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November 25, 1998

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

Re: Complaint of MCImetro for enforcement of its
Interconnection Agreement with Bellsouth -Docket No.
981121-TP

Dear Ms. Bayó:

Enclosed for filing on behalf of MCImetro Access Transmission Services, Inc. are the original and fifteen copies of the direct testimony of Ron Martinez and Joe Gillan.

By copy of this letter, these documents have been furnished to the parties on the attached service list.

Very truly yours,

R.D.M.

Richard D. Melson

ACK _____

AFA _____

APP _____

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Enclosures

CMU cc: Parties of Record

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Martinez
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was furnished to the following parties by Hand Delivery* or U.S. Mail this 25th day of November, 1998.

*Catherine Bedell
Division of Legal Services
Florida Public Service Commission
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*Nancy B. White
c/o Nancy Sims
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150 S. Monroe Street
Tallahassee, FL 32301

Mary Keyer
BellSouth Telecommunications,
Inc.
675 West Peachtree Street, #4300
Atlanta, GA 30375

Richard M.

Attorney

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **DIRECT TESTIMONY OF RON MARTINEZ**

3 **ON BEHALF OF**

4 **MCImetro ACCESS TRANSMISSION SERVICES, INC.**

5 **DOCKET NO. 981121-TP**

6 **November 25, 1998**

7
8 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION.**

9 A. My name is Ron Martinez. My business address is MCI Telecommunications
10 Corporation, 780 Johnson Ferry Road, Suite 700, Atlanta, GA, 30342. I am
11 employed by MCI Telecommunications Corporation in the Law and Public Policy
12 Group as an Executive Staff Member II. My responsibilities in my current position
13 include working with the MCI business units to ensure timely introduction of
14 products and services.

15
16 **Q. PLEASE PROVIDE INFORMATION ON YOUR BACKGROUND AND**
17 **EXPERIENCE.**

18 A. In my previous position at MCI, I managed the business relationships between MCI
19 and approximately 500 independent local exchange companies in twenty-one
20 states. I have experience in network engineering, administration and planning;
21 facilities engineering, management and planning; network sales; and technical sales
22 support. Prior to joining MCI, I was the Director of Labs for Contel Executone for
23 several years. Before that, I worked for sixteen years in the Bell system in
24 numerous engineering, sales and sales support functions. I have a Master of
25 Science degree in Operations Research and a Bachelor of Science Degree in

1 Electrical Engineering from the University of New Haven.

2

3 **Q. ARE YOU FAMILIAR WITH THE INTERCONNECTION AGREEMENT**
4 **BETWEEN MCIMETRO AND BELLSOUTH AND WITH THE**
5 **CONTROVERSY SURROUNDING THE PURCHASE OF DS1**
6 **LOOP/TRANSPORT COMBINATIONS THAT IS THE SUBJECT OF THIS**
7 **PROCEEDING?**

8 A. Yes. I was heavily involved in the negotiation of the Interconnection Agreement
9 (the Agreement) between BellSouth and MCImetro Access Transmission Services,
10 Inc. (MCImetro), which is the MCI subsidiary that provides local telephone
11 service. Although I am not a lawyer, I am quite familiar with the provisions
12 referred to below and with the parties' intentions when negotiating and drafting
13 those provisions. I am also familiar with BellSouth's refusal to provide MCImetro
14 with DS1 loop and DS1 local transport combinations at the price set forth in the
15 Agreement.

16

17 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

18 A. The purpose of my testimony is to describe the dispute between BellSouth and
19 MCImetro regarding the purchase of unbundled network element (UNE)
20 combinations consisting of a DS1 loop and DS1 dedicated transport, to identify the
21 provisions in the Agreement which control the provisioning and pricing of this
22 UNE combination, to estimate the amount that MCImetro has been overcharged by
23 BellSouth due to its refusal to comply with the Interconnection Agreement, and to
24 summarize the relief that MCImetro is seeking in this case. Mr. Gillan will provide
25 more detail on why MCImetro's position on the correct pricing of this UNE

1 combination is consistent with the prior Commission decisions interpreting the
2 Agreement.

3

4 **BACKGROUND**

5 **Q. MR. MARTINEZ, WHAT IS A DS1 LOOP AND HOW ARE SUCH LOOPS**
6 **PRICED UNDER THE AGREEMENT?**

7 A. A DS1 loop is a four-wire facility and associated electronics that connects a
8 customer's premises to the customer's serving wire center. A DS1 loop provides
9 1.5 MBPS of bandwidth, which is the equivalent of 24 voice grade channels. DS1
10 loops provided by BellSouth are available to MCI metro as unbundled network
11 elements under Sections 2.7 and 4.1.1 of Attachment III of the Agreement, copies
12 of which are included in Exhibit ___ (RM-1). Such four-wire DS1 loops are priced
13 at \$80 per month. (Agreement, Attachment 1, Table 1-1)

14

15 **Q. WHAT IS DS1 DEDICATED TRANSPORT AND HOW IS IT PRICED**
16 **UNDER THE AGREEMENT?**

17 A. DS1 dedicated transport is a four-wire interoffice facility and associated electronics
18 that provide a 1.5 MBPS connection between the customer's serving wire center
19 and a point of interconnection (POI) at MCI metro's local switch location. DS1
20 dedicated transport provided by BellSouth is also available to MCI metro as an
21 unbundled network element under Sections 2.7 and 10.1 of Attachment III of the
22 Agreement, copies of which are included in Exhibit ___ (RM-1). The contract rate
23 for DS1 dedicated transport consists of two rate elements -- one rate per
24 termination per month, plus a separate rate per mile per month. (Agreement,
25 Amendment 1, Exhibit A)

1 Q. **WHAT IS A DS1 LOOP / DS1 DEDICATED TRANSPORT**
2 **COMBINATION?**

3 A. A DS1 loop / DS1 dedicated transport combination is a combination of the two
4 previously described unbundled network elements to form a continuous 1.5 MBPS
5 transmission path between a customer location and a POI at MCImetro's local
6 switch location.

7
8 In a prior enforcement complaint by MCImetro against BellSouth, the Commission
9 confirmed that BellSouth is required by Section 2.4 of Attachment III and Sections
10 2.2.15.1 and 2.2.15.3 of Attachment VIII of the Agreement to provide MCImetro
11 with combinations of network elements. (Order No. PSC-98-0810-FOF-TP at
12 pages 23-24). Copies of the referenced portions of the Agreement are included in
13 Exhibit ___ (RM-1) and copies of relevant excerpts from the Order are included in
14 Exhibit ___ (RM-2).

15
16 Q. **WHAT IS A T-1 CIRCUIT?**

17 A. A T-1 circuit is the access tariff name for a 1.5 MBPS facility. For circuits with the
18 same starting and ending points, there is no technical difference between a T-1
19 circuit and a DS1 circuit consisting of a DS1 loop and DS1 dedicated transport.

20
21 Q. **HOW DOES MCIMETRO USE THE DS1/T-1 FACILITIES THAT IT**
22 **PURCHASES FROM BELLSOUTH?**

23 A. MCImetro uses these facilities to connect a business customer's premises to an
24 MCImetro Class 5 local switch. This UNE combination provides the functional
25 equivalent of 24 local loops between the customer premises and MCImetro's

1 switch. MCImetro's switch is used to provide local service to the customer,
2 including dial-tone, local calling, vertical features, access to operator services,
3 access to 911 service, and switched access to the customer's preferred long distance
4 carrier.

