 ADRA SERVICE PG 3

5

303 584 2590 P.06/31

MCI LOCAL DC

SEP-18-1997 13:49

PAGE.06

303 584 2590

SEP 18 '97 15:50

Directory Listing



P. 07/31

303 584 2590

MCI LOCAL OC

SEP 18 1997 13:49

Administrative Section									
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	DI								
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		KA4	LA		SA	KA			
Listing Instruction Section									
NSIN (CONT)	OMI	LEX	NSIN						
				SCHNEIDER					
LNH (CONT)	LNH								
		DIANE							
PLA (CONT)	PLA	DL	DL	DL	DL	DL	DL	DL	DL
FILE	NICK	LPR	LAD	LAD	LAD	LAD	LAD	LAD	LAD
			BREB						
LASH	LAD	LAD	LAD	LAD	LAD	LAD	LAD	LAD	LAD
MCI LOCAL OC	MCI LOCAL OC	MCI LOCAL OC	MCI LOCAL OC	MCI LOCAL OC	MCI LOCAL OC	MCI LOCAL OC	MCI LOCAL OC	MCI LOCAL OC	MCI LOCAL OC
Listing Indicator Section	DIR	DIREX	(ASST)	100	100	ADJ	SPR	IMP	INSE
Remarks	REMARKS								

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Section 2. Regulatory Approvals

2.1 This Agreement, and any amendment or modification hereof, will be submitted to the state regulatory body for approval in accordance with Section 252 of the Act. Should the state regulatory body deny approval of the Agreement or any part thereof, the parties agree to consider whether any additional and appropriate judicial or administrative efforts are necessary to gain approval of said part or Agreement. If it is mutually determined that the part or Agreement must be renegotiated to gain approval by the state regulatory body, the parties agree to do so on an expedited basis. If the parties fail to reach agreement, either party may seek resolution pursuant to Section 23 (Dispute Resolution Procedures) of this Agreement.

2.2 In the event the FCC or the State regulatory body promulgates rules or regulations, or issues orders, or a court with appropriate jurisdiction issues orders, which make unlawful any provision of this Agreement, the parties shall negotiate promptly and in good faith in order to amend the Agreement to substitute contract provisions which are consistent with such rules, regulations or orders. In the event the parties cannot agree on an amendment within thirty (30) days from the date any such rules, regulations or orders become effective, then the parties shall resolve their dispute under the applicable procedures set forth in Section 23 (Dispute Resolution Procedures) hereof.

2.3 In the event BellSouth is required by any governmental authority to file a tariff or make another similar filing ("Filing") in order to implement this Agreement, BellSouth shall (i) consult with MCIm reasonably in advance of such Filing about the form and substance of such Filing, (ii) provide to MCIm its proposed tariff and obtain MCIm's agreement on the form and substance of such Filing, and (iii) take all steps reasonably necessary to ensure that such Filing imposes obligations upon BellSouth that are no less favorable than those provided in this Agreement and preserves for MCIm the full benefit of the rights otherwise provided in this Agreement. In no event shall BellSouth file any tariff to implement this Agreement that purports to govern the services provided hereunder that is inconsistent with the rates and other terms and conditions set forth in this Agreement unless such rate or other terms and conditions are more favorable than those set forth in this Agreement.

2.4 In the event that any final and nonappealable legislative, regulatory, judicial or other legal action materially affects any material terms of this Agreement, or the ability of MCIm or BellSouth to perform any material terms of this Agreement, or in the event a judicial or administrative stay of such action is not sought or granted, MCIm or BellSouth may, on thirty (30) days written notice (delivered not later than thirty (30) days following the date on which such action has become

MCImetro-BellSouth Florida Interconnection Agreement

legally binding and has otherwise become final and nonappealable) require that such terms be renegotiated, and the Parties shall renegotiate in good faith such mutually acceptable new terms as may be required. In the event that such new terms are not renegotiated within ninety (90) days after such notice, the dispute shall be resolved in accordance with Section 23 (Dispute Resolution Procedures) of this Agreement.

2.5 The parties intend that any additional services requested by either party relating to the subject matter of this Agreement will be incorporated into this Agreement by amendment.

Section 3. Term of Agreement

This Agreement shall become binding upon execution by the parties and continue for a period of 3 years, unless earlier terminated in accordance with Section 20 (Termination). No later than 180 days prior to the expiration of this Agreement, the parties agree to commence negotiations with regard to the terms, conditions and prices of a follow on agreement for the provision of services to be effective on or before the expiration date of this Agreement ("Follow-on Agreement"). The Parties further agree that any such Follow-on Agreement shall be for a term of no less than three years unless the Parties agree otherwise.

