ORIGINAL

BELLSOUTH TELECOMMUNICATIONS, INC.

DIRECT TESTIMONY OF CYNTHIA K. COX

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 000649-TP

AUGUST 17, 2000

Q. PLEASE STATE YOUR NAME, YOUR POSITION WITH BELLSOUTH TELECOMMUNICATIONS, INC. ("BELLSOUTH") AND YOUR BUSINESS ADDRESS.

A. My name is Cynthia K. Cox. I am employed by BellSouth as Senior Director for State Regulatory for the nine-state BellSouth region. My business address is 675 West Peachtree Street, Atlanta, Georgia 30375.

Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF YOUR BACKGROUND AND EXPERIENCE.

A. I graduated from the University of Cincinnati in 1981 with a Bachelor of Business Administration degree in Finance. I graduated from the Georgia Institute of Technology in 1984 with a Master of Science degree in Quantitative Economics. I immediately joined Southern Bell in the Rates and Tariffs organization with the responsibility for demand analysis. In 1985 my responsibilities expanded to include administration of selected rates and tariffs including preparation of tariff filings. In 1989, I accepted an assignment in the

North Carolina regulatory office where I was BellSouth's primary liaison with the North Carolina Utilities Commission Staff and the Public Staff. In 1993, I accepted an assignment in the Governmental Affairs department in Washington D.C. While in this office, I worked with national organizations of state and local legislators, NARUC, the FCC and selected House delegations from the BellSouth region. In February 2000, I was appointed Senior Director of State Regulatory.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to respond to certain issues identified as unresolved in the Petition for Arbitration filed by MCImetro Access Services, LLC and MCI WorldCom Communications, Inc. ("MCI") with the Florida Public Service Commission ("FPSC" or "Commission") on May 26, 2000. I address the following issues in this testimony: 1-3, 6, 7, 7A, 9, 18, 22, 23, 28, 32-36, 39, 40, 42, 45-47, 51, 53A, 54, 57, 67, 88, 94, and 107-110.

Issue 1: Should the electronically ordered NRC apply in the event an order is submitted manually when electronic interfaces are not available or not functioning within specified standards or parameters?

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. Manual ordering charges should apply when MCI places an order manually, either for its own business reasons or because BellSouth does not have an

electronic interface that will allow MCI to place orders electronically. As Mr. Pate explains, BellSouth is not required to provide electronic ordering for all UNEs, but MCI proposes to be charged a price for electronic ordering regardless of whether BellSouth provides that capability.

BellSouth's proposed prices for processing electronically and manually submitted orders are contained in Exhibit CKC-1 to my testimony.

Q. WHAT LANGUAGE HAS BELLSOUTH PROPOSED FOR INCLUSION IN THE PARTIES' INTERCONNECTION AGREEMENT?

A. BellSouth's proposed language as set forth in Attachment 1 is as follows:

> 2.9.1 LSRs submitted by means of one of the available electronic interfaces will incur an OSS electronic ordering charge as specified in Table 1 of this Attachment. An individual LSR will be identified for billing purposes by its Purchase Order Number (PON). LSRs submitted by means other than one of these interfaces (mail, fax, courier, etc.) will incur a manual order charge as specified in Table 1 of this Attachment. Each LSR and all its supplements or clarifications issued, regardless of their number, will count as a single LSR for OSS billing purposes. OSS charges will not be refunded for LSRs that are canceled by MCIm.

MCI's proposed language that would obligate BellSouth to apply an electronic ordering charge when BellSouth does not provide electronic ordering

capability is inappropriate and should be rejected. If BellSouth provides an electronic interface, and an order is submitted manually, a manual ordering charge will apply. If BellSouth does not provide an electronic interface, manual ordering charges apply for any submitted orders.

Q. IS MCI'S POSITION ON THIS ISSUE REASONABLE?

A. No. If BellSouth is not obligated to provide and does not provide electronic ordering capability for a particular UNE, it is unreasonable to expect BellSouth to charge MCI an electronic ordering charge for that UNE. Under MCI's proposal, BellSouth would have no way to recover the cost of manually handling such orders.

Issue 2: What prices should be included in the Interconnection Agreements?

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. BellSouth proposes that prices contained in Exhibit CKC-1 to my testimony be adopted as the appropriate prices to be included in the new interconnection agreement between the parties. The primary source of interconnection and UNE prices is BellSouth's cost study results filed on August 16, 2000 in Docket No. 990649-TP. Virtual collocation prices are the same as those ordered by the Commission in Order No. PSC-98-0604-FOF-TP dated April 29, 1998 and Physical Collocation and Adjacent Collocation prices are those contained in Section 20 of BellSouth's Florida Access Services Tariff. In

addition, Exhibit CKC-1 contains proposed prices for Line Sharing. The cost studies, including those for Line Sharing, are sponsored by Ms. Daonne Caldwell. Unless otherwise identified in Exhibit CKC-1, prices are interim and subject to true-up upon establishment of permanent prices by the FPSC.

Q. ARE THE PRICES CONTAINED IN ATTACHMENT 1 TO MCI'S PROPOSED INTERCONNECTION AGREEMENT APPROPRIATE ON AN INTERIM BASIS?

A. No. MCI's proposed prices are not appropriate. MCI has proposed $0.00 for any element for which the Commission has not previously set a price. Even on an interim basis, prices should have some reasonable cost basis and MCI's proposal to obtain elements from BellSouth for free is totally inappropriate. In addition, MCI has proposed that the nonrecurring prices for electronically ordered UNEs be set at $0.00 while the manually ordered prices be set at those nonrecurring prices established by the Commission in Docket Nos. 960757-TP, 960833-TP and 960846-TP. MCI's application of the prices established by the Commission in those dockets is clearly inappropriate. The Commission established one set of nonrecurring prices for network elements and interconnection whether they are ordered manually or electronically.

Issue: 3: Should the resale discount apply to all telecommunication services BellSouth offers to end users, regardless of the tariff in which the service is contained?

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. BellSouth is only obligated by Section 251(c)(4) of the Telecommunications Act of 1996 (the "1996 Act") and the FCC's Rule 51.605(a) to offer a resale discount on telecommunications service that BellSouth provides at retail to subscribers who are not telecommunications carriers. Exchange access services are generally not offered at retail to subscribers who are not telecommunications carriers. Consequently, the resale discount does not apply to services in the access tariffs, particularly since, as the FCC has concluded, BellSouth does not avoid any "retail" costs in selling access services at "wholesale".

Q. ON WHAT BASIS DOES BELLSOUTH CONTEND THAT IT IS NOT OBLIGATED TO OFFER ITS EXCHANGE ACCESS SERVICES FOR RESALE AT A DISCOUNT?

A. The FCC has specifically exempted exchange access services from the resale requirements of the 1996 Act. Paragraphs 873 and 874 of the FCC's First Report and Order in CC Docket No. 96-98 ("Local Competition Order") reads as follows:

> Exchange access services are not subject to the resale requirements of section 251(c)(4). The vast majority of purchasers of interstate access services are telecommunications carriers, not end users. It is true that incumbent LEC interstate access tariffs do not contain any limitation that prevents end users from buying these services, and that end users

do occasionally purchase some access services, including special access, Feature Group A, and certain Feature Group D elements for large private networks.

We find several compelling reasons to conclude that exchange access services should not be subject to resale requirements. First, these services are predominantly offered to, and taken by, IXCs, not end users. Part 69 of our rules defines these charges as "carrier's carrier charges," and the specific part 69 rules that describe each interstate switched access element refer to charges assessed on "interexchange carriers" rather than end users. The mere fact that fundamentally non-retail services are offered pursuant to tariffs that do not restrict their availability, and that a small number of end users do purchase some of these services, does not alter the essential nature of the services. Moreover, because access services are designed for, and sold to, IXCs as an input component to the IXC's own retail services, LECs would not avoid any "retail" costs when offering these services at "wholesale" to those same IXCs. Congress clearly intended section 251(c)(4) to apply to services targeted to end user subscribers, because only those services would involve an appreciable level of avoided costs that could be used to generate a wholesale rate. Furthermore, as explained in the following paragraph, section 251(c)(4) does not entitle subscribers to obtain services at wholesale rates for their own use. Permitting IXCs to purchase access services at wholesale rates for their own use would be inconsistent with this requirement. [Footnotes deleted]

More recently, the FCC reiterated its position in its Order approving Bell Atlantic New York's application for interLATA authority, CC Docket No. 99-295. In paragraph 393 of that Order addressing Bell Atlantic's ADSL Access Tariff offering, the FCC stated, "we agree with Bell Atlantic that it is not required to provide an avoided-cost discount on its wholesale ADSL offering because it is not a retail service subject to the discount obligations of section 251(c)(4)." Bell Atlantic's wholesale ADSL offering is only offered in its access tariff.

Based on the foregoing, there can be no doubt that both Congress and the FCC fully intended that exchange access services be excluded from the resale requirements of the 1996 Act. Thus, the Commission should adopt BellSouth's position in this arbitration that exchange access services are not subject to a resale discount and reject MCI's attempt to circumvent the 1996 Act and the FCC's rules.

Q. WHAT SERVICES DOES BELLSOUTH BELIEVE MCI IS ENTITLED TO PURCHASE AT A RESALE DISCOUNT?

A. BellSouth's position is that MCI and all Alternative Local Exchange Carriers ("ALECs") are entitled to purchase BellSouth's retail services at a resale discount. BellSouth's retail services are contained in BellSouth's General Subscriber Services Tariff ("GSST") and BellSouth's intrastate Private Line Tariff.

Issue 6: Should BellSouth be directed to perform, upon request, the functions necessary to combine network elements that are ordinarily combined in its network?

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

BellSouth will make combinations of UNEs available to MCI consistent with BellSouth's obligations under the 1996 Act and applicable FCC rules. Recently, on July 18, 2000, the United States Court of Appeals for the Eighth Circuit Court ("Eighth Circuit") reaffirmed its decision vacating FCC Rules 51.315(c)-(f), or the so-called additional combination rules. Therefore, it is clear that BellSouth has no obligation to combine UNEs for ALECs such as MCI.

Q. WHAT IS THE BASIS FOR BELLSOUTH'S POSITION?

A. It is neither sound public policy nor a federally mandated obligation of BellSouth to combine UNEs. The FCC Rules, 51.315(c)-(f), that purported to require incumbent LECs to combine unbundled network elements were vacated by the Eighth Circuit in July 1997, and the Eighth Circuit recently reaffirmed its decision.

In its Third Report and Order in CC Docket No. 96-98 ("UNE Remand Order"), the FCC confirmed that when unbundled network elements, as defined by the FCC, are currently combined in BellSouth's network, BellSouth

cannot separate those elements except upon request. Specifically, FCC Rule 51.315(b) states that "except upon request, an incumbent LEC shall not separate requested network elements that the incumbent LEC currently combines." 47 C.F.R. § 51.315(b). For example, when a loop and a port have already been combined by BellSouth to serve a particular customer, that combination of elements must be made available to ALECs to serve that particular customer. According to the FCC, requesting carriers are entitled to obtain such pre-existing combinations "at unbundled network element prices." Id. at ¶ 480. Indeed, if the elements are not already combined, there is nothing for the incumbent to "separate."

Although not obligated by the 1996 Act to do so, BellSouth is willing to negotiate a voluntary commercial agreement with MCI to combine certain UNEs on behalf of MCI. As this Commission noted on page 30 of its Order No. PSC-00-0537-FOF-TP in Docket No. 990750-TP (ITC^DeltaCom Arbitration), "we also find that BellSouth shall not be required to provide ITC^DeltaCom the EEL as a UNE nor the loop/port combination. However, we note that BellSouth has agreed to provide ITC^DeltaCom both the EEL and the loop/port combination upon execution of a separate commercial agreement." The Commission continued by stating, "[u]pon consideration, we find that the FCC's pricing rules do not apply in this situation because we are not requiring BellSouth to provide extended loops or the loop/port combination. We find that the parties should negotiate the rates for these combinations."

Issue 7: Should BellSouth be required to combine network elements that are not ordinarily combined in its network?

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. As the Eighth Circuit recently confirmed, BellSouth is under no obligation to combine network elements for ALECs. MCI's position that BellSouth should be required to combine elements for MCI cannot be squared with the law. Specifically, MCI's contention that BellSouth must combine UNEs not ordinarily combined in its network is totally inconsistent with Section 251(c)(3) of the Act, the rulings of the Eighth Circuit and the FCC's UNE Remand Order.

Issue 7A: Should BellSouth charge MCI only for UNEs that it orders and uses, and should UNEs ordered and used by MCI be considered part of its network for reciprocal compensation and switched access charges?

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. MCI should pay for whatever UNEs it orders from BellSouth, regardless of what use, if any, MCI makes of those UNEs. With respect to reciprocal compensation, BellSouth compensates MCI for the facilities and elements MCI actually uses to terminate BellSouth's traffic on MCI's network. Similarly, MCI should compensate BellSouth for the facilities and elements that BellSouth actually uses for terminating MCI's traffic on BellSouth's network.