5

6 **Q. WHAT IS AN "OFF-NET" T-1?**

7 A. This is the name that MCImetro uses internally to describe this type of DS1/T-1
8 facility. In MCImetro's terminology, an "on-net" customer is one that MCImetro
9 serves directly with its own local fiber loops without using any local exchange
10 company facilities. Such a customer is "on" the MCImetro local network. An "off-
11 net" customer is one that MCI serves by purchasing copper or fiber loop facilities
12 from the local exchange company to connect the customer's premises to
13 MCImetro's switch. Such a customer is "off" the loop portion of MCImetro's local
14 network.

15

16 **HISTORY OF DISPUTE WITH BELLSOUTH**

17 **Q. WHEN DID MCIMETRO FIRST ASK BELLSOUTH TO PROVIDE IT**
18 **WITH A DS1 LOOP / DS1 DEDICATED TRANSPORT COMBINATION?**

19 A. MCImetro first requested that BellSouth provide this type of unbundled network
20 element combination at the UNE pricing contained in the Agreement on November
21 10, 1997.

22

23 **Q. WHAT WAS BELLSOUTH'S RESPONSE?**

24 A. BellSouth initially agreed to provision and price these facilities as a UNE
25 combination under the Agreement. BellSouth then changed its position, and

1 refused to provide this combination at the sum of the UNE prices contained in the
2 Agreement.

3

4 **Q. WHAT REASON DID BELL SOUTH GIVE FOR REFUSING TO HONOR**
5 **MCIMETRO'S ORDER FOR THIS DS1 COMBINATION?**

6 A. BellSouth claimed that it was not required by the Agreement to provide DS1 loops
7 and DS1 dedicated transport on a combined basis. BellSouth stated that if
8 MCI metro desired such a combination, it would have to obtain a collocation space
9 in the BellSouth wire center, order DS1 loops and DS1 dedicated transport
10 delivered to the collocation cage, and perform the combination itself.

11

12 **Q. WHAT DID MCIMETRO DO WHEN BELL SOUTH REFUSED TO**
13 **PROVIDE THE REQUESTED UNE COMBINATION?**

14 A. In order to obtain the necessary loop facilities to provide local service to its
15 customers, MCI metro was forced to purchase T-1 circuits from BellSouth's access
16 tariff. The cost of these circuits averages approximately \$400 per month, versus
17 the price of approximately \$200 per month to which MCI metro is entitled under the
18 UNE combination pricing in the Agreement. MCI metro placed the orders for these
19 circuits using Access Service Requests (ASRs).

20

21 **Q. WHAT ELSE WAS HAPPENING DURING THIS TIME FRAME?**

22 A. On October 27, 1997, MCI metro filed a motion to compel compliance which asked
23 the Commission to interpret and enforce various provisions of its Agreement with
24 BellSouth relating to the provisioning and pricing of UNE combinations. The
25 hearing in that docket was held in March, 1998, and the Commission decided the

1 issues in the case at a special agenda conference on May 14, 1998. This decision
2 was set forth in the Commission's final order (Order No. PSC-98-0818-FOF-TP)
3 which held that:

- 4 • BellSouth has undertaken a contractual obligation to provide network elements
5 in combination to MCImetro, whether or not the elements are already combined
6 at the time of MCImetro's order. (Order, page 24)
- 7 • Except when a combination of UNEs recreates an existing BellSouth service,
8 MCImetro is entitled to purchase the combination at the sum of the prices for
9 the individual UNEs, with no other charge for BellSouth performing the
10 combination. (Order, page 25)
- 11 • When a combination of UNEs does recreate an existing BellSouth service,
12 BellSouth and MCImetro should negotiate a price for such combination.
13 (Order, pages 25-26)

14 Copies of the relevant pages of the Order are included in Exhibit ____ (RM-2).

15
16 **Q. WHAT DID MCIMETRO DO AFTER THIS DECISION WAS**
17 **ANNOUNCED BY THE COMMISSION?**

18 A. After the Commission's vote, MCImetro on June 1, 1998 sent a letter to BellSouth
19 renewing its request that BellSouth provide MCImetro with DS1 loop / DS1
20 dedicated transport combinations at the sum of the UNE prices contained in the
21 Agreement. A copy of this letter is attached as Exhibit ____ (RM-3). That letter
22 also notified BellSouth that MCImetro would be migrating all existing T-1 circuits
23 previously ordered out of BellSouth's access tariffs to DS1 loop and transport
24 combinations and that all pending T-1 orders should be treated as orders for DS1
25 loop and transport combinations. MCImetro also requested credit for the difference

1 in price between the T-1s ordered from the access tariff and the price of the
2 component UNEs at the rates contained in the Agreement. Finally, MCImetro
3 requested a meeting no later than June 10, 1998 to discuss how to implement
4 MCImetro's request.

5

6 **Q. HOW DID BELLSOUTH RESPOND?**

7 A. On June 4, 1998, BellSouth responded by acknowledging receipt of MCImetro's
8 request and suggesting that the requested meeting be deferred until after the entry
9 of a written order reflecting the Commission's decision. A copy of BellSouth's
10 response is attached as Exhibit ___ (RM-4).

11

12 **Q. WHAT HAPPENED NEXT?**

13 A. On June 12, 1998, the Commission entered its final order and on July 8, 1998,
14 MCImetro met with BellSouth to discuss the renewed request for DS1
15 loop/transport combinations. At that meeting, BellSouth indicated that it would not
16 honor MCImetro's request on the grounds that the requested combination
17 "recreated" MegaLink service and the parties were thus required by the
18 Commission's order to negotiate a price for such combination. BellSouth further
19 took the position that these negotiations should be a part of larger negotiations on
20 the global issue of what combinations of UNEs constitute the recreation of an
21 existing BellSouth service.

22

23 **Q. WHAT WAS MCI'S RESPONSE TO BELLSOUTH'S POSITION?**

24 A. MCImetro responded that it was using the combination of 4-wire DS1 loop and
25 DS1 dedicated transport in order to connect customers to MCImetro's Class 5 local

1 switch, out of which MCImetro was providing dial tone to the customer, as well as
2 vertical features, operator services, directory assistance information, and access to
3 long distance networks. MCIIm pointed out that this serving arrangement did not
4 "recreate" any existing BellSouth service within the meaning of the Order, and that
5 the UNE rates in the Agreement therefore applied to this combination under the
6 Commission's Order.

7
8 Further, since MCImetro was requesting only one type of UNE combination -- the
9 DS1 loop/transport combination -- MCImetro saw no need to have this request held
10 hostage to some global resolution of the "recreation" issue, particularly when
11 BellSouth's position was costing MCImetro over \$300,000 per month in excess
12 charges. By letter dated July 14, 1998, MCImetro asked BellSouth to reconsider its
13 position. A copy of that letter is attached as Exhibit ____ (RM-5).

14
15 **Q. HOW DID BELLSOUTH RESPOND?**

16 A. By letter dated July 21, 1998, BellSouth declined to reconsider its position and
17 invited MCImetro to negotiate pricing for the requested UNE combination. A copy
18 of this letter is attached as Exhibit ____ (RM-6).

19
20 **Q. WHAT HAPPENED NEXT?**

21 A. There was a further exchange of correspondence which is attached as Exhibits ____
22 (RM-7) to ____ (RM-9) in which each party reiterated its position on the issue of
23 whether the requested DS1 loop/transport combination did or did not "recreate" an
24 existing BellSouth retail service within the meaning of the Commission's order. It
25 was during this time that Mr. Stacy of BellSouth testified in Docket No. 980281-TP

1 that BellSouth did not intend to change its position on this issue. A copy of the
2 relevant pages of the transcript are attached as Exhibit ____ (RM-10)

3

4 By September 14, 1998, it became clear to MCImetro that an impasse had been
5 reached on this issue, and MCImetro filed its Complaint in this docket.