If, within 135 days of commencing the negotiation referenced above, the Parties are unable to satisfactorily negotiate new terms, conditions and prices, either Party may petition the State regulatory body to establish an appropriate Follow-on Agreement pursuant to 47 U.S.C. '252. The Parties agree that in such event they shall encourage the State regulatory body to issue its order regarding such Follow-on Agreement no later than the expiration date of this Agreement. The Parties further agree that in the event the State regulatory body does not issue its order by the expiration date of this Agreement or if the Parties continue beyond the expiration date of this Agreement to negotiate without State regulatory body intervention, the terms, conditions and prices ultimately ordered by the State regulatory body, or negotiated by the Parties, will be effective retroactive to the day following the expiration date of this Agreement. Until the Follow-on Agreement becomes effective, BellSouth shall provide Services pursuant to the terms, conditions and prices of this Agreement that are then in effect.

Section 4. Charges and Payment

In consideration of the services provided by BellSouth under this Agreement, MCIm shall pay the charges set forth in Attachment I. The billing and payment procedures for charges incurred by MCIm hereunder are set forth in Attachment VIII.

Section 5. Assignment and Subcontract

5.1 Any assignment by either party to any non-affiliated entity of any right, obligation or duty, or of any other interest hereunder, in whole or in part, without the prior written consent of the other party shall be void. A party may assign this Agreement or any right, obligation, duty or other interest hereunder to an Affiliate company of the party without the consent of the other party. All obligations and duties of any party under this Agreement shall be binding on all successors in interest and assigns of such party. No assignment or delegation hereof shall relieve the assignor of its obligations under this Agreement in the event that the assignee fails to perform such obligations.

5.2 If any party's obligation under this Agreement is performed by a subcontractor or affiliate, the Party subcontracting the obligation nevertheless shall remain fully responsible for the performance of this Agreement in accordance with its terms, and shall be solely responsible for payments due its subcontractors or affiliates. No subcontractor or affiliate shall be deemed a third party beneficiary for any purposes under this Agreement.

Section 6. Compliance with Laws

All terms, conditions and operations under this Agreement shall be performed in accordance with all applicable laws, regulations and judicial or regulatory decisions of all duly constituted governmental authorities with appropriate jurisdiction, and this Agreement shall be implemented consistent with the applicable rules and regulations of the FCC and the state regulatory body in effect. Each party shall be responsible for obtaining and keeping in effect all FCC, state commission, franchise authority and other regulatory approvals that may be required in connection with the performance of its obligations under this Agreement. In the event the basis for this Agreement (e.g., the Act, FCC Rules and Regulations, orders of the state regulatory body) is held to be invalid or changed for any reason, this Agreement shall survive, and the parties shall promptly renegotiate any provisions of this Agreement, which in the absence of such invalidated or changed Act, Rule or Regulation are insufficiently clear to be effectuated.

Section 7. Governing Law

This Agreement shall be governed by and construed in accordance with applicable federal law and the laws of the state of Florida, without regard to its conflicts of laws principles.

Section 8. Relationship of Parties

ATTACHMENT I

PRICE SCHEDULE

1. General Principles

1.1 All rates provided under this Agreement are permanent unless otherwise indicated in Table I, subject to true-up, and shall remain in effect until the Commission determines otherwise or unless they are not in accordance with all applicable provisions of the Act, the Rules and Regulations of the FCC in effect, or the Commission's rules and regulations, in which case Part A, Section 2 shall apply.

1.2 Except as otherwise specified in this Agreement, the Act or any Commission order, each Party shall be responsible for all costs and expenses that it incurs to comply with its obligation under this Agreement.

2. Local Service Resale

The rates that MCIm shall pay to BellSouth for Resale shall be an amount equal to BellSouth's tariffed rates for each resold service as reduced by a percentage amount equal to the wholesale discount (set forth below in section 2.1, below). If BellSouth reduces such tariffed rates during the term of this Agreement, the wholesale discount shall be applied to the reduced tariffed rates.

2.1 The following wholesale discount will apply to all Telecommunications Services available for resale in Florida:

Residential Service: 21.83 %

Business Service: 16.81 %

3. Unbundled Network Elements

The charges that MCIm shall pay to BellSouth for Network Elements are set forth in Table 1 of this Attachment.

4. Ancillary Functions and Supporting Elements

The interim prices for collocation, AIN and other Ancillary Functions or Supporting Elements that MCIm shall pay to BellSouth are set forth in Table 1 of this Attachment.