Q. HAS MCI RAISED THIS ISSUE IN NEGOTIATIONS?

A. To my knowledge MCI has not raised this issue in negotiations and BellSouth is not clear as to either MCI's intent or its proposed contract language. In particular, MCI has never explained what it means when it states in Attachment 3, Section 2.12 of its proposed agreement, "BellSouth shall charge MCIm only for those Network Elements ordered and used by MCIm". It is clear that MCI should pay BellSouth for whatever UNEs it purchases from BellSouth, regardless of whether MCI uses those UNEs. The prices for such UNEs are typically applied as a flat monthly rate or on a per use or per minute of use basis. For reciprocal compensation, each party is obligated to pay the other party for the facilities and elements actually used to terminate traffic on the other party's network. Compensation is determined on a per call basis. However, with respect to reciprocal compensation when MCI uses BellSouth's unbundled switching, MCI is not entitled to reciprocal compensation in circumstances where BellSouth does not bill MCI for terminating usage on that unbundled switching. In such circumstances, the price of the reciprocal compensation and the unbundled switching are offset.

Issue 9: Should MCI WorldCom be required to use a special construction process, with additional costs, to order facilities of the type normally used at a location, but not available at the time of the order?

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. BellSouth is not obligated to construct facilities for MCI. BellSouth is only obligated to unbundle its existing network. If facilities do not exist, they cannot be a part of BellSouth's network. Nonetheless, BellSouth is willing to construct facilities to allow MCI to serve a particular customer where such facilities do not presently exist, at market-based charges for such construction.

Q. IS BELLSOUTH OBLIGATED TO CONSTRUCT FACILITIES FOR AN ALEC WHERE FACILITIES REQUESTED BY THE ALEC DO NOT EXIST?

A. No. BellSouth is not obligated by either the 1996 Act or the FCC's rules to construct new facilities when an ALEC requests a network element where facilities do not currently exist. Local Competition Order ¶ 451; UNE Remand Order ¶ 324. This is true whether or not the requested facilities are of a type normally used at that location. In fact, as the Eighth Circuit observed, BellSouth's obligations under the 1996 Act pertain only to its "existing" network.

Q. IS MCI'S REQUEST CONSISTENT WITH THE FCC'S ANALYSIS FOR DEFINING THE SCOPE OF BELLSOUTH'S UNBUNDLING OBLIGATIONS?

A. No. The FCC noted in its impair analysis in the UNE Remand Order that to be materially diminished, there must be "substantive differences between the

alternative outside the incumbent LEC's network and the incumbent LEC's network element...". (Order at ¶ 51) In this instance, either BellSouth or MCI must construct the facilities. There is no substantive difference whether MCI constructs the facilities or BellSouth constructs the facilities.

The FCC addressed the impair standard from several perspectives including cost, timeliness, quality, ubiquity and the impact on network operations. With respect to cost, the cost for MCI to construct such facilities would not be materially greater than the cost for BellSouth to construct such facilities. MCI has been constructing its own facilities in Florida for years and is fully capable of constructing new facilities where they presently do not exist. With respect to timeliness, MCI can generally construct facilities within the same time frames as BellSouth. Although the FCC determined that delays that exceed six months to one year could materially diminish an ALEC's ability to provide services it seeks to offer, there is no reason to expect such delays in the provision of the facilities at issue here. Similarly, the quality of facilities that MCI would construct should not be materially different from the quality of BellSouth's constructed facilities. Regarding ubiquitous deployment, in situations where BellSouth does not currently have facilities, both BellSouth and MCI are on level footing – BellSouth does not enjoy an advantage due to its existing network. Finally, the connection of MCI's facilities to BellSouth's network should offer no new network operations issues and would therefore not materially diminish MCI's ability to provide service.

Q. IS BELLSOUTH WILLING TO CONSTRUCT FACILITIES FOR MCI WHERE SUCH FACILITIES DO NOT PRESENTLY EXIST?

A. Yes, if MCI is willing to pay appropriate prices for this special construction. Otherwise, MCI seeks to use BellSouth as its private construction company to build the network MCI refuses to build itself and further expects BellSouth to build this network at no charge to MCI. If BellSouth does not have facilities in place to meet MCI's service request, then MCI may request that BellSouth perform Special Construction. MCI should bear the cost of such facilities placement through the Special Construction process.

Q. DOES MCI'S REQUEST FOR FREE SPECIAL CONSTRUCTION REPRESENT A RECURRING THEME THROUGHOUT ITS PETITION AND PROPOSED LANGUAGE?

A. Yes. For several of the issues contained in its Petition and by description in its proposed agreement language, MCI inappropriately seeks to obligate BellSouth to serve as MCI's private construction company and banker. This issue simply represents the first such instance. Other such issues include 18, 23 and 33 involving interconnection and/or unbundled dedicated transport, issue 88 dealing with inside wire and issues 45 and 52 regarding billing. MCI should not be permitted to obligate BellSouth to perform functions that neither the 1996 Act, the FCC nor this Commission has required of BellSouth.

Issue 18: Is BellSouth required to provide all technically feasible unbundled dedicated transport between locations and equipment designated by MCI so long as the facilities are used to provide telecommunications services, including interoffice transmission facilities to network nodes connected to MCI switches and to the switches or wire centers of other requesting carriers?

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. The FCC only requires BellSouth to unbundle dedicated transport in BellSouth's existing network and has specifically excluded transport between other carriers' locations. BellSouth is not required to offer, and certainly not required to build, dedicated transport facilities between MCI network locations, whether they be nodes or network switches or between MCI's network and another carrier's network.

Q. WHAT IS THE BASIS FOR BELLSOUTH'S POSITION?

A. The FCC's Local Competition Order, at paragraph 440, only requires that BellSouth:

> ...provide unbundled access to dedicated transmission facilities between LEC central offices or between such offices and those of competing carriers. This includes, at a minimum, interoffice facilities between end offices and serving wire centers (SWCs), SWCs and IXC POPs, tandem switches and SWCs, end offices or tandems of the

incumbent LEC, and the wire centers of incumbent LECs and requesting carriers. [Emphasis added]

Q. DOES THE FCC'S UNE REMAND ORDER SUPPORT BELLSOUTH'S POSITION?

A. Yes. In its discussion of unbundled dedicated transport, the FCC specifically addresses the issue of whether an ILEC's obligations include constructing facilities between locations where the ILEC has not deployed facilities for its own use. Paragraph 324 of the UNE Remand Order states,

> In the *Local Competition First Report and Order*, the Commission limited an incumbent LEC's transport unbundling obligation to existing facilities, and did not require incumbent LECs to construct facilities to meet a requesting carrier's requirements where the incumbent LEC has not deployed transport facilities for its own use. Although we conclude that an incumbent LEC's unbundling obligation extends throughout its ubiquitous transport network, including ring transport architectures, we do not require incumbent LECs to construct new transport facilities to meet specific competitive LEC point-to-point demand requirements for facilities that the incumbent LEC has not deployed for its own use. [Footnotes deleted]

Q. DID THE EIGHTH CIRCUIT'S JULY 18, 2000 RULING ADDRESS THIS ISSUE?

A. Yes. The Eighth Circuit also speaks to this issue in its ruling vacating the FCC's use of a hypothetical network standard for purposes of its pricing rules. In its discussion, the Eighth Circuit notes that it is the ILECs' existing networks that are to be made available to ALECs, stating that the Act "requires an ILEC to (1) permit requesting new entrants (competitors) in the ILEC's local market to interconnect with the ILEC's *existing* local network...". (page 2, emphasis added) Also, specifically, in striking down a hypothetical network cost, the Court stated, "[i]t is the cost to the ILEC of providing its *existing facilities and equipment* either through interconnection or by providing the specifically requested *existing network elements* that the competitor will in fact be obtaining for use that must be the basis for the charges." [Emphasis added] Based on the foregoing, BellSouth encourages the Commission to determine, just as the FCC and the Eighth Circuit have determined, that BellSouth is not required to provide dedicated transport between MCI locations or between MCI's network and the network(s) of other carriers.

Issue 22: Should the interconnection agreements contain MCI's proposed terms addressing line sharing, including line sharing in the UNE-P and unbundled loop configurations?

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. BellSouth is willing to incorporate terms and conditions for line sharing in the parties' interconnection agreement. However, those terms and conditions

should be consistent with the FCC's rules, which is the case with BellSouth's proposed line sharing language. In addition, BellSouth is under no obligation to offer line sharing on the UNE Platform (UNE-P).

Q. WHAT IS THE REAL DISPUTE BETWEEN THE PARTIES?

A. The dispute is not about whether the agreement should address line sharing. Rather, the dispute concerns the terms and conditions associated with this offering. In compliance with the FCC's Third Report and Order in CC Docket No. 98-147 and its Fourth Report and Order in CC Docket No. 96-98, BellSouth offers line sharing to ALECs throughout its nine-state region. BellSouth's proposed language is the product of numerous meetings among BellSouth and various ALECs. BellSouth has entered into line sharing agreements with other ALECs and has made the same rates, terms and conditions of those agreements available to MCI. The appropriate interim prices for line sharing are included in my Exhibit CKC-1. These prices are based upon the cost studies attached to the testimony of Ms. Caldwell.

Q. WHAT IS THE BASIS FOR BELLSOUTH'S POSITION WITH RESPECT TO PROVISION OF LINE SHARING OVER THE UNE-P?

A. BellSouth's position is that it has no obligation to offer line sharing over the UNE-P. In its Third Report and Order in CC Docket No. 98-147 and Fourth Report and Order in CC Docket No. 96-98, released December 9, 1999 ("Line Sharing Order"), the FCC specifically states "[t]he provision of xDSL-based

service by a competitive LEC and voiceband service by an incumbent LEC on the same loop is frequently called 'line sharing.'" (Line Sharing Order at ¶ 4)

Clearly, BellSouth is obligated to provide line sharing to ALECs only where BellSouth is providing the voice service. When an ALEC, such as MCI, purchases the loop/port combination, the ALEC becomes the voice service provider. BellSouth is not obligated to provide the equipment necessary to provide a line sharing capability in that case.

Further, the FCC's Line Sharing Order specifically concluded in paragraph 72 "that incumbent LECs must make available to competitive carriers only the high frequency portion of the loop network element on loops on which the incumbent LEC is also providing analog voice service." (emphasis added) In that same paragraph, the FCC stated that "incumbent carriers are not required to provide line sharing to requesting carriers that are purchasing a combination of network elements known as the platform. In that circumstance, the incumbent no longer is the voice provider to the customer." The platform referred to is the loop/port combination.

Finally, the FCC reiterated its position in its Order dated June 30, 2000 in CC Docket No. 00-65 (SBC – Texas Section 271 Application). At paragraph 324 the Order states, "the obligation of an incumbent LEC to make the high frequency portion of the loop separately available is limited to those instances in which the incumbent LEC is providing, and continues to provide, voice service on the particular loop to which the requesting carrier seeks access."

Clearly, MCI's position is inconsistent with FCC Orders. When BellSouth provides a loop/port combination, or UNE-P, to an ALEC, the ALEC (and not BellSouth) is the voice service provider.

Issue 23: Does MCI WorldCom's right to dedicated transport as an unbundled network element include SONET rings?

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. BellSouth's position is that, if a SONET ring currently exists, BellSouth will provide MCI with dedicated transport over that ring. However, if a SONET ring does not currently exist, BellSouth is not obligated to construct one in order to provide MCI unbundled dedicated transport. MCI's proposed language seeks to obligate BellSouth to construct facilities when BellSouth has no legal obligation to do so. The Eighth Circuit's recent ruling confirms that BellSouth is only obligated to unbundle its existing network.

Q. WHAT IS THE BASIS FOR BELLSOUTH'S POSITION ON THIS ISSUE?

A. The FCC has specifically stated in its UNE Remand Order in response to a request by Sprint, "Notwithstanding the fact that we require incumbents to unbundle high-capacity transmission facilities, we reject Sprint's proposal to require incumbent LECs to provide unbundled access to SONET rings." The basis for the FCC's rejection of Sprint's proposal is that unbundling SONET rings necessarily involves constructing facilities to meet a requesting carrier's

specific requirements, and the FCC limited an ILEC's obligation to unbundle transport to existing facilities.

Q. HOW DOES BELLSOUTH'S POSITION CONFORM TO THE FCC'S STATEMENT THAT THE INCUMBENT'S UNBUNDLING OBLIGATION EXTENDS THROUGHOUT ITS NETWORK, INCLUDING RING TRANSPORT ARCHITECTURE?

A. BellSouth provides DS1, DS3 or any other existing transport links throughout its network regardless of whether those links are provisioned over a SONET ring. However, the FCC made clear that BellSouth has no obligation to provide unbundled access to SONET rings themselves. Because ALECs like MCI have access to point-to-point transport regardless of whether the transport is provisioned over SONET rings, MCI would have to show that it would be "impaired" without access to the entire SONET ring, which MCI has not done. MCI's position also is inconsistent with the Eighth Circuit's recent ruling, which limits BellSouth's obligations under the 1996 Act to BellSouth's "existing" network.