6

7 **Q. WHAT ACTION IS MCIMETRO ASKING THE COMMISSION TO TAKE**
8 **AT THIS TIME?**

9 A. MCImetro is asking the Commission to do three things:

- 10 1. Determine that a DS1 loop and DS1 dedicated transport combination furnished
11 to MCImetro between its customer's location and MCImetro's local switch, and
12 used in the provision of MCImetro's switch-based competitive local exchange
13 service, does not "recreate" an existing BellSouth service within the meaning of
14 the Order the reasons stated above and in the testimony of Mr. Gillan.
- 15 2. Order BellSouth to credit or refund MCImetro with the difference between the
16 amounts charged to MCImetro for T-1s ordered pursuant to the access service
17 tariff and the amounts MCImetro should have been charged for DS1
18 loop/transport combinations under the Agreement for the period from
19 November 17, 1997 to the date of the Commission's order.
- 20 3. Order BellSouth in the future to provision and price these UNE combinations
21 pursuant to the Agreement.

22

23 **Q. WHAT IS THE AMOUNT OF THE CREDIT OR REFUND THAT**
24 **MCIMETRO IS SEEKING?**

25 A. The accumulated difference is over \$3 million as of the date of this testimony, and

1 is continuing to increase at a rate of over \$300,000 per month. MCImetro believes
2 that once the Commission reaffirms that UNE pricing is appropriate for these
3 combinations and orders BellSouth to make the appropriate credit, the precise
4 amount can be determined by the parties through their normal billing resolution
5 processes.

6
7 **Q. DOES THE FACT THAT MCIMETRO ORDERED THESE CIRCUITS AS**
8 **T-1s USING THE ACCESS SERVICE REQUEST (ASR) PROCESS**
9 **PRECLUDE MCIMETRO FROM NOW CLAIMING THAT A REFUND IS**
10 **DUE?**

11 A. No. As I stated earlier, MCImetro ordered these facilities from the access service
12 tariff out of necessity and under duress when BellSouth refused to process orders
13 for the requested UNE combinations. In another enforcement case brought by
14 MCImetro against BellSouth involving the Agreement, the Commission recently
15 confirmed that MCImetro has the right to use ASRs to place orders for network
16 elements used to provide local service until such time as BellSouth has provided an
17 electronic interface for ordering such elements. See Order PSC-98-1484-FOF-TP
18 at pages 29-33, a copy of which is attached as Exhibit ___ (RM-11). That decision
19 was made with reference to the same "off-net T-1s" that are at issue in this docket.

20
21 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

22 A. MCImetro has been attempting since November 17, 1997 to order DS1 loop / DS1
23 dedicated transport combinations under its Agreement in order to connect business
24 customers to its local switch so that MCImetro can provide them with competitive
25 local exchange service. BellSouth has steadfastly refused to provide such

1 combinations under the Agreement. There is a fundamental difference of opinion
2 between MCImetro and BellSouth as to what the Commission meant in Order No.
3 PSC-98-0818-FOF-TP by the term "network element combinations that recreate an
4 existing BellSouth retail service." I have presented a description of the requested
5 UNE combination and how MCImetro will utilize this UNE combination in
6 conjunction with its local switch to provide competitive local service to
7 MCImetro's customers. Mr. Gillan will present further testimony about why this
8 combination does not "recreate an existing BellSouth retail service" within the
9 meaning of the Order.

10

11 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

12 **A.** Yes it does.

13

14

15

16

17

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19

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25

EXCERPTS FROM INTERCONNECTION AGREEMENT
BETWEEN MCIMETRO AND BELLSOUTH

MCI/metro/BellSouth Florida Interconnection Agreement

Table 1 (all items/rates not included)

NETWORK ELEMENT	COMMISSION APPROVED RECURRING RATES FOR UNBUNDLED NETWORK ELEMENTS
NETWORK INTERFACE DEVICE	*\$0.76
LOOPS	
2 - WIRE ANALOG	\$17.00
4 - WIRE ANALOG	\$30.00
2 - WIRE ISDN	\$40.00
4 - WIRE DS1	\$80.00
LOOP DISTRIBUTION	*\$7.00
END OFFICE SWITCHING	
PORTS	
2 - WIRE ANALOG	\$2.00
4 - WIRE ANALOG	*\$10.00
2 - WIRE ISDN	\$13.00
4 - WIRE DS1	\$125.00
USAGE	
INITIAL MIN.	\$0.0175
ADD'L MIN.	\$0.005
SIGNALING	
LINK	\$5.00
TERMINATION	\$113.00
USAGE	
- CALL SETUP MSG	\$0.00001
- TCAP MESSAGE	\$0.00004
USAGE SURROGATE	\$64.00
UNBUNDLED LOOP CHANNELIZATION SYSTEM (DS1)	
- PER SYSTEM	\$480.00
- CENTRAL OFFICE CHANNEL INTERFACE - VOICE	\$1.50

**BELLSOUTH/MCI RATES - FLORIDA
UNBUNDLED NETWORK ELEMENTS**

NIDs	
NID, per month	\$1.08
Installation of 2-Wire/4-Wire ALEC NID, NRC - 1st	\$70.32
Installation of 2-Wire/4-Wire ALEC NID, NRC - Add'l	\$54.35
NID to NID Cross Connect, 2-Wire or 4-Wire, NRC	\$6.15
LOOP, INCLUDING NID	
2-Wire Asymmetrical Dig Sub Line (ADSL)/Compatible Loop, per mo	\$15.81
NRC - 1 st	\$113.85
NRC - Add'l	\$99.61
2-Wire High Bit Rate Dig Sub Line (HDSL)/Compatible Loop, per mo	\$12.12
NRC - 1 st	\$113.85
NRC - Add'l	\$99.61
4-Wire High Bit Rate Dig Sub Line (HDSL)/Compatible Loop, per mo	\$18.24
NRC - 1 st	\$116.91
NRC - Add'l	\$101.71
SUB-LOOPS	
Loop Distribution per 2-Wire Analog VG Loop (Incl NID), per month	\$8.57
NRC - 1 st	\$78.29
NRC - Add'l	\$58.33
Loop Distribution per 4-Wire Analog VG Loop (Incl NID), per month	\$11.29
NRC - 1 st	\$112.07
NRC - Add'l	\$92.11
UNBUNDLED LOCAL EXCHANGE SWITCHING (PORTS)	
4-Wire Analog VG Port, per month	\$9.14
NRC - 1 st	\$5.86
NRC - Add'l	\$5.86
UNBUNDLED TRANSPORT	
Interoffice Transport - Dedicated - DS1	
Interoffice Transport - Dedicated DS1 Level Interoffice per mile per mo	\$0.6013
Interoffice Transport - Dedicated DS1 - facilities term per mo	\$101.61
NRC - 1 st	\$45.91
NRC - Add'l	\$44.18
Interoffice Transport - Local Channel DS1, per month	\$44.35
NRC - 1 st	\$246.50
NRC - Add'l	\$230.49
DIRECTORY ASSISTANCE SERVICES	
Directory Transport	
Directory Transport - Local Channel DS1, per month	\$43.64
NRC - 1 st	\$242.45
NRC - Add'l	\$226.44
Directory Transport - Dedicated DS1 Level Interoffice per mile per mo	\$0.6013
Directory Transport - Dedicated DS1 Level Interoffice per fac term per mo	\$99.79
NRC - 1 st	\$45.91
NRC - Add'l	\$44.18
Directory Transport-Installation NRC, per trunk or signaling connection	
NRC - 1 st	\$332.42
NRC - Add'l	\$8.82

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, MCI may order Network Elements as of the Effective Date.

Section 2. Unbundled Network Elements

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

2.3 MCI 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 MCI 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 MCI 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 MCI agrees is suitable. However, where

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

shall be made available to MCI on a priority basis, at any Technically Feasible point, that is equal to or better than the priorities that BellSouth provides to itself, BellSouth's own subscribers, to a BellSouth Affiliate or to any other entity.