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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 MCIIm 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 billed based on per-minutes-of-use and shall be measured in accordance with Attachment IV.

7.2 MCIIm may choose to establish trunking to any given end office when there is sufficient traffic to route calls directly to such end office. If MCIIm leases one-way trunks from BellSouth, MCIIm 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 MCIIm's subscriber, MCIIm shall be entitled to applicable access charges in accordance with FCC Rules and Regulations.

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

8. 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 for functions or activities that MCIIm does not need when two or more network elements are combined in a single order. MCIIm and BellSouth shall work together to establish the recurring

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and non-recurring charges in situations where MCI is ordering multiple network elements. Where the parties cannot agree to these charges, either party may petition the Florida Public Service Commission to settle the disputed charge or charges. BellSouth must notify the Commission when a rate is set that excludes duplicated charges by filing a report within 30 days of the rate being established. This report must specify the elements being combined and the charges for that particular combination.

ATTACHMENT III

NETWORK ELEMENTS

Section 1. Introduction

BellSouth shall provide unbundled Network Elements in accordance with this Agreement, FCC Rules and Regulations. The price for each Network Element is set forth in Attachment I of this Agreement. Except as otherwise set forth in this Attachment, MCIIm may order Network Elements as of the Effective Date.

Section 2. Unbundled Network Elements

2.1 BellSouth shall offer Network Elements to MCIIm on an unbundled basis on rates, terms and conditions that are just, reasonable, and non-discriminatory in accordance with the terms and conditions of this Agreement.

2.2 BellSouth shall permit MCIIm to connect MCIIm's facilities or facilities provided to MCIIm by third parties with each of BellSouth's unbundled Network Elements at any point designated by MCIIm that is Technically Feasible.

2.3 MCIIm may use one or more Network Elements to provide any feature, function, capability, or service option that such Network Element(s) is capable of providing or any feature, function, capability, or service option that is described in the technical references identified herein.

2.3.1 MCIIm may, at its option, designate any Technically Feasible method of access to unbundled elements, including access methods currently or previously in use.

2.4 BellSouth shall offer each Network Element individually and in combination with any other Network Element or Network Elements in order to permit MCIIm to provide Telecommunications Services to its subscribers.

2.5 For each Network Element, BellSouth shall provide a demarcation point (e.g., at a Digital Signal Cross Connect, Light Guide Cross Connect panel or a Main Distribution Frame) and, if necessary, access to such demarcation point, which MCIIm agrees is suitable. However, where

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BellSouth provides combined Network Elements at MCI's direction, no demarcation point shall exist between such contiguous Network Elements.

2.6 With respect to Network Elements and services in existence as of the Effective Date of this Agreement, charges in Attachment I are inclusive and no other charges apply, including but not limited to any other consideration for connecting any Network Element(s) with other Network Element(s). BellSouth and MCI agree to attempt in good faith to resolve any alleged errors or omissions in Attachment I.

2.7 This Attachment describes the initial set of Network Elements which MCI and BellSouth have identified as of the effective date of this agreement:

- Loop
- Network Interface Device
- Distribution
- Local Switching
- Operator Systems
- Common Transport
- Dedicated Transport
- Signaling Link Transport
- Signaling Transfer Points
- Service Control Points/Databases; and
- AIN capabilities
- Tandem Switching
- 911
- Directory Assistance
- Loop Concentrator/Multiplexer

2.8 MCI and BellSouth agree that the Network Elements identified in this Attachment are not all possible Network Elements.

2.9 MCI may identify additional or revised Network Elements as necessary to provide telecommunications services to its subscribers, to improve network or service efficiencies or to accommodate changing technologies, subscriber demand, or other requirements.

MCI will request such Network Elements in accordance with the bona fide request process described in Section 24 of Part A. Additionally, if BellSouth provides any Network Element that is not identified in this Agreement, to itself, to its own subscribers, to a BellSouth Affiliate or to any other entity, BellSouth shall make available the same Network Element to MCI on terms and conditions no less favorable to MCI than

those provided to itself or to any other party, at charges set forth in Attachment I.

Section 3. Standards for Network Elements

3.1 Each Network Element shall be furnished at a service level equal to or better than the requirements set forth in the technical references referenced in

the following, as well as any performance or other requirements, identified herein. In the event Bell Communications Research, Inc. ("Bellcore"), or industry standard (e.g., American National Standards Institute ("ANSI")) technical reference or a more recent version of such reference sets forth a different requirement, MCI may elect, where Technically Feasible, that such standard shall apply.

3.2 If one or more of the requirements set forth in this Agreement with respect to BellSouth's obligations to MCI are in conflict, MCI may elect which requirement shall apply.