Issue 28: Should BellSouth provide the calling name database via electronic download, magnetic tape, or via similar convenient media?

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. BellSouth is not required by the FCC's rules to provide a download, electronically or by any other media, of BellSouth's calling name ("CNAM") database, as MCI is requesting. BellSouth is only required to provide access to the data contained in the database, which BellSouth does.

Q. WHAT IS THE CNAM DATABASE?

A. End users can purchase a Caller ID service that includes display of the calling party's name in addition to the number for incoming calls. CNAM is the database that allows carriers providing the Caller ID service to match the incoming caller's name with the telephone number. This database contains calling name information for all BellSouth end users and the end users of any carrier that stores their customers' names in BellSouth's calling name database. The FCC's rules only require BellSouth to provide ALECs access to its calling name database.

Q. DOES BELLSOUTH PROVIDE ALECs WITH ACCESS TO ITS CALLING NAME DATABASE?

A. Yes. BellSouth provides ALECs with access to its calling name database on an unbundled basis consistent with the requirements of the FCC's UNE Remand Order. In paragraph 402 of that Order, the FCC states "...we require incumbent LECs, upon request, to provide nondiscriminatory access to their call-related databases on an unbundled basis, for the purpose of switch query and database response through the SS7 network." Access to BellSouth's

calling name database is made available to ALECs regardless of whether the ALEC has its end user names stored in BellSouth's calling name database or whether the ALEC elects to maintain its own database for its end users' names. In either situation, the ALEC would provision its switch to appropriately route calling name queries to BellSouth's calling name database in order to obtain real time access to the name of an originating caller whose name is stored in BellSouth's calling name database.

Q. SHOULD BELLSOUTH BE REQUIRED TO PROVIDE AN ELECTRONIC DOWNLOAD OF THE CNAM DATABASE TO MCI?

A. No. The FCC only requires the ILECs to provide nondiscriminatory access to the CNAM database via the SS7 network, which BellSouth does. Nothing in any FCC order can reasonably be read to obligate BellSouth to provide an electronic download of any call-related database, including CNAM. An ALEC's ability to offer service to its customers is not impaired if the ALEC does not receive a download of the database. Furthermore, the capability would have to be developed and maintained for a service that does not exist and that BellSouth is not required to offer. Imposing such a requirement would unnecessarily increase BellSouth's cost.

Q. HAS THE FCC ADDRESSED THE ISSUE OF WHETHER BELLSOUTH MUST PROVIDE DOWNLOADS OF ITS DATABASES?

A. Yes, although the FCC has not addressed CNAM specifically. In its Second Louisiana Order, the FCC discussed access to BellSouth's directory assistance databases. According to the FCC, BellSouth must provide access to such databases either on a "'read only' or 'per dip' basis, or provide the entire database of subscriber listings...." Paragraph 248. Thus, consistent with the FCC's analysis, when BellSouth provides access on a per query basis, as is the case with CNAM, no other form of access is required.

Issue 32: Should there be any charges for use of a joint optical interconnection facility built 50% by each party?

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. It is BellSouth's position that in any mutually agreed to jointly provisioned interconnection arrangement each party should maintain its part of the infrastructure to the agreed-to interconnection point. However, the joint provisioning of such a facility should not excuse a party from paying the appropriate charges for services provided over such facilities. BellSouth has no objection to using jointly provisioned interconnection arrangements for carrying local and intraLATA toll traffic on the Primary or Secondary Route (sometimes referred to as the active and stand-by routes) of a joint optical interconnection facility (fiber ring) as proposed by MCI. However, MCI should compensate BellSouth for use of BellSouth's facilities with respect to transit traffic.

Q. WHY IS IT APPROPRIATE FOR MCI TO COMPENSATE BELLSOUTH FOR TRANSIT TRAFFIC TRANSPORTED OVER A JOINTLY PROVIDED OPTICAL INTERCONNECTION FACILITY?

A. Transit traffic is traffic that BellSouth receives from an ALEC that is destined to a local service provider other than BellSouth. For example, transit traffic sent to BellSouth for subsequent handling would include traffic from that ALEC to other ALECs or to other independent telephone companies. In this case, BellSouth provides a service to MCI (that is, the handling of MCI's transit traffic) over and above the simple transport of either party's traffic over the joint facility, and BellSouth is entitled to compensation for the use of the facility to transport traffic that is originated by a third party or destined to be terminated to a third party. MCI benefits from BellSouth's handling of its transit traffic in that it obviates MCI's having to establish physical interconnection directly with the third party carriers.

Q. WHAT IS YOUR UNDERSTANDING OF MCI'S POSITION?

A. My understanding of MCI's position is that there should be no charge by either party for use of the joint optical interconnection facility no matter the traffic type. However, in the event of a service interruption on the route provisioned by MCI, MCI would route its traffic (including its transit traffic) to the route provisioned by BellSouth for the duration of the service interruption. MCI should pay BellSouth for the minimum amount of dedicated transport

necessary to provision the number of circuits that BellSouth provisions on its route for the trunks used for MCI's transit traffic.

Q. HAS MCI PREVIOUSLY AGREED TO BELLSOUTH'S PROPOSED LANGUAGE?

A. Yes. In late 1999, MCI and BellSouth entered into an amendment to their existing interconnection agreement for the purpose of such an arrangement in a particular central office location in Florida. The amendment contains BellSouth's proposed language. BellSouth was surprised and disappointed to find that MCI now disagrees with the inclusion of this same language in the parties new interconnection agreement.

Q. WHY IS BELLSOUTH'S LANGUAGE IMPORTANT?

A. With joint optical interconnection, BellSouth will be providing some portion of the fiber optic facility and MCI will be providing some portion. MCI argues that since MCI provides some of the fiber facilities, MCI should not have to pay BellSouth for use of the BellSouth portion of the fiber to transport MCI transit traffic. The MCI portion of the fiber is not the issue. BellSouth is seeking to be compensated by MCI for MCI's use of the BellSouth portion of fiber plant to transport MCI's transit traffic to and from third party carriers. To the extent BellSouth's portion of the fiber optic facility is used on behalf of MCI to transport MCI's transit traffic to and from third-party carriers (that is,

MCI's transit traffic), MCI receives a benefit for which it should compensate BellSouth.

Q. WHAT ARE THE IMPLICATIONS OF MCI's POSITION?

A. BellSouth performs transport and switching functions on behalf of MCI to allow MCI to exchange traffic with third party carriers (such as independent telephone companies and other ALECs) via BellSouth's network. In addition, BellSouth builds its facilities to accommodate MCI's facilities (that is, BellSouth must match the traffic carrying capacity on its portion or the jointly provisioned facilities as MCI provisions for its portion of the jointly provisioned facilities). This results in BellSouth's having to provide capacity over and above its own needs to account for MCI's transit traffic. Although MCI appears to agree that BellSouth should be compensated for its handling transit traffic functions, the tandem switching rate covers only the cost of tandem switching, not the cost of underlying transport. Under MCI's proposal, BellSouth will not be adequately compensated for BellSouth's handling of MCI's transit traffic.

Q. HOW DOES BELLSOUTH PROPOSE THAT MCI COMPENSATE BELLSOUTH FOR HANDLING TRANSIT TRAFFIC?

A. BellSouth believes that the language to which the parties previously agreed to in late 1999 should be incorporated into the new agreement. However, if that is not acceptable to MCI, BellSouth proposes that MCI pay a monthly

recurring charge to BellSouth for the availability of excess facilities provided by BellSouth in the event of service interruptions to MCI's facilities, specifically MCI's transit traffic. This charge should be a factor based on the ratio of MCI's transit trunks to its total trunks in a given joint optical interconnection facility.

Q. WHAT ACTION DOES BELLSOUTH WANT THIS COMMISSION TO TAKE ON THIS ISSUE?

A. I believe this Commission should allow BellSouth to be compensated by MCI for all costs of BellSouth's handling the transit traffic transport function provided on behalf of MCI.

Issue 33: Does MCI WorldCom have the right to require interconnection via a Fiber Meet Point arrangement, jointly engineered and operated as a SONET Transmission System (SONET ring) whether or not that SONET ring presently exists in BellSouth's network?

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. MCI can interconnect at any technically feasible point on BellSouth's existing network, including SONET rings. However, as was previously explained in Issue 23, BellSouth has no obligation to build SONET facilities for MCI. This is true whether MCI seeks access to SONET facilities as a means of interconnection or as UNEs.

Q. WHAT IS THE DISPUTE BETWEEN BELLSOUTH AND MCI?

A. The dispute centers on whether BellSouth is required to install and operate a SONET ring at MCI's request. For example, MCI has asked that where fiber is currently in place, BellSouth be required to install equipment and operate that fiber as a SONET ring. The existence of point-to-point fiber facilities in BellSouth's network does not constitute the existence of a SONET ring. A SONET ring requires installation of SONET equipment on those facilities and arrangement of those facilities in a ring architecture. MCI's request constitutes asking BellSouth to construct a SONET ring for MCI, which, as the FCC has held and the Eighth Circuit has confirmed, BellSouth is under no obligation to do.

Issue 34: Is BellSouth obligated to provide and use two-way trunks that carry each party's traffic?

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. BellSouth is only obligated to provide and use two-way local interconnection trunks where traffic volumes are too low to justify one-way trunks. In all other instances, BellSouth is able to use one-way trunks for its traffic if it so chooses. Nonetheless, BellSouth is not opposed to the use of two-way trunks where it makes sense and the provisioning arrangements can be mutually agreed upon.

Q. ARE TWO-WAY TRUNKS ALWAYS MORE COST EFFICIENT THAN ONE-WAY TRUNKS?

A. No. Two-way trunks may be more efficient than one-way trunks only under some circumstances. Two-way trunks, however, are not always the most efficient due to busy hour characteristics and balance of traffic. For example, trunk groups are engineered based upon the amount of traffic that uses the trunk group during the busiest hour of the day. If the traffic on the trunk group in both directions occurs in the same or similar busy hour, there will be few, if any, savings obtained by using two-way trunks versus one-way trunks. The trunk termination costs will still have to be incurred on the total number of trunks required to accommodate the total two-way traffic in the busy hour. In addition, if the traffic is predominately flowing in one direction, there will be little or no savings in two-way trunks over one-way trunks.

BellSouth has informed MCI on several occasions that it is willing to employ two-way trunks consistent with basic two-way trunking principles. The necessity and reasonableness of these principles are discussed by Mr. Milner. However, if there are no efficiencies to be gained, BellSouth is entitled to use one-way trunks for its traffic just as MCI is entitled to use one-way trunks for its traffic.

Q. WHY SHOULD BELLSOUTH HAVE THE RIGHT TO ESTABLISH ONE-WAY TRUNKS FOR BELLSOUTH ORIGINATED TRAFFIC?

A. BellSouth should have the flexibility to use one-way trunks for its originated traffic for the following reasons:

1. If the majority of traffic exchanged between the companies originates on BellSouth's network, which is usually the case, BellSouth must have the ability to establish direct trunk groups from its end offices to the point of interconnection when traffic volumes dictate. BellSouth must retain the option to utilize one-way trunks if MCI or another ALEC is uncooperative in establishing direct end office to end office trunks or in providing a sufficient number of two-way trunks.

2. Because two-way trunks carry both companies' originated traffic, requiring two-way trunks allows an ALEC to determine the Interconnection Point for BellSouth originated traffic. ALECs have the right to determine the interconnection point for traffic originated by their customers. If both BellSouth and ALEC originated traffic is interconnected over the same trunk group, the ALEC would also be defining the interconnection point for BellSouth's originating traffic. The FCC specifically declined to give ALECs such control over BellSouth's internal network costs for handling local traffic originated by BellSouth end users. This issue is discussed more fully under Issue 36 and is the basis for next concern.

3. Allowing the ALEC to designate the Interconnection Point for BellSouth originated traffic allows the ALEC to inappropriately increase BellSouth's costs.

4. Two-way trunks involve a variety of complex issues that must be addressed by the parties. For example, two-way trunk installation involves agreement on: 1) the number of trunks required; 2) when trunk augmentation is required; 3) whether to install direct end office to end office trunk groups or tandem trunk groups; 4) whose facilities will be used to transport the two-way trunk groups when both companies have available facilities; 5) where the Interconnection Point will be located; 6) which company will order and install the trunk group and who will control testing and maintenance of the trunk group; and 7) the method of compensation between the parties for two-way trunks that carry multi-jurisdictional traffic. All of these issues must be resolved between the parties in order to make two-way trunks a viable arrangement.

Q. DOES THE FCC SUPPORT THE USE OF ONE-WAY TRUNKS?

A. Yes. Paragraph 219 of the FCC's Local Competition Order discusses the situation in which a carrier does not have sufficient volume to justify one-way trunks. That is the only instance where two-way trunks must be accommodated. In all other cases, BellSouth is permitted to utilize one-way trunks.