Section 4. Loop:

4.1 Definition

4.1.1 A loop is a transmission facility between a distribution frame [cross-connect], or its equivalent, in a BellSouth central office or wire center, and the network interface device at a subscriber's premises, to which MCI's granted exclusive use. This includes, but is not limited to two-wire and four-wire analog voice-grade loops, and two-wire and four-wire loops that are conditioned to transmit the digital signals needed to provide ISDN, ADSL, HDSL, and DS1-level signals. A loop may be composed of the following components:

- Loop Concentrator / Multiplexer
- Loop Feeder
- Network Interface Device (NID)
- Distribution

4.1.2 If BellSouth uses Integrated Digital Loop Carrier (IDLCs) systems to provide the local loop, BellSouth will make alternate arrangements, equal in quality, to permit MCI to order a contiguous unbundled local loop at no additional cost to MCI except where the absence of existing facilities necessitates special construction.

4.2. Technical Requirements

Subdivided to each component as detailed below.

4.3 Interface Requirements

Subdivided to each component as detailed below.

4.4 Loop Components

4.4.1 Loop Concentrator/Multiplexer

4.4.1.1 Definition:

9.2.3.27 Bellcore ST-TEC-000052, Telecommunications Transmission Engineering Textbook, Volume 2: Facilities, Third Edition, Issue I May 1989;

9.2.3.28 Bellcore ST-TEC-000051, Telecommunications Transmission Engineering Textbook Volume 1: Principles, Third Edition. Issue 1 August 1987;

Section 10. Dedicated Transport

10.1 Definition

10.1.1 Dedicated Transport is an interoffice transmission path between MCI designated locations to which MCI is granted exclusive use. Such locations may include BellSouth central offices or other locations, MCI network components, other carrier network components, or subscriber premises. Dedicated Transport is depicted below in Figure 3.



Figure 3

10.1.2 BellSouth shall offer Dedicated Transport in each of the following manners:

10.1.2.1 As capacity on a shared facility.

10.1.2.2 As a circuit (e.g., DS1, DS3, STS-1) dedicated to MCI.

10.1.2.3 As a system (i.e., the equipment and facilities used to provide Dedicated Transport such as SONET ring) dedicated to MCI.

10.1.3 When Dedicated Transport is provided as a circuit or as capacity on a shared facility, it shall include (as appropriate):

10.1.3.1 Multiplexing functionality;

10.1.3.2 Grooming functionality; and, - . . . - . . .

10.1.3.3 Redundant equipment and facilities necessary to support protection and restoration.

10.1.4 When Dedicated Transport is provided as a system it shall include:

10.1.4.1 Transmission equipment such as multiplexers, line terminating equipment, amplifiers, and regenerators;

10.1.4.2 Inter-office transmission facilities such as optical fiber, copper twisted pair, and coaxial cable;

10.1.4.3 Redundant equipment and facilities necessary to support protection and restoration; and,

10.1.4.4 Dedicated Transport includes the Digital Cross-Connect System (DCS) functionality as an option. DCS is described below in Section 10.5.

10.2 Technical Requirements -

This Section sets forth technical requirements for all Dedicated Transport.

10.2.1 When BellSouth provides Dedicated Transport as a circuit or a system, the entire designated transmission circuit or system (e.g., DS1, DS3, STS-1) shall be dedicated to MCI designated traffic.

10.2.2 BellSouth shall offer Dedicated Transport using currently available technologies including, but not limited to, DS1 and DS3 transport systems, SONET (or SDH) Bi-directional Line Switched Rings, SONET (or SDH) Unidirectional Path Switched Rings, and SONET (or SDH) point-to-point transport systems (including linear add-drop systems), at all available transmission bit rates.

10.2.3 When requested by MCI, Dedicated Transport shall provide physical diversity. Physical diversity means that two circuits are provisioned in such a way that no single failure of facilities or equipment will cause a failure on both circuits.

10.2.4 When physical diversity is requested by MCI, BellSouth shall provide the maximum feasible physical separation between

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

2.2.12 Disconnects

2.2.12.1 BellSouth shall provide to MCI metro daily information notifying MCI metro of any services disconnected from MCI metro, other than disconnections initiated by MCI metro, 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 metro an order completion notifications. Such notifications shall provide the Purchase Order Numbers provided by MCI metro when submitting the requests and the Local Service Request Numbers assigned by BellSouth.

2.2.14 Fulfillment Process

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

2.2.15 *Specific Unbundling Requirements*

2.2.15.1 MCI metro 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 metro 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 metro requires a change of network configuration, MCI metro 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 metro.

2.2.15.3 When MCIm 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 MCIm so that they can be provisioned together. MCIm 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, MCIm shall have the option of ordering all features, functions and capabilities of each Network Element.

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

Exhibit _____ (RM-2)

Martinez

Docket # 981121-TP

Page 1 of 6

EXCERPTS FROM

PSC ORDER NO. 98-0810-FOF-TP

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

JUN 15 1998

In Re: Motions of AT&T Communications of the Southern States, Inc., and MCI Telecommunications Corporation and MCI metro Access Transmission Services, Inc., to compel BellSouth Telecommunications, Inc., to Comply with Order No. PSC-96-1579-FOF-TP and to set non-recurring charges for combinations of network elements with BellSouth Telecommunications, Inc., pursuant to their agreement.

DOCKET NO. 971140-TP
ORDER NO. PSC-98-0810-FOF-TP
ISSUED: June 12, 1998

The following Commissioners participated in the disposition of this matter:

JULIA L. JOHNSON, Chairman
J. TERRY DEASON
SUSAN F. CLARK
JOE GARCIA
E. LEON JACOBS, JR.

APPEARANCES:

Nancy B. White, Esquire, c/o Nancy Sims, 150 South Monroe Street, Suite 400, Tallahassee, Florida 32301, and Bennett Ross, Esquire, 675 West Peachtree Street, Suite 4300, Atlanta, Georgia 30375

On behalf of BellSouth Telecommunications, Inc.

Tracy Hatch, Esquire, and Marsha Rule, Esquire, 101 North Monroe Street, Suite 700, Tallahassee, Florida 32301-1549, and Thomas A. Lemmer, Esquire, McKenna & Cuneo, 370 17th Street, Denver, Colorado 80202-1770

On behalf of AT&T Communications of the Southern States, Inc.

DOCUMENT NUMBER-DATE

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FILED-RECORDS, REPORTING

ORDER NO. PSC-98-0810-FOF-TP
DOCKET NO.-971140-TP
PAGE 23

Section 252(d)(3) applies when unbundled network elements are combined in a way so as to recreate an existing BellSouth retail service. BellSouth acknowledges that each of these decisions was reached before the Eighth Circuit upheld the FCC's determination that services provided by means of unbundled access and by means of resale were not the same.

BellSouth's alternative position is that the parties must negotiate market-based prices for combinations that do not recreate an existing BellSouth retail service and that the price for network element combinations that do recreate an existing BellSouth retail service should be the retail price for the service less the appropriate wholesale discount.

Conclusion

Provisioning

Attachment III, Network Elements, of the MCI-BellSouth interconnection agreement provides at Section 2.4 that:

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

Attachment VIII, Business Process Requirements, Section 2, Ordering and Provisioning, provides at Section 2.2.15.1, Specific Unbundling Requirements, that:

MCI 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 specifies that the Network Elements ordered in combination be provisioned separately.

Also, Section 2.2.15.3 of Attachment VIII provides that:

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.