3.3 Each Network Element provided by BellSouth to MCI shall be at least equal in the quality of design, performance, features, functions, capabilities and other characteristics, including but not limited to levels and types of redundant equipment and facilities for power, diversity and security, that BellSouth provides to itself, BellSouth's own subscribers, to a BellSouth Affiliate or to any other entity.

3.3.1 BellSouth shall provide to MCI, upon request, engineering, design, performance and other network data sufficient for MCI to determine that the requirements of this Section 3 are being met. In the event that such data indicates that the requirements of this Section 3 are not being met, BellSouth shall, within ten (10) days, cure any design, performance or other deficiency, or, if the failure is not susceptible to cure within ten (10) days shall commence and continue its best efforts to correct such failure as soon as possible, and provide new data sufficient for MCI to determine that such deficiencies have been cured.

3.3.2 BellSouth agrees to work cooperatively with MCI to provide Network Elements that will meet MCI's needs in providing services to its subscribers.

3.4 Unless otherwise requested by MCI, each Network Element and the connections between Network Elements provided by BellSouth to MCI

2.2 Service Order Process Requirements

2.2.1 OBF Compliance

2.2.1.1 In accordance with OBF standards, BellSouth and MCI shall follow the OBF-developed ordering and provisioning process standards. These processes include pre-order service inquiry, pre-order service inquiry response, firm order, acknowledgment/ rejection, firm order confirmation, delay notification, and completion notification. BellSouth agrees to work cooperatively to implement future OBF-developed processes related to ordering and provisioning.

2.2.2 Service Migrations and New Subscriber Additions

2.2.2.1 For resale services, BellSouth shall not require a disconnect order from a subscriber, another local service provider, or any other entity, to process an MCI order to establish MCI Local Service and/or migrate a subscriber to MCI local service.

2.2.2.2 BellSouth shall not intentionally or unnecessarily disconnect any subscriber service or existing features at any time during the migration of a Resale subscriber to MCI service, unless disconnection is required by an MCI order changing the service type.

2.2.2.3 For services MCI will provide through unbundled Network Elements, BellSouth shall, upon receipt of a BellSouth Blanket Agency Agreement Letter for Local Service Provider provided in the Ordering Guidelines, recognize MCI as an agent for the subscriber in requesting the migration of services provided by another BellSouth or another CLEC. In addition, BellSouth shall not disconnect any BellSouth services provided to the BellSouth subscriber until MCI notifies BellSouth that MCI's unbundled elements are installed and operational, except where existing BellSouth facilities are being reused.

2.2.2.4 Unless otherwise directed by MCI, when MCI orders resale services or Network Elements, where applicable, all trunk or telephone numbers currently associated with existing services shall be retained without

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loss of feature capability and without loss of associated ancillary services, except those excluded from resale, partial migration of lines or services affected by the MCIm order which require common blocks of equipment or facilities (e.g. MULTISERV, Hunting, DID), and BellSouth Handicap Exemptions shall be retained. BellSouth shall not intentionally or unnecessarily interrupt feature capability including, but not limited to, Directory Assistance and 911/E911 capability.

2.2.2.5 For subscriber conversions requiring coordinated cut-over activities, on a per order basis, BellSouth and MCIm will agree on a scheduled conversion time.

2.2.2.5.1 BellSouth will coordinate activities of all BellSouth work groups involved.

2.2.2.5.2 BellSouth will notify MCIm when conversion is complete.

2.2.2.5.3 BellSouth will use its best efforts to minimize subscriber interruptions during conversions.

2.2.3 Intercept Treatment and Transfer of Service Announcements

2.2.3.1 BellSouth shall provide unbranded intercept treatment and transfer of service announcements to MCIm's subscribers on the same interval and basis as BellSouth provides to its own subscribers for resale and when BellSouth is providing the unbundled switch for MCIm. When MCIm supplies its own unbundled switch, MCIm will determine the service announcement interval.

2.2.4 Desired Due Date (DDD)

2.2.4.1 MCIm shall specify on each order the Desired Due Date (DDD). BellSouth shall not complete the order prior to DDD unless early turn-up is needed for testing purposes. BellSouth will provide services on the DDD, or on the earliest available installation date thereafter. BellSouth will notify MCIm if the DDD cannot be met.

2.2.4.2 If the DDD falls after the standard order completion interval provided by BellSouth, then BellSouth, where

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priority on a per network element or combination basis in a manner that conforms with MCI's requested priorities.

2.2.12 Disconnects

2.2.12.1 BellSouth shall provide to MCI's daily information notifying MCI's of any services disconnected from MCI's, other than disconnections initiated by MCI's, in a mutually agreed upon format.