Q. HOW DOES BELLSOUTH RECOMMEND THE COMMISSION RESOLVE THIS ISSUE?

A. Based on the preceding discussion, BellSouth requests the Commission adopt its position on this issue and not require BellSouth to use two-way trunking except as required by the FCC. The Commission is requested to adopt BellSouth's contract language that allows the parties to reach mutual agreement on the use of two-way trunks. This method has proven effective where BellSouth and other ALECs have addressed the provision of two-way trunks.

Issue 35: If the parties ever choose to implement a combination trunk group, should that trunk group be operated as a two-way trunk?

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. For the reasons stated in response to Issues 34 & 36, BellSouth is not required to use two-way trunks for local traffic terminated to MCI. However, it is not clear what remains in dispute on this issue, since BellSouth has agreed to offer a combination trunk group under specified circumstances, that is by definition a two-way trunk group.

Q. WHAT IS A COMBINATION TRUNK GROUP?

A. MCI's proposed interconnection agreement terms a combination trunk group as one that carries local interconnection traffic, intraLATA toll and Transit Traffic (including switched access traffic). Although not required by the 1996 Act, BellSouth is willing to provision what MCI terms combination trunks

under specified circumstances. MCI's combination trunk is equivalent to the Supergroup two-way trunk group architecture offered by BellSouth.

Issue 36: Does MCI WorldCom, as the requesting carrier, have the right pursuant to the Act, the FCC's Local Competition Order and the FCC regulations, to designate the network point (or points) of interconnection at any technically feasible point?

Q. WHAT IS THE ESSENCE OF THE DISPUTE BETWEEN THE PARTIES ON THIS ISSUE?

A. In a nutshell, this issue is about whose customers should pay for the costs that MCI creates as a result of its network design decisions. MCI wants BellSouth's customers to bear those costs. Not surprisingly, BellSouth's position is that MCI's customers should bear the costs of MCI's decisions. All of the discussion concerning who gets to establish points of interconnection, how many points there will be, when reciprocal compensation applies to the facilities, etc. are simply a means to an end. That end is whether customers that MCI does not serve should bear the additional costs that result from MCI's network design or whether MCI's own customers should bear those costs. Although the processes required to implement the parties' positions concerning network interconnection are very complicated, the Commission only has to decide whether MCI should bear the full costs of its network design.

Q. TO PUT THIS ISSUE IN CONTEXT, PLEASE DESCRIBE THE WAY IN WHICH BELLSOUTH'S "NETWORK" IS CONFIGURED.

A. BellSouth's "network" is actually a group of several distinct networks. For example, BellSouth has local networks, long distance networks, packet networks, signaling networks, E911 networks, etc. Each of these networks is designed to provide a particular service or group of services.

Most telecommunications companies structure their networks as a group of specialized networks. The important point is that for a customer to have a particular service, the customer must be connected to the network where that service is provided. Consequently, if an ALEC wants to deliver or receive a particular kind of traffic from a BellSouth customer, the ALEC must connect to the BellSouth network where that service is provided. For example, if a customer receives local service from BellSouth, that customer must be connected to the BellSouth local network in his or her local calling area. Consequently, if an ALEC wants to deliver or receive local traffic to that customer the ALEC must be connected to that same local network.

Q, PLEASE FURTHER DESCRIBE BELLSOUTH'S LOCAL NETWORKS.

A. The geographic basis upon which customers purchase local service from BellSouth is a local calling area. To provide service within that local calling area, BellSouth has to provide a local network. That local network has a number of local switches that switch local calls. These local switches are

interconnected by trunks either directly, or through local tandem switches. These interconnected switches allow one customer to call any other customer located within that local calling area.

BellSouth has a number of such local networks in a LATA. For example, in the Jacksonville LATA, BellSouth has local networks in Jacksonville, Lake City, St. Augustine, Pomona Park, etc. Customers who want local service in a particular local calling area must be connected to the local network that serves that local calling area. For example, a customer who connects to the Jacksonville local network won't receive local service in the Lake City local calling area because Lake City is not in the local calling area of Jacksonville. Likewise, an ALEC who wants to connect with BellSouth to provide local service in Lake City has to connect to the local network that serves the Lake City local calling area.

Q. WHY DO YOU SAY THAT THE ALEC MUST CONNECT TO THE ILEC'S EXISTING NETWORK?

A. First, that is the only approach that makes economic sense. I will explain the rationale for that statement later. Second, the Eighth Circuit determined that the ILEC is only required to permit an ALEC to interconnect with the ILEC's existing network.

> "The Act requires an ILEC to (1) permit requesting new entrants (competitors) in the ILEC's local market to interconnect with the ILEC's existing local network and, thereby, use that network to

compete in providing local telephone service (interconnection);" (Eighth Circuit Court, July 18, 2000, page 2)

"It is the cost to the ILEC of providing its existing facilities and equipment through interconnection or by providing the specifically requested existing network elements that the competitor will in fact be obtaining for use that must be the basis for the charges. The new entrant competitor, in effect, piggybacks on the ILEC's existing facilities and equipment. It is the cost to the ILEC of providing that ride on those facilities that statute permits the ILEC to recoup." (Id., page 8)

Q. HOW DO YOU UNDERSTAND THAT MCI'S LOCAL NETWORK WILL BE CONFIGURED?

A Apparently MCI will have a regional switch and very long loops. Indeed, MCI could have a single switch in a state or region and serve all of the customers it has in that state or region, provided that the switch physically could handle the volume of subscribers. Exhibit CKC-2 illustrates the way that BellSouth understands that MCI could provide local service to a customer in Lake City using MCI's local network switches. Page 1 of Exhibit CKC-2 shows an MCI switch in Orlando with a Point of Interconnection in Jacksonville and with long loops to serve end users in Jacksonville and Lake City. As this Commission knows, both the Jacksonville and Lake City local calling areas are within the Jacksonville LATA. MCI would be electing to have its local switch

in Orlando and a local loop well in excess of one hundred miles to its end user in Jacksonville, for example. The parties agree that this arrangement is technically feasible, and there is nothing at all wrong with such a configuration if MCI decides that it makes economic sense for it to design its network this way.

However, BellSouth cannot yet be involved in the delivery of interLATA traffic. Therefore, in the scenario outlined above, MCI would be required to put at least one Point of Interconnection in each LATA in which MCI intended to serve local customers and where it therefore needed to hand off local traffic to BellSouth. The parties also agree on this fact. At a later date, it could decide to interconnect at one point on the east coast of the United States. Also, MCI's proposal can be adopted by other ALECs who may not be willing to interconnect in the LATA.

Q. WHAT IS A POINT OF INTERCONNECTION?

A. In its First Report and Order, at paragraph 176, the FCC defined the term "interconnection" by stating that:

> We conclude that the term "interconnection" under section 251(c)(2) refers only to the physical linking of two networks for the mutual exchange of traffic.

The term "Point of Interconnection" (POI) is the point on the ILEC's network where that physical linking referred to above takes place. Simply speaking, the

Point of Interconnection is the place where facilities built by MCI connect to facilities built by BellSouth.

Q. PLEASE EXPLAIN HOW CALLS ORIGINATED FROM MCI CUSTOMERS FLOW BETWEEN THE NETWORKS DEPICTED ON EXHIBIT CKC-2.

A. For the purpose of the following discussion, I will assume that MCI elects to put a single Point of Interconnection in the Jacksonville LATA and that Point of Interconnection will be at BellSouth's access tandem in Jacksonville. This would be perfectly permissible because MCI would have built its network from Orlando to Jacksonville, and then instructed BellSouth to pick up the traffic MCI intends to deliver to BellSouth at that Point of Interconnection.

Now suppose that an MCI end user in Jacksonville wants to call a BellSouth end user in Jacksonville. The MCI end user picks up his or her telephone, and draws dial tone from MCI's Orlando switch. The call is routed from Orlando to MCI's Point of Interconnection in Jacksonville (which is, we will assume, collocated with the BellSouth access tandem in Jacksonville). The call is then connected to BellSouth's Jacksonville local network via intrabuilding facilities. This call flow is shown on Page 2 of Exhibit CKC-2. BellSouth is compensated for transporting and terminating this call on its Jacksonville local network by the reciprocal compensation payment that MCI would make to BellSouth for this call. A call going in the reverse direction, i.e., from a

BellSouth end user in Jacksonville to an MCI end user in Jacksonville, would be a mirror image of the call described above.

Next, suppose an MCI end user in Lake City wants to call a BellSouth end user in Lake City. The MCI customer picks up his or her telephone, and draws dial tone from MCI's Orlando switch. The MCI customer then dials the BellSouth customer. The call is routed from Orlando to MCI's Point of Interconnection in the Jacksonville LATA, which is still collocated with the BellSouth access tandem. BellSouth then provides facilities on behalf of MCI from MCI's Point of Interconnection in Jacksonville to a location on BellSouth's Lake City local network. BellSouth then transports and terminates the call from the connection point in Lake City to the called BellSouth end user in Lake City. This call flow is shown on Page 3 of Exhibit CKC-2. A call in the reverse direction, i.e., from a BellSouth customer in Lake City to an MCI customer in Lake City, is simply a mirror image of the call described above.

Q. ARE THERE ANY POINTS AFFECTING THIS ISSUE ON WHICH THE PARTIES DO AGREE?

A. Yes, and to accurately describe the dispute, I need to highlight those points on which the parties agree. First, the parties agree that MCI is not required to duplicate the design of BellSouth's network, but can configure its network any way MCI wants. For instance, MCI is free to elect to have a single switch in a state to serve its local customers. In such a situation, if MCI has one switch, it serves its customers in various parts of the state via very long loops connected

to that switch. MCI might install its local switch in Orlando, and serve local customers in Lake City from its Orlando switch as depicted on Exhibit CKC-2.

Second, MCI may define the local calling area for its customers any way it desires. It does not have to replicate the BellSouth local calling area.

Third, MCI or any other ALEC, may designate a single Point of Interconnection in a LATA at any technically feasible point on BellSouth's network. The ALEC establishes a Point of Interconnection, say at the access tandem, and local traffic is delivered to the ILEC at that point. There is no dispute that the ALEC can unilaterally decide where on BellSouth's network it chooses to establish a Point of Interconnection. The ALEC can designate one or several Points of Interconnection in the LATA.

Fourth, the parties agree that if MCI requests BellSouth to do so, BellSouth must provide facilities required to connect MCI's Point of Interconnection to BellSouth's local networks in the LATA. Who bears the cost of these facilities, for example between Jacksonville and Lake City, is the point in dispute under this issue.

Q. WHERE THEN DO THE PARTIES DISAGREE?

A. The parties disagree over whether MCI is required to pay for the facilities that BellSouth provides to them between MCI's Point of Interconnection and BellSouth's local networks. In the example described above, MCI wants

BellSouth to incur the additional cost of providing facilities for MCI between Jacksonville and Lake City. BellSouth believes that MCI should pay for those facilities.

Q. WHY DO YOU SAY BELLSOUTH IS INCURRING ADDITIONAL COSTS ON BEHALF OF MCI?

A. The best way to describe these additional costs is to compare examples of two local calls in the Lake City local area. One local call is between two BellSouth customers. The other local call is between a BellSouth customer and an MCI customer. Let's assume these two customers are next-door neighbors in Lake City. First, let's examine what happens if both customers were served by BellSouth. The call originates with one customer, and is transported over that customer's local loop to a local switch in Lake City where the call is connected to the other customer's local loop. The call never leaves the Lake City local calling area. Therefore, the only cost BellSouth incurs for transporting and terminating that call is end office switching in Lake City. Importantly, the call never leaves the BellSouth Lake City local network.

Now, let's compare what happens when one of these two customers obtains its local service from MCI. Assume that the BellSouth customer calls the MCI customer next door. This assumption is just for simplicity of explanation; the effect is the same regardless of which customer originates the call. The BellSouth customer is connected to BellSouth's switch in Lake City. The BellSouth switch then sends the call to Jacksonville because that is where MCI

told BellSouth to send the call. The call is then hauled over facilities owned by MCI to Orlando where MCI connects the call through its end office switch to the long loop serving MCI's end user customer back in Lake City. Again, these two customers live next door to each other. In one case the call never left Lake City. In the other, BellSouth hauled the call all the way to Jacksonville and the only reason BellSouth did so was because that is what MCI wanted.

Although BellSouth has no objection to MCI using this roundabout routing to handle local traffic, BellSouth does object to MCI's attempting to shift the costs it creates by such routing onto BellSouth and its customers. The policy that MCI wants this Commission to adopt would permit MCI to require BellSouth to incur the cost of hauling that local call all the way to Jacksonville at no charge to MCI. Further the policy MCI wants adopted would require BellSouth to haul that call to Orlando, or to anywhere in the nation that MCI or any other carrier wants free of charge. There is nothing fair, equitable or reasonable about MCI's position. MCI is apparently willing to bear the cost of carrying the call from Jacksonville to Orlando, but wants BellSouth to bear the cost of carrying this call from Lake City to Jacksonville, for example. It is these additional costs that BellSouth incurs solely at the insistence of MCI that BellSouth objects to paying.