ORDER NO. PSC-98-0810-FOF-TP

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We noted above that in Iowa Utilities Bd. II, supra, the court ruled on rehearing that incumbents are only required to provide network elements on an unbundled basis. Nevertheless, MCIm witness Parker testifies that BellSouth is required to provide UNE combinations to MCIm pursuant to Section 2.4 of Attachment III and Sections 2.2.15.1 and 2.2.15.3 of Attachment VIII of the agreement. BellSouth witness Varner acknowledges that an incumbent is free to combine network elements in any manner of its choosing. Moreover, BellSouth witnesses Varner and Hendrix acknowledge that, according to the terms of BellSouth's agreement with MCIm, BellSouth is obligated to accept and provision UNE combination orders. BellSouth's bundling obligation in its agreement with MCIm is a negotiated one. Witness Varner testifies, however, that BellSouth voluntarily undertook the bundling obligation only because 47 C.F.R. §51.315(a), since vacated, was then in effect. Thus, we find upon consideration that BellSouth has undertaken a contractual obligation to provide network elements in combinations to MCIm. BellSouth is required under the agreement to provide network elements as defined in 47 C.F.R. §51.319 to MCIm individually or combined, whether already combined at the time ordered or not. That obligation is not affected by the Eighth Circuit's nonfinal ruling on rehearing, as witness Varner recognizes.

Pricing

BellSouth witness Hendrix testifies that although BellSouth must provide network elements in combination to MCIm, its agreement with MCIm does not specify how prices will be determined for UNE combinations that recreate an existing BellSouth retail service. We agree. While Section 2.6 of Attachment III of the agreement provides that "[w]ith 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)," we find that this language extends only to elements purchased singly or to combinations of network elements that do not recreate an existing BellSouth retail service. We believe this language is clear and unambiguous but only to this extent. Thus, we construe it as a limited expression of the parties' intent at the time of forming the agreement that prices for network element combinations that do not recreate existing BellSouth retail services shall be determined as the sum of the prices of the component elements. Because this language is plain and unambiguous, it is our task only to determine what intent the language expresses, not to divine another intent that might have been in the minds of MCIm's negotiators. See James

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v. Gulf Insur. Co., 66 So.2d 62 (Fla. 1953); Acceleration Nat'l Service Corp. v. Brickell Financial Services Motor Club, Inc., 541 So.2d 738 (Fla. 3d DCA 1989), rev. den., 548 So.2d 662 (Fla.1989).

We reach this conclusion mindful that the matter of the pricing standard to be applied when unbundled network elements are combined or recombined to recreate an existing BellSouth retail service has been vigorously disputed by these parties from the very beginning. For that reason, we cannot interpret the language in the MCIm-BellSouth agreement to represent a meeting of the minds between the parties with respect to pricing network element combinations that recreate retail services.

We continue to find it troublesome that a service provisioned through unbundled access would have all the attributes of service resale but not be priced based on the Act's resale price standard. Yet, we recognize that in the context of provisioning basic local telecommunications services, entry costs based on unbundled access are likely to be higher than the comparable costs based on resale:

We find that the signed agreement contains no explicit language that can be fairly construed to preserve BellSouth's concern about the pricing of recreated retail services. It is clear to us, however, that the parties were far from agreement on this during the arbitration and no persuasive evidence is before us now that would suggest that they subsequently reached an agreement in favor of MCIm's position.

Based on the evidence in the record, we find that the MCIm-BellSouth interconnection agreement specifies how prices will be determined for combinations of unbundled network elements that exist or do not exist at the time of MCIm's order and that do not recreate an existing BellSouth retail service. The prices for combinations of network elements in existence or not shall be determined as the sum of the prices of the individual elements comprising the combination as set forth in the agreement in Table 1 of Attachment I, except when the network elements are combined in a way to recreate an existing BellSouth retail service.

MCIm and BellSouth shall negotiate the price for those network element combinations that recreate an existing BellSouth retail service, whether or not in existence at the time of MCIm's order. We have, from the very first of the arbitration proceedings that have come before us under the Act, encouraged interconnecting companies and incumbents to reach interconnection agreements

ORDER NO. PSC-98-0810-FOF-TP

DOCKET NO.-971140-TP

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through negotiation. This policy reflects the intent of Congress as expressed in Sections 251(c)(1) and 252(a)(1) of the Act.

We find further that a qualification to pricing UNE combinations that do not recreate an existing BellSouth retail service as the straightforward summation of the individual element prices is set forth in Section 8 of Attachment I of the agreement. There, the agreement provides that BellSouth shall provide recurring and non-recurring charges that do not duplicate charges for functions or activities that MCIm does not need when two or more network elements are combined in a single order. This language reflects our decision in Order No. PSC-97-0298-FOF-TP at pages 30 through 32 that the parties work together to establish recurring and non-recurring charges free of duplicate charges or charges for unneeded functions or activities when UNEs are combined in a single order.

In reaching these decisions, in addition to a concern with the appropriate price for network element combinations recreating an existing BellSouth retail service, we are concerned with the joint marketing restriction of Section 271(e)(1) of the Act and with the right to access charges. Section 271(e)(1) would restrict MCIm from joint marketing local telecommunications services provisioned by means of resale obtained from BellSouth with its long distance services, until BellSouth is authorized to provide in-region long distance services. Conversely, the restriction is inapplicable where MCIm would provision local services by means of unbundled access. With respect to access charges, in FCC 96-325, supra, at ¶980, the FCC concluded that the Act requires that ILECs continue to receive access charge revenues when local services are resold under Section 251(c)(4), as opposed to Section 251(c)(3). Thus, were MCIm to provision local telecommunications services by means of resale purchased from BellSouth, interexchange carriers (IXCs) would still pay access charges to BellSouth for originating or terminating interstate traffic when the end user is served by MCIm. Conversely, if MCIm were to provision local service by means of unbundled access, it, not BellSouth, would be entitled to access charge revenues.²

²We noted that the Eighth Circuit's holding on the obligation of ILECs to provide bundled network elements is before the Supreme Court on certiorari. See n.1. BellSouth witness Varner testifies that if the Supreme Court affirms the Eighth Circuit's holding, the MCIm interconnection agreement at Section 2.4 of Part A, General Terms and Conditions, requires the parties to renegotiate mutually acceptable terms concerning the provisioning of UNEs, since an affirmation would materially affect a material term of the agreement.



MCI Telecommunications
Corporation

Two Northwinds Center
2520 Northwinds Parkway
Alpharetta, GA 30004

Exhibit _____ (RM - 3)

Martinez

Docket # 981121-TP

Page 1 of 2

June 1, 1998

Ms. Pam Lee
Sales Assistant Vice President, MCI Account Team
BellSouth Interconnection Services
1960 W. Exchange Place
Suite 420
Tucker, Georgia 30084

Re: Notice that MCI_m will be ordering Interconnection T-1s pursuant to the
MCI_m/BellSouth Interconnection Agreement and demand for credit.

Dear Ms. Lee:

As you know, on November 10, 1997, MCI_m requested that BellSouth provide to MCI_m combinations of unbundled network elements (UNEs) generally consisting of the following elements: 4-wire DS-1 local loop and DS-1 dedicated transport per mile and per termination. For convenience purposes, I will refer to such combinations as Interconnection T-1s. MCI_m made this request pursuant to the provisions of the MCI_m/BellSouth Interconnection Agreement which require BellSouth to provide to MCI_m UNE combinations at UNE rates. Despite the plain language contained in the Agreement, BellSouth refused to provide these UNE combinations to MCI_m. Because MCI_m had no other way to order these loops, and thus serve our customers, MCI_m had to resort to ordering T-1s from BellSouth's Interstate Access Tariff.

As you may be aware, the Florida Public Service Commission has recently affirmed MCI_m's interpretation of the Agreement on this point, *i.e.*, BellSouth is under an obligation to provide UNE combinations to MCI_m at the sum of the stand alone UNE rates contained in the Agreement. See FPSC Docket No. 971140-TP. Indeed, the Commission ruled that the rates for combinations could be less than the sum of the rates of the component elements since duplicate charges and charges for services not needed should be removed from the combination rates.