2.2.13 Order Completion Notification

2.2.13.1 Upon completion of a service orders associated with Local Service Requests (LSRs) in its system(s), BellSouth shall submit to MCI's an order completion notifications. Such notifications shall provide the Purchase Order Numbers provided by MCI's when submitting the requests and the Local Service Request Numbers assigned by BellSouth.

2.2.14 Fulfillment Process

2.2.14.1 MCI's shall conduct all activities associated with the account fulfillment process, for example welcome packages and calling cards, for all MCI's subscribers.

2.2.15 *Specific Unbundling Requirements*

2.2.15.1 MCI's may order and BellSouth shall provision unbundled Network Elements either individually or in any combination on a single order. Network Elements ordered as combined shall be provisioned as combined by BellSouth unless MCI's specifies that the Network Elements ordered in combination be provisioned separately. Orders of combined Network Elements shall be subject to provisions of section 2.3 of Attachment III.

2.2.15.2 Prior to providing service in a specific geographic area or when MCI's requires a change of network configuration, MCI's may elect to place an order with BellSouth requiring BellSouth to prepare Network Elements and switch translations in advance of orders for additional network elements from MCI's.

2.2.15.3 When MCI orders Network Elements or Combinations that are currently interconnected and functional, Network Elements and Combinations shall remain connected and functional without any disconnection or disruption of functionality. This shall be known as Contiguous Network Interconnection of Network Elements.

2.2.15.4 Order combinations of Contiguous Network Elements shall be available to be ordered (i) on a case-by-case basis for those Network Elements that are subscriber-specific; or (ii) on a common-use basis for those Network Elements that are shared by multiple subscribers.

2.2.15.5 Network Elements shall be identified and ordered by MCI so that they can be provisioned together. MCI may specify the functionality of a combination without the need to specify the configuration of the individual Network Elements needed to provide that functionality.

2.2.15.6 When ordering a Combination, MCI shall have the option of ordering all features, functions and capabilities of each Network Element.

2.2.15.7 When MCI orders Network Elements, BellSouth shall provision at parity with services provided to BellSouth subscribers all features, functions, and capabilities of the Network Elements which include, but are not limited to:

2.2.15.7.1 The basic switching function of connecting lines to lines, lines to trunks, trunks to lines, and trunks to trunks, as well as the same basic capabilities made available to BellSouth's subscribers, such as telephone number, white page listing, and dial tone; and

2.2.15.7.2 All other features that the switch is equipped to provide, including, but not limited to, custom calling, custom local area signaling service features, and MULTISERV, as well as any Technically Feasible customized routing functions provided by the switch.

2.2.15.8 When MCI orders Network Elements, BellSouth shall provide technical assistance to ensure compatibility between elements.

2.2.15.9 Each order for Network Elements will contain administration, bill, contact, and subscriber information, as defined by the OBF.

2.3 Systems Interfaces and Information Exchanges

2.3.0 BellSouth shall provide real-time and interactive access via electronic interfaces as detailed in this Agreement to perform pre-service ordering, service trouble reporting, service order processing and provisioning, customer usage data transfer and local account maintenance. If any of the processes require additional capabilities, BellSouth shall develop the additional capabilities by January 1, 1997. If BellSouth cannot meet that deadline, BellSouth shall file a report with the Commission that outlines why it cannot meet the deadline, the date by which such system will be implemented, and a description of the system or process which will be used in the interim. BellSouth and MCI shall also establish a joint implementation team to assure the implementation of the real-time and interactive interfaces. These electronic interfaces shall conform to industry standards where such standards exist or are developed.

2.3.1 General Requirements

2.3.1.1 For pre-ordering and provisioning, the parties agree to implement the BellSouth approved and implemented EBI standard for Local Service Requests (LSR") within twelve (12) months of the implementation of the EBI interface for Access Service Request provisioning. MCI shall further agree to accept on an interim basis, until such time as EBI is implemented for LSR, the interfaces approved by BellSouth. These interim solutions described below address the Pre-ordering, Ordering and Provisioning interfaces.

2.3.1.1.1 Until such standards are completed, BellSouth and MCI shall agree to use an interim order format and interface which will be defined by BellSouth and implementation negotiated between the Parties no later than sixty (60) days after the Effective Date of this Agreement.

2.3.1.2 BellSouth interfaces shall provide MCI with the same process and system capabilities for both Residence and Business ordering and provisioning. MCI shall not be

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was furnished to the following parties by hand delivery this 27th day of October, 1997.

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