Q. DO BELLSOUTH'S LOCAL RATES COVER THESE ADDITIONAL COSTS?

A. No. BellSouth is not compensated by the rates charged to BellSouth's local customers for hauling all calls from one Lake City end user to another Lake City end user through Jacksonville, for example. I believe this Commission intends for local rates to cover the costs incurred in handling local traffic; however, I do not believe it is reasonable to assume that local rates were set to cover a transport fee from one local calling area to a remote point outside that local calling area simply because MCI wants the traffic hauled to that point for its own convenience. I believe it is clear that MCI has configured its network in the way that is most economically advantageous to MCI. That's fine. It's allowed to do that and it may choose to do so.

However, MCI is also attempting to shift costs from MCI to BellSouth for local calls between its customers and BellSouth's customers. That is neither fair, reasonable nor even logical. Where MCI asks BellSouth to transport calls outside the BellSouth local calling area, it seems clear that MCI should be required to pay for that transport.

Indeed, if MCI is not required to pay for that extra transport which MCI's network design decisions caused, who will pay for it? The BellSouth calling party is already paying for local calls and certainly won't agree to pay more simply for MCI's convenience. Who does that leave to cover this cost? The answer is that there is no one else, and because MCI has caused this cost through its own decisions regarding the design of its network, it should be required to pay for this additional cost.

Q. DOES BELLSOUTH RECOVER ITS COSTS FOR HAULING LOCAL CALLS OUTSIDE THE LOCAL CALLING AREA THROUGH RECIPROCAL COMPENSATION CHARGES?

A. No. The facilities discussed in this issue facilitate interconnection. Their costs are not covered in the reciprocal compensation charges for transport and termination. Paragraph 176 of FCC Order 96-325, the FCC clearly stated that interconnection does not include transport and termination ("Including the transport and termination of traffic within the meaning of section 251(c)(2) would result in reading out of the statute the duty of all LECs to establish "reciprocal compensation arrangements for the transport and termination of telecommunications" under section 251(b)(5)"). Reciprocal compensation charges apply only to facilities used for transporting and terminating local traffic, not for interconnection of the parties' networks.

Utilizing the Lake City example, under MCI's proposal, MCI would pay reciprocal compensation for calls originated by MCI customers in Lake City and terminated to BellSouth customers in Lake City. However, reciprocal compensation would only apply for the use of BellSouth's facilities within the Lake City local calling area. That is, reciprocal compensation would apply to the facilities BellSouth used within its Lake City local network to transport and switch an MCI originated call. Reciprocal compensation would not cover the cost of the facilities necessary to haul the traffic from Jacksonville to Lake City, for example. Further, BellSouth is paid reciprocal compensation only for calls that originate with an MCI customer and terminate to a BellSouth

customer. BellSouth does not receive reciprocal compensation for calls that originate from BellSouth and terminate to MCI. However, MCI wants BellSouth to build facilities, at no charge, for calls in both directions.

Q. IS THE ARRANGEMENT THAT MCI PROPOSES EFFICIENT?

A. I don't see how it could be efficient. MCI equates efficiency with what is cheapest for MCI. Of course, that is not an appropriate measure of efficiency. Indeed, to measure efficiency, the cost to every carrier involved must be considered. Presumably, MCI has chosen its particular network arrangement because it is cheaper for MCI. A principal reason it's cheaper is because MCI expects BellSouth's customers to bear substantially increased costs that MCI causes by its network design. It simply doesn't make any sense for BellSouth to eat the cost of hauling a local Lake City call outside the local calling area just because MCI wants us to do so. MCI, however, wants this Commission to require BellSouth to do just that. If MCI bought these facilities from anyone else, MCI would pay for the facilities. However, MCI doesn't want to pay BellSouth for the same capability.

MCI's method of transporting local traffic is clearly more costly in total, but MCI blithely ignores the additional costs they want BellSouth to incur. Of course, these increased costs will ultimately be borne by customers, and if MCI has its way, these costs will be borne by BellSouth's customers. I submit that competition is supposed to reduce costs to customers, not increase them. Competition certainly is not an excuse for enabling a carrier to pass increased

costs that it causes to customers it doesn't serve. BellSouth requests that this Commission require MCI to bear the cost of hauling local calls outside BellSouth's local calling areas. Importantly, MCI should not be permitted to avoid this cost nor should MCI be permitted to collect reciprocal compensation for facilities that haul local traffic outside of the local calling area.

Q. DOES BELLSOUTH OBJECT TO MCI ESTABLISHING A SINGLE POINT OF INTERCONNECTION IN EACH LATA?

A. No. BellSouth is not attempting to force MCI to build facilities throughout the LATA. BellSouth offers all of the services necessary to permit MCI to have a single Point of Interconnection in the LATA. Utilizing my hypothetical, if MCI only wants to build facilities to a single point on BellSouth's network in the Jacksonville LATA, that is fine with BellSouth. MCI can use that point to serve all of its customers in the Jacksonville LATA. However, BellSouth's local network in Jacksonville does not extend to Lake City. Therefore, if MCI wants to provide local service in Lake City, MCI must get to that network in Lake City. MCI can purchase facilities from BellSouth or another provider for that purpose. BellSouth only requests that if MCI wants BellSouth to provide the facilities, MCI must pay for them just as MCI would pay for them if they obtained the facilities from another provider.

Q. HOW DOES THE FCC ADDRESS THE ISSUE OF ADDITIONAL COSTS CAUSED BY AN ALEC'S CHOSEN FORM OF INTERCONNECTION?

A. In its First Report and Order in Docket 96-325, the FCC states that the ALEC must bear those costs. Paragraph 199 of the Order states that "a requesting carrier that wishes a 'technically feasible' but expensive interconnection would, pursuant to section 252(d)(1), be required to bear the cost of the that interconnection, including a reasonable profit." Further, at paragraph 209, the FCC states that "Section 251(c)(2) lowers barriers to competitive entry for carriers that have not deployed ubiquitous networks by permitting them to select the points in an incumbent LEC's network at which they wish to deliver traffic. Moreover, because competing carriers must usually compensate incumbent LECs for the additional costs incurred by providing interconnection, competitors have an incentive to make economically efficient decisions about where to interconnect." (emphasis added)

Clearly, the FCC expected MCI to pay the additional costs that it causes BellSouth to incur. If MCI is permitted to shift those costs to BellSouth, it has no incentive to make economically efficient decisions about where to interconnect.

Q. HOW DOES BELLSOUTH PROPOSE TO DELIVER ITS ORIGINATING LOCAL TRAFFIC TO MCI?

A. BellSouth proposes to aggregate all of its customer's originated local traffic to a single location in a local calling area where such traffic will be delivered to the ALEC. In the case of Lake City, for example, BellSouth would transport the local traffic originated by all BellSouth customers in the Lake City local

calling area to a single location in the Lake City local calling area. MCI can then pick up all local traffic that BellSouth's customers originate in the Lake City local calling area at a single location.

However, MCI is not required to pick up the traffic at that point. Assuming there is more than one end office in a local calling area, if MCI chooses to do so, it can pick up the traffic at each individual end office.

Q. HOW HAS THE FCC ADDRESSED THE ISSUE OF WHO ESTABLISHES THE POINT OF INTERCONNECTION?

A. The FCC addressed this issue in its Local Competition Order, in Section IV. In that Section, the FCC established the concept that, due to reciprocal compensation being paid by the originating company, the originating company may seek to determine its Point of Interconnection in order to minimize its reciprocal compensation obligation to the terminating company. For example, in Subsection F, Technically Feasible Points of Interconnection, ¶ 209, the FCC states:

> We conclude that we should identify a minimum list of technically feasible points of interconnection that are critical to facilitating entry by competing carriers. Section 251 (c) gives competing carriers the right to deliver traffic terminating on an incumbent LEC's network at any technically feasible point on that network rather than obligating such carriers to transport traffic to less convenient or efficient interconnection points. Section 251(c)(2) lowers barriers to

competitive entry for carriers that have not deployed ubiquitous networks by permitting them to select the points in an incumbent LEC's network at which they wish to deliver traffic. Moreover, because competing carriers must usually compensate incumbent LECs for the additional costs incurred by providing interconnection, competitors have an incentive to make economically efficient decisions about where to interconnect.

This ruling requires the ALEC to establish a Point of Interconnection on the incumbent LEC's network and only permits the ALEC to designate that point for traffic originated by the ALEC. It does not allow the ALEC to specify a Point of Interconnection for traffic originated on the incumbent LEC's network. The rationale of this ruling clearly requires the ALEC to deliver its traffic to the incumbent's network and supports the right of the originating carrier to specify the Point of Interconnection. MCI's proposed plan is contrary to this ruling by purporting to permit the terminating carrier to designate the Point of Interconnection.

Q. HOW HAS THE FCC ADDRESSED THE ILEC'S ABILITY TO DESIGNATE A POINT OF INTERCONNECTION FOR ITS ORIGINATING TRAFFIC?

A. As previously discussed, the FCC permits the ILEC to designate the Point of Interconnection for its originating traffic, and does not require that point to be on the ALEC's network. The FCC has determined that issues regarding the

location of Points of Interconnection should be determined through the negotiation and arbitration process. In the FCC's Order 96-325, MCI attempted to have the FCC require ILECs to specify a Point of Interconnection on the ALEC's network for the traffic originated by the ILEC's end user. In paragraph 214 of that Order, the FCC states:

> MCI also urges the Commission to require incumbents and competitors to select one point of interconnection (POI) on the other carrier's network at which to exchange traffic. MCI further requests that this POI be the location where the costs and responsibilities of the transporting carrier ends and the terminating carrier begins. [Emphasis added]

In paragraph 220, the FCC rejected MCI's request, stating that:

> We also conclude that MCI's POI proposal, permitting interconnecting carriers, both competitors and incumbent LECs, to designate points of interconnection on each other's networks, is at this time best addressed in negotiations and arbitrations between parties.

Importantly, this ruling does not give an ALEC the right to establish the Point of Interconnection for ILEC originated traffic as MCI sought to do. It also rejects an attempt by MCI to interconnect at some place other than the ILEC's existing local network.

Q. WHAT DOES BELLSOUTH REQUEST OF THIS COMMISSION?

A. BellSouth simply requests the Commission find that MCI is required to bear the cost of facilities that BellSouth installs on MCI's behalf in order to extend BellSouth's local network to MCI. I believe this to be an equitable arrangement for both parties.

Q. WHY SHOULD THE COMMISSION ADOPT BELLSOUTH'S POSITION ON THIS ISSUE?

A. BellSouth's solution is the only one that makes economic sense. If BellSouth, or any incumbent for that matter, is required to haul traffic from a remote local calling area to a centralized ALEC interface, the ALEC will have simply succeeded in shifting the costs of its network from itself to BellSouth or the other incumbent. That is neither logical nor fair. For these reasons, the Commission should adopt BellSouth's proposed resolution of this issue.

Issue 39: How should Wireless Type 1 and Type 2A traffic be treated under the Interconnection Agreements?

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. This issue deals with whether wireless traffic should be treated as transit traffic for routing and billing purposes. "Transit traffic" is traffic that originates on one party's network, is switched and transported by a second party and then is sent to a third party's network. The party that switches the call from the first party to the third party is due payment for that function. However, in many

cases, when a wireless company is one of the three parties, neither BellSouth, the wireless company nor the ALEC has the necessary system capabilities required to bill each other using the normal Meet Point Billing process. In addition, as discussed below, for Wireless Type 1 traffic, BellSouth is unable to determine whether or not the transiting function is being performed. As a result, BellSouth simply proposes that traffic involving wireless carriers be treated as if it were land-line traffic originated by either BellSouth or the ALEC. For Type 2A traffic, this arrangement will continue until the involved parties have the necessary Meet Point Billing system capabilities.

Q. DOES BELLSOUTH HAVE ANY PLANS TO IMPLEMENT MEET POINT BILLING WITH WIRELESS CARRIERS IN THE FUTURE?

A. Yes. BellSouth is currently in the process of developing systems, methods and procedures that will allow Wireless Carriers' Type 2A traffic to participate in meet point billing. BellSouth anticipates that meet point billing will be available by the end of the 4th quarter of this year.

Q. PLEASE DESCRIBE WIRELESS TYPE 1 AND TYPE 2A TRAFFIC.

A. Wireless Type 1 traffic is wireless traffic that uses a BellSouth NXX. In other words, the wireless carrier does not have its own NXX, but uses numbers in an NXX assigned to BellSouth's land-line service. In this case, the Wireless Type 1 Traffic is indistinguishable from BellSouth-originated or BellSouth-terminated traffic from a Meet Point Billing perspective. Therefore, for

routing and billing purposes, BellSouth is proposing to treat this transit traffic as BellSouth-originated or terminated traffic. In reality, there is very little of this type traffic, since most wireless carriers have distinct NXXs assigned. Further, wireless Type 1 traffic has been treated in this manner for all ALECs, including MCI.