Based on the above, this is to officially notify BellSouth that MCI_m will be migrating our local T-1s currently ordered from the Interstate Access Tariff to UNE combinations from the Florida Interconnection Agreement. Further, BellSouth should treat all T-1 orders currently being processed as requests for Interconnection T-1s at the interconnection rates. BellSouth should also convert the billing of the existing T-

ATTACHMENT 1

June 1, 1998

1s from the access rate to the Florida interconnection rates. Finally, MCI is requesting credits for all T-1s ordered from November 10, 1997 to the present. This credit will be the difference between the pricing of the T-1 access rate and the price of the component UNEs at the interconnection prices. (e.g. During this time period, the recurring rates for DS-1 local loops was \$80.00 per month. For DS-1 Dedicated Transport it was \$1.60 per mile and \$59.75 per termination.)

MCI would like to schedule a meeting to discuss in more detail the processes involved in migrating the existing T-1s to UNEs and ordering Interconnection T-1s in the future. MCI requests this meeting no later than June 10, 1998.

If you have any questions regarding MCI's position on this matter please give me a call to discuss. I can be reached at (770) 625-6849.

Sincerely,



Walter J. Schmidt
Senior Manager
Southern Financial Operations – Carrier Agreements

cc: Ilene Barnett
Charlene Keys
Daren Moore
Daniel Fry
Andri Weathersby
Vernon Starr



BellSouth Telecommunications, Inc.
Room 345B1 BellSouth Center
675 West Peachtree Street, N.E.
Atlanta, Georgia 30375

June 4, 1998

Mr. Wally Schmidt
MCI Telecommunications
Two Northwinds Center
5th Floor
2520 Northwinds Parkway
Alpharetta, GA 30004

Dear Wally:

This is in response to your June 1, 1998 letter to Pam Lee regarding MCI's plans to migrate existing T-1s to Unbundled Network Elements (UNEs) and to order Interconnection T-1s in the future and your request for a meeting between our companies to discuss these issues no later than June 10, 1998.

BellSouth would be pleased to meet with you to discuss issues concerning T-1's as they relate to Florida Public Service Commission Docket No. 971140-TP. Though a prompt meeting may appear desirable, we would prefer to have the final written order before our discussions begin or any actions are taken. We will contact you as soon as possible after receiving the written order to establish a meeting time and place.

In the meantime, should you have questions, please feel free to call me at 404-927-7503 or Pat Finlen at 404-927-8389.

Sincerely,

Jerry Hendrix
Director - Interconnection Services/Pricing

cc: Pam Lee

ATTACHMENT 2



**MCI Telecommunications
Corporation**

Two Northwinds Center
2520 Northwinds Parkway
Alpharetta, GA 30004

Exhibit ____ (RM - 5)

Martinez

Docket # 981121-TP

Page 1 of 2

July 14, 1998

Mr. Jerry Hendrix
Director – Interconnection Services/Pricing
BellSouth Telecommunications, Inc.
Room 34SB1 BellSouth Center
875 West Peachtree Street, N.E.
Atlanta, Georgia 30375

Re: MCI/BellSouth Conference Call July 8, 1998 regarding
Interconnection T-1s.

Dear Jerry:

This letter is to confirm BellSouth's position as stated on our conference call of Wednesday, July 8, 1998 regarding MCI's request of June 1, 1998 that BellSouth provide to MCI combinations of unbundled network elements (UNEs) consisting of 4-wire DS-1 loop and DS-1 dedicated transport at the UNE rates contained in the MCI/BST Interconnection Agreement. BellSouth's position is that the provision of a 4-wire DS-1 loop and DS-1 dedicated transport in combination which terminates at a CLEC switch recreates an existing BellSouth service known as Megalink. As a result, BellSouth will not honor MCI's request as stated in our June 1, 1998 letter.


Although MCI does not believe that it makes a difference whether combined elements recreates an existing BellSouth service, it is MCI's position that, in any event, a serving arrangement whereby MCI utilizes a combination of 4-wire DS-1 loop and transport in order to connect MCI's customers to MCI's Class 5 local switch does not recreate a BellSouth existing retail service. Under this service arrangement the MCI switch will provide dial tone to the customer, as well as, vertical features, operator services, directory assistance information, emergency 911 services and access to long distance networks.

Given that this service arrangement does not recreate an existing BellSouth retail service, MCI's position is that existing UNE rates in our Interconnection Agreements apply and there is no need to negotiate pricing for a combination 4-wire DS-1 loop and transport.

ATTACHMENT 3

MCIIm respectfully requests BellSouth reconsider its position and advise us in writing by July 20, 1998.

Sincerely,



Walter J. Schmidt
Senior Manager
Southern Financial Operations – Carrier Agreements

cc: Steve Klimacek
Pat Finlen
Charlene Keys
Daren Moore
Vernon Starr
Andri Weathersby
John La Penta
Chip Parker

BellSouth Telecommunications, Inc.
Room 34S91 BellSouth Center
675 West Peachtree Street, N.E.
Atlanta, Georgia 30375

July 21, 1998

Wally Schmidt
MCI
Two Northwinds Center
5th Floor
2520 Northwinds Parkway
Alpharetta, GA 30004

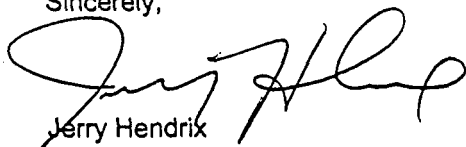
Dear Mr. Schmidt:

This is in response to your letter of July 14, 1998 regarding our meeting of July 8, 1998. In this short meeting we were unable to agree on several issues.

One issue was MCI's request that BellSouth provide to MCI combinations of Unbundled Network Elements consisting of 4-wire DS1 loops and DS1 dedicated transport. As I stated previously, BellSouth's position is that this combination replicates a BellSouth retail offering. The retail service that this combination duplicates is MegaLink® service, which is contained in Section B7 of BellSouth's Private Line Services Tariff.

Other issues centered on how to implement the Florida Public Service Commission's Order in Docket No. 971140-TP. I am requesting a second meeting between our two companies to address the implementation of the Order and all related issues. I have reserved a room at the BellSouth Center for July 29th. Please let me hear from you by July 24th to establish the meeting time on this day.

Sincerely,



Jerry Hendrix
Director - Interconnection Services/Pricing

cc: Steve Klimacek, Esq.
Chip Parker, Esq.
Pat Finlen, Manager
John LaPenta, Contract Specialist



MCI Telecommunications
Corporation

Two Northwinds Center
2520 Northwinds Parkway
Alpharetta, GA 30004

Exhibit _____ (RM - 7)

Martinez

Docket # 981121-TP

Page 1 of 2

July 24, 1998

Mr. Jerry Hendrix
Director – Interconnection Services/Pricing
BellSouth Telecommunications, Inc.
Room 34SB1 BellSouth Center
875 West Peachtree Street, N.E.
Atlanta, Georgia 30375

Dear Jerry:

Thank you for your letter of July 21, 1998 confirming BST's position that MCI's request for a combination of 4-wire DS1 loops and DS1 dedicated transport duplicates BST's MegaLink service and your invitation for further discussions.

As you know, MCI disagrees with BST on the fundamental point that our request recreates a BST service. As a result, MCI believes that we are entitled to this combination at the prices specified in our Interconnection agreement and not at prices to be negotiated between BST and MCI. Given your position, we will seek our redress through other appropriate administrative or judicial forums.