Wireless Type 2A traffic is wireless traffic that is distinguishable from BellSouth-originated or terminated traffic because the wireless carrier has distinct NXXs assigned for its use. However, as I discussed earlier, the necessary system capabilities required to bill through the Meet Point billing process are not yet available. Such arrangements are necessary in order for BellSouth to send the appropriate billing records to the wireless carrier and to the ALEC. Therefore, until such arrangements are available, BellSouth must continue to treat Wireless Type 2A transit traffic as BellSouth originated or terminated traffic.

Issue 40: What is the appropriate definition of internet protocol (IP) and how should outbound voice calls over IP telephony be treated for purposes of reciprocal compensation?

Q. PLEASE EXPLAIN BELLSOUTH'S UNDERSTANDING OF THIS ISSUE.

A. This issue addresses the appropriate compensation for phone-to-phone calls that utilize a technology known as Internet Protocol ("IP"). First, let me be clear on the distinction between "voice calls over the Internet" and "voice calls

over Internet Protocol ("IP") telephony." IP telephony is, in very simple and basic terms, a mode or method of completing a telephone call. The word "Internet" in Internet Protocol telephony refers to the name of the protocol; it does not mean that the service necessarily uses the World Wide Web.

Technically speaking, Internet protocol, or any other protocol, is an agreed upon set of technical operating specifications for managing and interconnecting networks. The Internet protocol is the language that gateways use to talk to each other. It has nothing to do with the transmission medium (wire, fiber, microwave, etc.) that carries the data packets between gateways, but rather concerns gateways, or switches, that are found on either end of that medium.

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. As with any other local traffic, reciprocal compensation should apply to local telecommunications provided via IP telephony, to the extent that it is technically feasible to apply such charges. To the extent, however, that calls provided via IP telephony are long distance calls, access charges should apply, irrespective of the technology used to transport them.

BellSouth's position is that switched access charges, not reciprocal compensation, apply to phone-to-phone long distance calls that are transmitted using IP telephony because such calls go to an IXC just like any other long distance calls. The IXC may use the Internet Protocol to transport all or some

portion of the long distance call, but that does not change the fact that it is a long distance call.

Q. WHAT IS MCI'S POSITION ON THIS ISSUE?

A. Apparently, MCI believes that all traffic transmitted via IP telephony should be treated as local, regardless of where the end points of the call occur, and that reciprocal compensation should apply to all calls. For example, a call from Cocoa Beach to Chicago sent over MCI's circuit switched network would be treated as a long distance call, and access charges would apply. However, if MCI transported that same call using IP telephony, MCI claims that the call from Cocoa Beach to Chicago is a local call and that reciprocal compensation applies. MCI makes this claim despite the fact that it charges the customer the same long distance price in either case. This position is ridiculous. MCI's choice of transmission medium does not transform a long distance call into a local call.

Q. WHAT IS IP TELEPHONY?

A. IP telephony is telecommunications service that is provided using Internet Protocol for one or more segments of the call. IP telephony is, in very simple and basic terms, a mode or method of completing a telephone call. The word "Internet" in Internet Protocol telephony refers to the name of the protocol; it does not mean that the service uses the World Wide Web. Currently there are various technologies used to transmit telephone calls, of which the most

common are analog and digital. In the case of IP telephony originated from a traditional telephone set, the local carrier first converts the voice call from analog to digital. The digital call is sent to a gateway that takes the digital voice signal and converts or packages it into data packets. These data packets are like envelopes with addresses which "carry" the signal across a network until the packets reach their destination, which is known by the address on the data packet, or envelope. This destination is another gateway, which reassembles the packets and converts the signal to analog, or a plain old telephone call to be terminated on the called party's local telephone company's lines.

To explain it another way, phone-to-phone IP telephony is where an end user customer uses a traditional telephone set to call another traditional telephone set using IP telephony for a portion of the transport. The fact that IP technology is used, at least in part, to transport the call is transparent to the end user. Phone-to-phone IP telephony is identical, by all relevant regulatory and legal measures, to any other basic telecommunications service, and should not be confused with calls to the Internet through an ISP. Characteristics of phone-to-phone IP telephony are as follows:

- IP telephony provider gives end users traditional dial tone (not modem buzz);
- End user does not call modem bank;
- Uses traditional telephone sets (vs. computer);
- Call routes using telephone numbers (not IP addresses);
- Basic telecommunications (not enhanced);

- IP telephony providers are telephone carriers (not ISPs).

Phone-to-phone IP telephony should not be confused with computer-to-computer IP telephony, where computer users use the Internet to provide telecommunications to themselves.

Q. HOW ARE IP TELEPHONY CALLS DIFFERENT FROM INTERNET SERVICE PROVIDER (ISP) BOUND TRAFFIC?

A. Even though IP telephony and ISP traffic both have the word "Internet" in their name, they are completely different services and should not be confused. The FCC's April 10, 1998 Report to Congress states: "The record... suggests... 'phone-to-phone IP telephony' services lack the characteristics that would render them 'information services' within the meaning of the statute, and instead bear the characteristics of 'telecommunication services'." Further, Section 3 of the 1996 Act defines "telecommunications" as the "transmission, between or among points specified by the user, of information of the user's choosing, without change in the form or content of the information as sent and received." Thus, IP telephony is telecommunications service, not information or enhanced service.

Q. DOES THE FCC VIEW ISP BOUND TRAFFIC DIFFERENTLY THAN IP TELEPHONY IN TERMS OF APPLICABLE CHARGES?

A. Yes. Neither ISP bound traffic nor the transmission of long-distance voice services via IP telephony is local traffic; however, the FCC has treated the two

types of traffic differently in terms of the rates that such providers pay for access to the local exchange company's network. ESPs, or Information Service Providers have been exempted by the FCC from paying access charges for use of the local network in order to encourage the growth of these emerging services – most specifically access to the Internet. The FCC has found that ESPs and ISPs use interstate access service, but are exempt from switched access charges applicable to other long distance traffic. Instead, ISP-bound traffic is assessed at the applicable business exchange rate. On the other hand, the transmission of long-distance voice services – whether by IP telephony or by more traditional means -- is not an emerging industry. In fact, it is a mature industry – one that is not exempt from paying access charges for the use of the local network. These same access charges are currently paid by all other long-distance carriers.

Q. HAS THE COMMISSION RECENTLY ADDRESSED THIS ISSUE?

A. Yes. In its recent decision in the Intermedia arbitration proceeding (Docket No. 991854-TP), the Commission adopted the Staff's recommendation that IP telephony is technology neutral.

Issue 42: Should MCI be permitted to route access traffic directly to BellSouth end offices or must it route such traffic to BellSouth's access tandem?

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. BellSouth's understanding is that this issue is about whether MCI should be permitted to disguise switched access traffic as local traffic. BellSouth's position is that MCI should not be permitted to disguise switched access traffic as local traffic by routing such switched access traffic over local interconnection trunks. The handling of switched access traffic is governed pursuant to switched access tariffs. Although couched as an issue concerning "tandem switching," MCI is seeking to avoid paying switched access charges, which the Commission should not permit.

Q. WHAT IS THE ISSUE IN DISPUTE?

A. BellSouth has proposed language making clear that MCI will not "deliver switched access to BellSouth for termination except over MCI ordered switched access trunks and facilities." In other words, MCI should not be permitted to send access traffic under the guise of local traffic. MCI has objected to this language for reasons that are not readily apparent, except to perhaps the extent MCI wants to avoid paying access charges.

Q. WHY IS THIS ISSUE IMPORTANT TO BELLSOUTH?

A. This issue has to do with ensuring the payment of switched access charges. BellSouth developed its existing switched access network configuration which is comprised of (1) access tandem switches and subtending end office switches (as reflected in the national Local Exchange Routing Guide (LERG),) (2) switched access interconnection facilities resulting from the FCC's Local

Transport Restructure (LTR) and Access Reform orders, and (3) switch recordings and Carrier Access Billing System (CABS) to ensure parity treatment of IXCs in ordering, provisioning, maintenance, transmission levels, and billing. BellSouth's ability to properly route and bill switched access traffic between BellSouth and IXCs is dependent upon established switched access processes and systems. Further, BellSouth's ability to properly route and bill switched access traffic between IXCs and Independent Telephone Companies and other ALECs subtending BellSouth access tandems also depends on these switched access processes and systems.

Allowing MCI to terminate switched access traffic into BellSouth's network via non-access trunks and processes would eliminate BellSouth's ability to properly bill for this traffic. For example, BellSouth would not be able to properly bill and recover switched access traffic terminated to BellSouth and other subtending companies, if such traffic were routed via MCI's interconnction trunk groups. Additionally, BellSouth could not ensure parity of access traffic quality terminated to BellSouth via MCI's non-access connections.

Q. UNDER ISSUE 35, BELLSOUTH AGREES TO PROVISION SUPERGROUP TWO-WAY TRUNK GROUPS TO ACCOMMODATE DIFFERENT TYPES OF TRAFFIC. WHAT MAKES MCI'S REQUEST IN THIS INSTANCE DIFFERENT FROM ITS REQUEST UNDER ISSUE 35?

A. There is a significant difference between these two issues. Under Issue 35, although the traffic exchanged between BellSouth and MCI's local switch using a Supergroup may contain local, transit and switched access traffic, it is BellSouth that exchanges the switched access traffic directly with the IXCs. In this issue, MCI wants access traffic to be delivered to BellSouth through MCI's local switch and not from MCI's access tandem to BellSouth's access tandem. If such traffic is not exchanged through the companies' respective access tandems, but is delivered to BellSouth end offices over local interconnection trunks, BellSouth is unable to identify and properly bill switched access traffic.

Issue 45: How should third party transit traffic be routed and billed by the parties?

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. BellSouth understands that this issue pertains to the routing and billing of third party local transit traffic by the parties. While BellSouth is willing to route local transit traffic, MCI wants BellSouth to pay reciprocal compensation for such traffic terminating to MCI, which BellSouth is not obligated to do. MCI should seek such compensation from the originating carrier, which in this instance is not BellSouth.

Q. DOES BELLSOUTH PROVIDE A LOCAL TRAFFIC TRANSITING FUNCTION?

A. Yes. Since the introduction of ALECs interconnecting with its network, BellSouth sought to assist ALECs in their efforts to reduce their speed to market time as well as their interconnection costs by allowing ALECs to access other LECs via BellSouth's network. However, BellSouth is not required to provide this function. When BellSouth performs a transit network function, ALECs do not have to establish direct interconnection with the other LECs, which eases ALECs' recording and billing requirements.

Q. SINCE BELLSOUTH OFFERS TO PROVIDE A LOCAL TRANSIT FUNCTION, WHAT IS THE DISPUTE?

A. In addition to handling the traffic, MCI wants BellSouth to pay reciprocal compensation for local traffic originated from another carrier terminating to MCI so MCI does not have to consummate an interconnection agreement with the originating carrier. Section 251(b) of the 1996 Act requires all LECs to negotiate interconnection contracts to set the terms and conditions of traffic exchange. If an ALEC desires that BellSouth perform the transit function, the ALEC is responsible for ordering from and payment to BellSouth for the applicable transiting interconnection charges. Additionally, the ALEC is responsible for negotiating an interconnection agreement with other ALECs with which they intend to exchange traffic. BellSouth should not be asked to relieve MCI of its obligations under the 1996 Act.

Further, BellSouth has initiated the multiple bill approach for local traffic based upon the Multiple Bill, Multiple Tariff process designed and

implemented by the national Ordering and Billing Forum (OBF). This was accomplished in order to avoid interfering with the contract arrangements negotiated and agreed to between ALECs and third party LECs. Accordingly, as the "transit company," BellSouth provides the records needed by the ALECs to bill a third party carrier for terminating traffic from that third party carrier. In turn, BellSouth recovers its transit traffic costs from the originating LEC. ALECs (including MCI) and BellSouth already utilize the OBF Multiple Bill, Multiple Tariff Meet Point Billing process to bill Interexchange Carriers (IXCs) for originating and terminating switched access traffic. The same billing and record exchange systems are used to bill for transit local traffic, and has been used for the past three years with MCI and the other ALECs.

Q. WHAT ACTION IS BELLSOUTH ASKING THIS COMMISSION TO TAKE ON THIS ISSUE?

A. BellSouth respectfully requests that this Commission reject MCI's attempt to require BellSouth to perform MCI's legal obligation to negotiate local interconnection contracts (and perform all associated billing and administrative activities) with third party LECs.

Issue 46: Under what conditions, if any, should the parties be permitted to assign an NPA/NXX code to end users outside the rate center in which the NPA/NXX is homed?

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. BellSouth is not attempting to restrict MCI's ability to allocate numbers out of its assigned NPA/NXX codes to its end users. BellSouth is indifferent to the way MCI chooses to allocate its numbers to its end users. Because of this freedom, MCI can elect to give a telephone number to a customer who is physically located in a different local calling area than the local calling area where that NPA/NXX is assigned. If MCI chooses to give out its numbers in the manner previously described, calls originated by BellSouth end users to those numbers are not local calls. Consequently, such calls are not local traffic under the agreement and no reciprocal compensation applies. Further, MCI should identify such long distance traffic and pay BellSouth for the originating switched access service BellSouth provides on those calls.

Q. WHAT DO YOU MEAN WHEN YOU SAY AN NPA/NXX IS ASSIGNED TO A RATE CENTER?

A. When MCI or any other carrier is given an NPA/NXX code by the North American Numbering Plan Administrator, the carrier must assign that NPA/NXX code to a rate center. All other carriers use this assignment information to determine whether calls originated by its customers to numbers in that NPA/NXX code are local or long distance calls. For example, assume that the administrator assigned the 305/336 NPA/NXX to MCI. MCI would tell the administrator where 305/336 was assigned. Let's say MCI assigned the 305/336 code to the Key West, Florida rate center. When a local carrier's

customer called a number in the 305/336 code, the local carrier would bill its customer based upon whether a call from the location where the call originated to the Key West, Florida rate center was a local call or a long distance call. If a BellSouth customer in the Key West local calling area called a number in the 305/336 code in this example, BellSouth would treat the call as a local call for purposes of billing its Key West, Florida customer. Likewise, if a BellSouth customer in Miami called a number in the 305/336 code, BellSouth would bill the customer for a long distance call.

Q. IS MCI LIMITED TO GIVING NUMBERS, ASSIGNED TO A PARTICULAR RATE CENTER, TO CUSTOMERS WHO ARE PHYSICALLY LOCATED IN THAT SAME RATE CENTER?

A. No. In the example above, MCI is not limited to giving numbers in the 305/336 code only to customers that are physically located in the Key West, Florida rate center. MCI is permitted to assign a number in the 305/336 code to any of its customers regardless of where they are physically located. Again, BellSouth is not attempting to restrict their ability to do this.

Let's see what happens if MCI disassociates the physical location of a customer with a particular telephone number from the rate center where that NPA/NXX code is assigned. Let's continue to use the hypothetical case of the 305/336 code that MCI assigned to the Key West, Florida rate center. Now, assume that MCI gives the number 305-336-2000 to one of its customers in Miami. If a BellSouth customer in Key West calls 305-336-2000, BellSouth

would treat the call as if its Key West customer had made a local call. However, BellSouth would hand off the call to MCI at a BellSouth designated point of interconnection. MCI would then carry the call from that point of interconnection to its end user in Miami. The end points of the call are in Key West and Miami. More extreme, MCI could elect to assign another number, say 305-336-3000 to one of its customers who is physically located in New York. A call from a BellSouth customer in Key West, Florida to 305-336-3000 would be treated as if he made a local call, but the call would actually terminate in New York. MCI proposes for BellSouth to pay reciprocal compensation on those calls from Key West to Miami or Key West to New York that I have just described, even though such calls are clearly long distance calls.

In addition to the long distance service described above that MCI could provide, they could also provide local service using that same 305/336 code. MCI could elect to assign another number, say 305-336-5555 to one of its customers who is physically located in Key West, Florida. A BellSouth customer in Key West who called 305-336-5555 would be making a local call. BellSouth agrees that appropriate reciprocal compensation should apply on that call. BellSouth and MCI disagree on what the amount of that reciprocal compensation should be, but that is the subject of Issue 51, not this issue.

Q. IS TRAFFIC JURISDICTION ALWAYS DETERMINED BY THE RATE CENTERS WHERE THE ORIGINATING AND TERMINATING NPA/NXXs ARE ASSIGNED AS INDICATED IN MCI's PETITION?

A. No. Traffic jurisdiction based on rate center assignment is used for retail end user billing, not for inter-company compensation purposes. The FCC has made it clear that traffic jurisdiction is determined based upon the originating and terminating end points of a call, not the NPA/NXXs of the calling or called number. One example is originating Feature Group A access service. Even though the originating end user dials a number that appears local to him or her, no one disputes that originating FGA traffic is switched access traffic with respect to jurisdiction and compensation between the involved companies. As the Commission is aware, FGA access service is not a local service.

Another example is Foreign Exchange (FX) service. Here again, the originating end user believes he or she is reaching a location local to him or her when in fact the terminating location is long distance. Further, because the call to the FX number appears local and the calling and called NPA/NXXs are assigned to the same rate center, the originating end user is not billed for a toll call. Despite the fact that the calls appear to be local to the originating caller, FX service is clearly a long distance service.

Q. WHAT IS THE CLOSEST PARALLEL TO THE SERVICE YOU HAVE DESCRIBED THAT IS THE SUBJECT OF THIS ISSUE?

A. The closest parallel is 800 service. While there are some comparable characteristics to the previously described Feature Group A (FGA) and Foreign Exchange (FX) service, the service described here does not use lines dedicated

to a particular customer for transporting the call between rate centers. In fact, some ALECs have described this service as an FX-like service. Instead, as in the case of 800 service, calls are placed to a "toll free" number and routed over trunking facilities to a distant location that normally incurs a toll charge for the originating customer. By utilizing enough NPA/NXX codes MCI could provide this "toll free" 800-like service throughout the state or the nation. It is clear that 800 service is not local and that access charges apply instead of reciprocal compensation.

Q. WHEN MCI ASSIGNS NUMBERS IN THE MANNER YOU HAVE DESCRIBED, IS IT ATTEMPTING TO DEFINE ITS OWN LOCAL CALLING AREA?

A. No. When MCI assigns numbers in the manner described, MCI is not attempting to define the local calling area for its customers. MCI is not necessarily offering a different local calling area to its customers than the local calling area offered by BellSouth. In fact, in our previous hypothetical of the 305-336 code that MCI assigned to Key West, MCI does not need to have any customers at all who are physically located in the Key West local calling area. What MCI is doing is offering "free" interexchange calling to customers of other LECs (i.e. BellSouth). MCI is offering a service that allows BellSouth's local service customers to call selected customers of MCI who are physically located in another local calling area. At best, in the Key West example, MCI is attempting to redefine the local calling area of BellSouth's customers in Key West.

MCI is only permitted to define the local calling area for its customers. If MCI had any of its own local service customers in the Key West example and offered those customers the ability to call Miami without long distance charges, then it could be said that MCI was offering a local calling area in Key West that was different from BellSouth's. However, the local calling area would be defined that way only for those customers to which MCI provided local service. MCI is free to delineate whatever local calling area it wants for its customers. MCI, however, cannot determine the local calling area for BellSouth customers. Specifically, MCI cannot offer interexchange service to BellSouth's local service customers and call that service local service even if it is provided on a toll free basis.

Q. HOW DOES THE SERVICE DISCUSSED ABOVE IMPACT THE DEGREE OF LOCAL COMPETITION?

A. Some ALECs have claimed that BellSouth's position on this issue would impede local competition. However, the service at issue here has nothing to do with local competition. Using the Key West example, the service described in this issue does not create any local service, let alone any local service competition, in Key West. Local service competition is only created where MCI offers local service to its own customers. The service at issue here is offered to BellSouth's local service customers in Key West, regardless of whether MCI has any local service customers physically located in Key West. When MCI allows a BellSouth customer in Key West to make a toll free call to

one of its true 800 service numbers, no local competition is created in Key West. Likewise, in the example, when MCI assigns a number out of the 305/336 code to one if its customers in Miami, precisely the same amount of local competition is created in Key West (where the 305/336 code is assigned) as is created by MCI's 800 service offerings; i.e., none. In this case, MCI has no contact or business relationship with the BellSouth customers for use of this service. These customers remain, in fact, BellSouth's local service customers. There is nothing that MCI is providing in this case that even resembles local service. Yet, MCI claims that it should be paid reciprocal compensation for providing this service.

Q. WHAT OTHER COMMISSIONS HAVE ADDRESSED WHETHER THE SERVICE DESCRIBED IN THIS ISSUE IS LOCAL OR INTEREXCHANGE?

A. To my knowledge, only the Maine Commission has definitively ruled on whether the service described in this issue is local or interexchange service. The California and Georgia Commissions were presented with the issue, but did not decide whether the service was local or interexchange and deferred the issue of appropriate compensation to a later date.

Q. BRIEFLY DESCRIBE THE MAINE COMMISSION'S ORDER THAT YOU REFERRED TO ABOVE.

A. The Maine Commission's Order, attached to my testimony as Exhibit CKC-3, was issued on June 30, 2000 in Docket Nos. 98-758 and 99-593. The service at issue in that order is the same type of service described in this issue. (Order at p. 4) Brooks Fiber (a subsidiary of MCI WorldCom) had been assigned 54 NPA/NXX codes that Brooks Fiber had subsequently assigned to various exchanges that are outside the Portland Maine local calling area. However, Brooks had assigned numbers from those codes to its customers who were physically located in Portland. The Maine Commission was trying to determine whether Brooks Fiber was entitled to retain the NPA/NXX codes used for the service. If the service was local, Brooks Fiber was entitled to the codes; if the service was interexchange, Brooks Fiber had to relinquish the codes. The Maine Commission concluded that the service was interexchange. Since Brooks Fiber did not have any customers at all in the rate centers where 45 of the codes were assigned, the Maine Commission ordered the Numbering Plan Administrator to reclaim those codes (Order at p. 29)

There is a potential misunderstanding that could arise when reading the Maine Order. There are several references to ISP in the Maine Order. The reason is that Brooks Fiber had only given numbers in the NPA/NXX code to ISPs. This is not the ISP reciprocal compensation that this Commission has previously addressed. The findings of the Maine Commission regarding this service does not depend on whether the number is given to an ISP or not. Neither the Maine Commission findings on the nature of this traffic or BellSouth's position on this issue depend on whether the number is given to an ISP. The same findings and the same position apply regardless of the type of

customer who has been given the number. It is just a fact in the Maine case that Brooks Fiber had only given numbers to ISPs; therefore there are references to ISPs in the Order.

Q. HOW DOES BELLSOUTH'S POSITION COMPARE TO THE MAINE COMMISSION ORDER?

A. BellSouth's position is completely consistent with the Maine Commission's Order. Most importantly, the Maine Commission found that the service was interexchange. (Order at pps. 4, 8-12, 18). The Maine Commission concluded that this service and FX service has some parallels but the closest parallel is 800 service. (Order at pps. 11-12) The Maine Commission found that Brooks Fiber is not attempting to define its local calling area with this service. (Order at p. 14) Finally, the Maine Commission concluded that this service has no impact on the degree of local competition. (Order at p. 13) Again, none of these findings depend on whether the number is given to an ISP or another type of customer.

Q. HAS THE COMMISSION ADDRESSED ASSIGNMENT OF NPA/NXXs IN ANOTHER PROCEEDING?

A. Yes. In its recent ruling in the Intermedia arbitration proceeding, the Commission adopted the Staff's recommendation that Intermedia not be allowed to "assign numbers outside the areas to which they are traditionally associated until it can provide information necessary for the proper rating of

calls to these numbers." (Staff Recommendation at p. 57) Further, the Commission adopted Staff's recommendation that Intermedia "establish points of interconnection at all BellSouth access tandems where Intermedia chooses to home its NPA/NXX." (Staff Recommendation at p. 61) Finally, the Commission adopted the Staff's conclusion that "for each assigned NPA/NXX, Intermedia should be required to designate a 'home' local tandem...."

Q. WHAT IS BELLSOUTH REQUESTING OF THIS COMMISSION?

A. BellSouth requests that the Commission reach the same result in this case as it did in the Intermedia arbitration proceeding.

Issue 47: Should reciprocal compensation payments be made for ISP bound traffic?

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. Reciprocal compensation should not apply to ISP-bound traffic. Based on the 1996 Act and the FCC's Local Competition Order, reciprocal compensation obligations under Section 251(b)(5) only apply to local traffic. ISP-bound traffic constitutes access service, which is clearly subject to interstate jurisdiction and is not local traffic. BellSouth recognizes that the Commission has previously ruled in the ITC^DeltaCom, Intermedia and ICG arbitration proceedings that the parties should continue to operate under the terms of the current agreements until the FCC issues its final ruling on the issue of ISP-

bound traffic. In this arbitration proceeding, on an interim basis, BellSouth is willing to abide by the Commission's previous decisions until the FCC establishes final rules associated with ISP-bound traffic. In doing so, BellSouth does not waive its right to seek judicial review on this issue. Upon establishment of an appropriate inter-carrier compensation mechanism, the parties would engage in a retroactive true-up based upon the established mechanism.

Issue 51: Under what circumstances is BellSouth required to pay tandem charges when MCI terminates BellSouth local traffic?

Q. PLEASE BRIEFLY EXPLAIN THIS ISSUE.

A. The elements potentially involved in the transport and termination of local traffic are end office switching, common interoffice transport and tandem switching. However, all three elements are not necessarily involved in every local call. BellSouth proposes to bill ALECs for use of a tandem only when BellSouth incurs the cost of tandem switching. Further, BellSouth proposes to pay ALECs the tandem switching rate only when the ALEC's switch provides the geographic coverage and functionality of a tandem, as opposed to an end office switch. However, MCI wants to charge BellSouth for tandem switching on every local call, regardless of whether MCI incurs the cost.