As to your invitation to meet on "[o]ther issues centered on how to implement the Florida Public Service Commission's Order in Docket No. 971140-TP", MCI has no requests at this time for UNE combinations which would "recreate" an existing BST service and therefore require negotiations under that Order. Given this, we believe that the implementation of the Commission's Order can be accomplished by BST executing the contract amendment filed by MCI with the Florida Public Service Commission on July 13, 1998.

Thank you for your time and attention in this matter.

Sincerely,

A handwritten signature in black ink that reads "Walter J. Schmidt". The signature is written in a cursive, flowing style.

Walter J. Schmidt
Senior Manager
Eastern Financial Operations-Southern Carrier Agreements

cc: Steve Klimacek
Chip Parker
Pat Finlen
John La Penta

Exhibit _____ (RM - 8)
Martinez
Docket # 981121-TP
Page 1 of 1



BellSouth Telecommunications, Inc.
675 West Peachtree Street, N.E.
Atlanta, Georgia 30375

August 3, 1998

Mr. Wally Schmidt
MCI
Two Northwinds Center
5th Floor
2520 Northwinds Parkway
Alpharetta, GA 30004

Dear Wally:

This is in response to your letter of July 24, 1998 regarding our request to conduct a second meeting between our companies to discuss the implementation of the Florida Public Service Commission's (Commission) Order in Docket No. 871140-TP.

At issue is MCI's request that BellSouth provide combinations of Unbundled Network Elements consisting of 4-wire DS1 loops and DS1 dedicated transport. BellSouth currently offers this combination as MegaLink® service in Section B7 of BellSouth's Private Line Services Tariff.

The Commission ordered "that the parties to this proceeding shall be required to negotiate on their initiative what competitive local telecommunications services provisioned by means of unbundled access, if any, constitute the recreation of the incumbent local exchange carrier's retail service." In the spirit of the Commission's Order, I would like the opportunity to fully discuss and negotiate these issues before MCI "seeks redress" in another forum.

Please contact me at 404-927-7503 at your earliest convenience to arrange a meeting.

Sincerely,

Jerry Hendrix
Director - Interconnection Services/Pricing

cc: Steve Klimacek, Esq.
Chip Parker, Esq.
Pat Finlen, Manager
John LaPenta, Contract Specialist



MCI Telecommunications
Corporation

Two Northwinds Center
2520 Northwinds Parkway
Alpharetta, GA 30004

Exhibit _____(RM - 9)

Martinez

Docket # 981121-TP

Page 1 of 2

August 7, 1998

Mr. Jerry Hendrix
Director – Interconnection Services/Pricing
BellSouth Telecommunications, Inc.
675 West Peachtree Street, N.E.
Atlanta, Georgia 30375

Dear Jerry:

Please be advised that Wally Schmidt will be out of town until August 17, 1998.

In response to your letter of August 3, 1998, MCI remains willing to negotiate where there is a reasonable possibility that negotiations will result in an agreeable solution. The only issue on the table at this time is MCI's request that BellSouth provide MCI with the specific Unbundled Network Element combination consisting of a 4-wire DS1 loop and DS1 dedicated transport.

We read your letter of July 21, 1998, as confirming BellSouth's position -- expressed during our meeting on July 8, 1998 -- that this UNE combination recreates BellSouth's existing MegaLink service, and that the provision of this combination at UNE prices was therefore non-negotiable. This position created a cloud under which good faith negotiations were impossible and MCI saw no probability that another meeting would prove fruitful.

If your letter of August 3, 1998 is intended to indicate that BellSouth is now willing to "fully discuss and negotiate" regarding the provision of the requested combination at the unbundled network element prices required by the Florida interconnection agreement, MCI will be happy to meet with you, and suggests a meeting the week of August 10, 1998.

In addition, MCI is reiterating its position that we are ordering, as allowed in the Florida MCI/BellSouth Interconnection Agreement a four-wire DS-1 loop, defined at Attachment III, § 4.1, and DS-1 dedicated transport, as defined under Attachment III, § 10.1, terminating at the MCI switch. MCI will provide its own switching functionality. BellSouth's assertion that this service recreates an existing BellSouth service (MegaLink) is inconsistent with the terms of the interconnection agreement.

It is imperative that we bring this matter to a prompt conclusion. If BellSouth's position is indeed non-negotiable, MCI will have no choice but to seek redress in the appropriate forum.

Sincerely,

John J. La Penta
Eastern Financial Operations - South
Carrier Agreements

cc: Charlene Keys
Wally Schmidt
Chip Parker
Pat Finlen
Steve Klimacek

ATTACHMENT 7

Exhibit _____ (RM - 9)

Martinez

Docket # 981121-TP

Page 2 of 2

Pam Lee
Larry Bernstein

EXCERPTS FROM TESTIMONY OF

WILLIAM STACY

DOCKET NO. 980281-TP

1 combination?

2 A Yes, that's -- in general, that's BellSouth's
3 view.

4 Q And is it as a result of BellSouth's refusal
5 to provide that combination at the UNE price that MCI
6 was led to order the functionality as a T-1?

7 A No. It's as a result of MCI's refusal to
8 obtain collocation space in the offices and combine the
9 two unbundled network elements.

10 Q Is it fair to say that there is an ongoing
11 dispute between MCI and BellSouth about the provisioning
12 and pricing of this particular set of UNEs?

13 A I think we just defined both sides fairly
14 concisely.

15 Q Does BellSouth intend to change its position?

16 A BellSouth does not.

17 Q Back to due date calculation. I got a little
18 bit off track there. An ALEC using EDI for ordering,
19 the EDI ordering interface does not provide a due date
20 calculation?

21 A Right. The National Standard Ordering
22 Interface, by definition, doesn't calculate the due
23 date.

24 Q And so in order to calculate a due date, a
25 company that was using EDI for ordering would use LENS

1 a unit. There are pricing questions involved here the
2 Commission is dealing with in other dockets and has
3 dealt with in other dockets, but the question is, do you
4 order it as unbundled network elements? Do you order it
5 as resale, or do you order it as an access service? And
6 there are different ways to do all of those three
7 things.

8 Q (By Mr. Melson) While we're on that topic
9 with the off-net T-1s, would you agree with me that MCI,
10 beginning in November of 1997, sought to purchase a DS-1
11 loop and DS-1 local transport from BellSouth to provide
12 the same functionality that is provided by a T-1?

13 A Subject to check on the date, I know there was
14 such a request late 1997 from MCImetro.

15 Q And is it also your understanding that it was
16 MCI's position that under the Interconnection Agreement,
17 BellSouth was obligated to do the combination of that
18 DS-1 loop and DS-1 local transport?

19 A I understand -- yes, that that was MCImetro's
20 position, yes.

21 Q And it was BellSouth's position, was it not,
22 that if they were provided on a combined basis, that
23 that DS-1 loop and DS-1 local transport, in BellSouth's
24 view, recreated a Megalink service and therefore was
25 available only on a resale basis and not as a UNE

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Conclusion

Upon review of the evidence and the testimony of the parties, we believe that BST has failed to provide MCIm with service jeopardy notification in compliance with the parties' Interconnection Agreement. As stated above, Attachment VIII, Section 2.2.9.1, requires BST to provide MCIm with notification of any jeopardy situation prior to the committed due date. In addition, the chart on page 97 of Attachment VIII, requires BST to provide MCIm with jeopardy notification via an electronic interface. Accordingly, we find it appropriate to order BST to provide MCIm with both missed appointment and service jeopardy notification via EDI.

X. FIRM ORDER CONFIRMATIONS (FOCs)

It is MCIm's position that BST has failed to provide Firm Order Confirmations (FOCs) within the time periods specified in the Interconnection Agreement. BST believes it has provided MCIm with appropriate FOCs.

According to BST witness Milner, an FOC is a "notification sent to ALECs confirming that a correct and complete local service request has been received and accepted." Although the Interconnection Agreement between MCI and BST does not define an FOC, Section 2.2.6 of Attachment VIII, lists the information contained in a FOC. This section states:

BellSouth shall provide to MCIm, via an electronic interface, a Firm Order Confirmation (FOC) for each MCIm order provided electronically. The FOC shall contain on a per line and/or trunk basis, where applicable, an enumeration of MCIm's ordered unbundled Network Elements (and the specific BellSouth naming convention applied to that element or combination), features, functions, resale services, options, physical interconnection, quantity, and BellSouth Committed Due Date for order completion.

The performance standards for providing FOCs on MCIm orders are listed in Section 2.5.3.1 of Attachment VIII. This section states:

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Installation functions performed by BellSouth will meet the following performance standards:
Firm Order Confirmation within:
Manual-within 24 hours 99% of the time
Electronic-within 4 hours 99% of the time

Section 2.2.6 appears to apply to electronic orders only. Further, it does not distinguish or differentiate between the different types of electronic interfaces available or for different types of orders. However, Section 2.3.0 of Attachment VIII, states that "BellSouth shall provide real-time and interactive access via electronic interfaces ... to perform pre-service ordering, ... service order processing and provisioning, ..." Based on the reference to interim interfaces in this section, we believe that at the time of the off-net T-1 orders, an electronically bonded interface (EBI) was not yet available for processing a Local Service Request (LSR). Section 2.3.1.1 states in pertinent part:

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. MCIm further agrees to accept on an interim basis, until such time as EBI is implemented for an LSR, the interfaces approved by BellSouth. These interim solutions described below address the Pre-Ordering, Ordering and Provisioning interfaces.

Section 2.3.1.1 also states that BST and MCIm will agree to use an order format and interface designated by BST. However, neither party provided evidence to show what the designated interim order format and interface is. In Section 2.3.1.5, the agreement further states:

Until the electronic interface is available, BellSouth agrees that the Local Carrier Service Center (LCSC) or similar function will accept MCIm orders. Orders will be transmitted to the LCSC via an interface or method agreed upon by MCIm and BellSouth.

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Based on the sections of the agreement shown above, we believe that until the development of an EBI interface is complete, MCIm may use other interfaces and another service function, similar to the LCSC, to place orders. The Interexchange Carrier Service Center (ICSC) can, in the interim, provide a similar function as the LCSC. According to BST witness Milner, the ICSC is the branch that provides access services to long distance carriers.

The FOCs at issue in this proceeding are for orders of "off-net T-1s." An "off-net T-1" consists of a four-wire digital loop that runs from a customer premises to a BST central office, and another four-wire digital circuit (or DS-1, with capacity for 24-voice channels), that serves as transport from the central office to MCIm's switch. Neither the loop nor the transport elements are connected to BST's switch. "Off-net" is a term used by MCIm that refers to a situation where a customer cannot be served by MCIm's fiber ring. The T-1 facilities provided by BST are thus "off network" or off of MCIm's network. BST contends that the T-1s were ordered by MCIm from the ICSC using Access Service Requests (ASRs). BST witness Milner states that the interconnection agreement does not apply to FOCs for access services.

MCIm witness Green testified that MCIm attempted to order off-net T-1 combinations under the interconnection agreement, but BST refused to provide the network elements. MCIm admitted that it placed orders for T-1 functionality by faxing ASRs and is being billed tariffed rates. However, witness Green asserted that MCIm ordered the T-1s in this manner by default. We would note that MCIm is not able to order and receive combinations of loop and transport elements that make up a T-1 solely because of BST's position on provisioning combinations of UNEs. It is BST's position that if MCIm is ordering the loop and transport elements on an unbundled basis, then these elements must be connected at a collocation space. Both witnesses Milner and Stacy testified that BST is not required to combine network elements for MCIm. We also note that the issue on combinations of network elements between the parties was previously addressed in Docket No. 971140-TP, where we found that the agreement required BST to provide combinations of network elements, regardless of whether the network elements were currently bundled or unbundled. Order PSC-98-0810-FOF-TP at page 24. The agreement between the parties permits MCIm to order four-wire loop and transport elements, and includes rates and charges for such elements.

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As stated above, MCIm ordered the off-net T-1s using ASRs that were processed by the ICSC. According to BST witness Milner, there are no FOC reply time periods required for services ordered out of the access tariff. However, the agreement refers in several places to the use of ASRs for ordering unbundled network elements. Part B of the agreement defines an ASR as:

"ASR" (ACCESS SERVICE REQUEST) means the industry standard forms and supporting documentation used for ordering Access Services. The ASR may be used to order trunking and facilities between MCIm and ILEC for Local Interconnection.

For trunk servicing, Section 4.3.1 of Attachment IV, states:

Orders between the parties to establish, add, change or disconnect trunks shall be processed by use of an Access Service Request (ASR), or another industry standard eventually adopted to replace the ASR for local service ordering.

Section 2.4.1.1 of Attachment VIII, which falls under Section 2.4, Standards for Ordering and Provisioning, states that "(s)ome unbundled Network Elements will continue to be ordered utilizing the ASR process."

Section 5.2.1.2 of the agreement addresses the use of an existing electronic communications gateway interface for access to BST's maintenance systems and databases. Ordinarily, this electronic gateway is used for line-based (POTS) resold local service; however, this section allows MCIm to use it for orders placed via ASRs. In pertinent part, this section provides: "[f]or local services provisioned via the Access Service Request (ASR) process, the Electronic Communications gateway interface may be used."

BST witness Milner testified that MCIm's complaint relates to access and not to local competition. We disagree for two reasons: first, the provisions of the agreement shown above state that MCIm could use ASRs and an interim interface, through the LCSC or similar function to order services until an electronically-bonded interface is developed to handle local service requests (LSRs); and second, MCIm is a certificated alternative local exchange carrier, with a Commission-approved agreement, that is placing orders for

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network elements to provide local services. MCIm witness Green testified at the hearing that MCIm is using off-net T-1 functionality in Florida for the provision of local service. Further, BST witness Milner agreed that MCIm is using the T-1 combination functionality with MCIm's own local switch for the provision of a finished service to an end user customer. It is clear that MCIm is ordering the off-net T-1 functionality for the provision of local service, not access service.

Conclusion

Based on the provisions of the Interconnection Agreement noted above, we believe that the parties intended to use ASRs for the provision of both local service resale and unbundled network element orders. We also believe that the provision of such orders using an ASR to the ICSC was to be temporary until BST met its obligation to provide real time interactive access to its OSS for pre-ordering and ordering via electronic interfaces as detailed in the agreement. BST has not provided evidence in this proceeding to prove that it has supplied such electronic interfaces pursuant to the provisions of the agreement. Further, we believe that BST has not provided evidence showing which electronic interfaces it has approved or designated in the interim for use by MCIm to place orders. We previously determined in the "271 proceeding" by Order No. PSC-97-1459-FOF-TL, issued November 19, 1997, that BST has not provided, at parity, electronic interfaces for access to the five operations support systems functions.

Therefore, upon review of the testimony and evidence in the record, we believe that BST has failed to comply with the FOC standards of the agreement. The agreement states that FOCs are to be returned in four hours for electronic orders and 24 hours for manual orders. The agreement does not list for which electronic ordering interfaces or ordering forms a FOC will be returned. Since MCIm is placing orders by fax, the 24-hour return requirement applies. BST never stated that it could not provide FOCs within the time periods contained in the agreement. Accordingly, we find it appropriate to order BST to comply with the time periods for returning firm order confirmations as provided in the agreement.

XI. NETWORK BLOCKAGE INFORMATION

It is MCIm's position that BST has provided it with insufficient network blockage information. MCIm has requested that we order BST to provide the necessary information MCIm needs to