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. In order for MCI to appropriately charge tandem rate elements, MCI must demonstrate to the Commission that: 1) its switches serve a comparable geographic area to that served by BellSouth's tandem switches and that 2) its switches perform local tandem functions. MCI should only be compensated for the functions that it actually provides. MCI is only entitled to charge for tandem switching on the calls that are in fact switched by the tandem. MCI is not entitled to tandem switching compensation on local calls not switched by a local tandem even if MCI has a local tandem. Finally, the current rate structure for common transport is appropriate and the Commission should reject MCI's proposed structure.

Q. PLEASE DESCRIBE MCI'S POSITION ON THIS ISSUE.

A. MCI's position is that when its local switch covers a geographic area comparable to BellSouth's tandem, MCI should always receive the rate for tandem switching, transport and end office switching. MCI totally disregards the FCC's second criteria for qualifying for tandem switching compensation – that MCI's switch actually perform a tandem function on a given call. In addition, MCI proposes that the price of common transport between the parties be based upon the average mileage between end offices subtending BellSouth's tandem versus the actual mileage between an end office and the tandem.

Q. WHAT IS THE BASIS FOR BELLSOUTH'S POSITION ON THIS ISSUE?

A. Under Section 251(b)(5) of the 1996 Act, all local exchange carriers are required to establish reciprocal compensation arrangements for the transport and termination of telecommunications. 47 U.S.C. § 251(b)(5).

The terms and conditions for reciprocal compensation must be "just and reasonable," which requires the recovery of a reasonable approximation of the "additional cost" of terminating calls that originate on the network of another carrier. 47 U.S.C. § 252(d)(2)(A). The FCC's rules limited this obligation to local traffic. In its Local Competition Order, the FCC stated that the "additional costs" of transporting and terminating traffic vary depending on whether or not a tandem switch is involved. (¶ 1090) As a result, the FCC determined that state commissions can establish transport and termination rates that vary depending on whether the traffic is routed through a tandem switch or directly to a carrier's end-office switch. Id. To this end, BellSouth has separate rates for local switching, transport and tandem switching. The ALEC is charged reciprocal compensation based on the parts of BellSouth's network that are actually used to complete a call.

The FCC, of course, recognized that the ALECs might not use the same network architecture that BellSouth or any other incumbent carrier uses. However, that concern is not an issue in this case. In order to ensure that the ALECs would receive the equivalent of a tandem switching rate if it were warranted, the FCC directed state commissions to do two things. First, the FCC directed state commissions to "consider whether new technologies (e.g., fiber ring or wireless network) performed functions similar to those performed

by an incumbent LEC's tandem switch and thus whether some or all calls terminating on the new entrant's network should be priced the same as the sum of transport and termination via the incumbent LEC's tandem switch." (Local Competition Order ¶ 1090) (emphasis added). Further, the FCC stated that "[w]here the interconnecting carrier's switch serves a geographic area comparable to that served by the incumbent LEC's tandem switch, the appropriate proxy for the interconnecting carrier's additional costs is the LEC tandem interconnection rate. *Id.*

Therefore the FCC posed two requirements before an ALEC would be entitled to compensation at both the end office and tandem switching rate for any particular local call. The switch involved has to serve the appropriate geographic area, and it has to perform tandem switching functions for local calls. BellSouth notes that in Section 51.711(a)(1) of its Local Competition Order, the FCC states that "symmetrical rates are rates that a carrier other than an incumbent LEC assesses upon an incumbent LEC for transport and termination of local telecommunications traffic equal to those that the incumbent LEC assesses upon the other carrier for the same services." (emphasis added) Again, in Section 51.711(a)(3), the FCC states that "[w]here the switch of a carrier other than an incumbent LEC serves a geographic area comparable to the area served by the incumbent LEC's tandem switch, the appropriate rate for the carrier other than an incumbent LEC is the incumbent LEC's tandem interconnection rate."

Therefore, pursuant to Section 51.711, MCI must show not only that its switch covers the same geographic area as BellSouth's tandem switch but that MCI's switch is providing the same services as BellSouth's tandem switch for local traffic before charging BellSouth the tandem switching rate.

Q. HAS THE FCC DEFINED WHAT FUNCTIONS A TANDEM SWITCH MUST PROVIDE?

A. Indeed it has. In its recently released Order No. FCC 99-238, the FCC's rules at 51.319(c)(3) state:

Local Tandem Switching Capability. The tandem switching capability network element is defined as:

(ii) Trunk-connect facilities, which include, but are not limited to, the connection between trunk termination at a cross connect panel and switch trunk card;

(iii) The basic switch trunk function of connecting trunks to trunks; and

(iv) The functions that are centralized in tandem switches (as distinguished from separate end office switches), including but not limited, to call recording, the routing of calls to operator services, and signaling conversion features.

Q. HOW DOES THE FCC'S DEFINITION OF TANDEM SWITCHING APPLY TO THIS ISSUE?

A. To receive reciprocal compensation for tandem switching, a carrier must be performing all of the functions described in the FCC's definition of tandem switching. It is not enough that the switch is simply "capable" of providing the function of a tandem switch, it has to be providing those functions for local calls. This is true if for no other reason than because the reciprocal compensation rate for tandem switching is the same as the UNE rate for tandem switching. That rate recovers the cost of performing, for local calls, the functions described in the FCC's definition. Otherwise, the carrier would simply be receiving a windfall.

If MCI's switches are only switching traffic for end users directly connected to that switch, then that is an end office switching function, not a tandem switching function. As stated in the FCC's definition, to provide tandem switching, MCI's switch must connect trunks terminated in one end office switch to trunks terminated in another end office switch. Based on the limited information presently available to BellSouth, MCI's switches do not appear to be providing that function. Instead, MCI's switches are connecting trunks to end users' lines. The local end office switching rate fully compensates MCI for performing this function.

Q. PLEASE ADDRESS WHETHER THE ONLY RELEVANT CRITERIA FOR DETERMINING ELIGIBILITY FOR TANDEM SWITCHING CHARGES IS THE GEOGRAPHIC AREA SERVED.

A. As I have stated above, the FCC has a two-part test to determine if a carrier is eligible for tandem switching: 1) an ALEC's switch must serve the same geographic area as the ILEC's tandem switch, and 2) an ALEC's switch must perform tandem switching functions. By the way, this is not just BellSouth's view. In a case involving MCI (MCI Telecommunication Corp. v. Illinois Bell Telephone, 1999 U.S. Dist. LEXIS 11418 (N.D. Ill. June 22, 1999)), the U.S. District Court specifically determined that the test required by the FCC's rule is a functionality/geography test. In its Order, the Court stated:

> In deciding whether MCI was entitled to the tandem interconnection rate, the ICC applied a test promulgated by the FCC to determine whether MCI's single switch in Bensonville, Illinois, performed functions similar to, and served a geographical area comparable with, an Ameritech tandem switch.[9] (emphasis added)
>
> [9]MCI contends the Supreme Court's decision in IUB affects resolution of the tandem interconnection rate dispute. It does not. IUB upheld the FCC's pricing regulations, including the 'functionality/geography' test. 119 S. Ct. at 733. MCI admits that the ICC used this test. (Pl. Br. At 24.) Nevertheless, in its supplemental brief, MCI recharacterizes its attack on the ICC decision, contending the ICC applied the wrong test. (Pl. Supp. Br. At 7-8.) But there is no real dispute that the ICC applied the functionality/geography test; the dispute centers around whether the ICC reached the proper conclusion under that test. (emphasis added)

Indeed, the Ninth Circuit Court of Appeals viewed the rule in the same way, finding that:

> [t]he Commission properly considered whether MFS's switch performs similar functions and serves a geographic area comparable to US West's tandem switch." (U.S. West Communications v. MFS Intelenet, Inc, et. al, 193 F. 3d 1112, 1124)

Q. DOES MCI'S SWITCH SERVE A GEOGRAPHIC AREA COMPARABLE TO BELLSOUTH'S TANDEM?

A. Without additional information, it is not possible to determine whether MCI's switch would actually serve a geographic area comparable to BellSouth's tandem. Although MCI's petition tends to suggest that MCI's switch covers an area comparable to BellSouth's tandem switches, MCI offers absolutely no evidence to support such a position. Even if one were to assume that MCI's switch covers a geographic area similar to BellSouth's tandem, unless MCI's switch is performing tandem functions, which the FCC has indicated is one of the required criteria that an ALEC's switch must meet, MCI is not eligible for the tandem switching element of reciprocal compensation.

To illustrate the importance of this point, assume MCI has ten customers in Miami, all of which are located in a single office complex next door to MCI's Miami switch. Under no set of circumstances could MCI seriously argue that, in such a case, its switch serves a comparable geographic area to BellSouth's

switch. See Decision 99-09-069, In re: Petition of Pacific Bell for Arbitration of an Interconnection Agreement with MFS/WorldCom, Application 99-03-047, 9/16/99, at 15-16 (finding "unpersuasive" MFS's showing that its switch served a comparable geographic area when many of MFS's ISP customers were actually collocated with MFS's switch).

Q. WHAT EVIDENCE DOES BELLSOUTH PRESENT TO DEMONSTRATE ITS TANDEM SWITCH COVERAGE?

A. Attached to this testimony as Exhibit CKC-4 are BellSouth's maps indicating the areas served by BellSouth's Local Tandems in the Orlando and Southeast LATAs in Florida. BellSouth's local tandems serve wire centers as shown on the maps in various colors as noted in the legend on each map. These various colored wire centers are only those that home on the applicable local tandem for completion of calls in their basic local calling areas. Note that the independent wire centers have an X in the 7th character position.

Q. WHY HAS BELLSOUTH PROVIDED MAPS THAT SHOW THE GEOGRAPHIC AREA SERVED BY ITS LOCAL TANDEMS?

A. Before the advent of local competition, Access Tandems only provided for interchange of long distance traffic between local exchange companies and interexchange carriers and for the switching of intraLATA toll traffic on behalf of local exchange carriers. Local tandems, by comparison, were and still are used to handle local traffic only.

With local competition, Access Tandems also began to handle local traffic on behalf of ALECs who chose to interconnect at the Access Tandem. BellSouth provides interconnection at its Access Tandem switches for an ALEC's originating intraLATA toll traffic, interLATA toll traffic and local traffic. Alternatively, the ALEC may elect to interconnect at BellSouth's local tandem switches instead of BellSouth's Access Tandem switches for the ALEC's originating local traffic only. However, if an ALEC elects to interconnect at a BellSouth local tandem switch for handling its originating local traffic, that ALEC must still interconnect at an Access Tandem for its toll traffic (whether intraLATA or interLATA).

Q. HAS THIS COMMISSION PREVIOUSLY RULED ON THE ISSUE OF APPLICABILITY OF RECIPROCAL COMPENSATION TO TANDEM SWITCHING?

A. Yes. In its January 14, 2000 Order No. PSC-00-0128-FOF-TP in Docket No. 990691-TP (ICG/BellSouth Arbitration), this Commission found that "the evidence of record does not provide an adequate basis to determine that ICG's network will fulfill this geographic criterion." (p. 10) Therefore, this Commission has determined that BellSouth is not required to compensate ICG for the tandem switching element.

Earlier, the Florida Public Service Commission, in Order No. PSC-97-0294-FOF-TP, Docket 961230-TP, dated March 14, 1997, concluded at pages 10-11:

"We find that the Act does not intend for carriers such as MCI to be compensated for a function they do not perform. Even though MCI argues that its network performs 'equivalent functionalities' as Sprint in terminating a call, MCI has not proven that it actually deploys both tandem and end office switches in its network. If these functions are not actually performed, then there cannot be a cost and a charge associated with them. Upon consideration, we therefore conclude that MCI is not entitled to compensation for transport and tandem switching unless it actually performs each function."

Similarly, Florida Order No. PSC-96-1532-FOF-TP, Docket No. 960838-TP, dated December 16, 1996, states at page 4:

"The evidence in the record does not support MFS' position that its switch provides the transport element; and the Act does not contemplate that the compensation for transporting and terminating local traffic should be symmetrical when one party does not actually use the network facility for which it seeks compensation. Accordingly, we hold that MFS should not charge Sprint for transport because MFS does not actually perform this function."

Reinstatement of the FCC's rules previously vacated by the Eighth Circuit Court of Appeals does not alter the correctness of this Commission's conclusions.

Q. PLEASE DESCRIBE MCI'S PROPOSAL TO CHARGE COMMON TRANSPORT BASED ON THE AVERAGE MILEAGE BETWEEN END OFFICES.

A. Although not discussed in its Petition, MCI's proposed agreement language under Attachment 4, Section 10.4.2.2 contains the following statement:

> The rate for common transport is set forth in Table 1 of Attachment 1 under the heading "Local Interconnection (Call Transport and Termination)." For the purposes of this Section, both Parties shall bill each other the average mileage of all End Offices subtending the applicable BellSouth Tandem Office.

This language refers to MCI's contention that when its switch serves a geographic area comparable to BellSouth's tandem switch, MCI should be able to charge BellSouth the same rates BellSouth would charge MCI for transport and termination of local traffic.

First, MCI's proposal is evidence that it does not have a tandem switch performing tandem switching functions. If MCI did have a switch functioning as a tandem, it would also have its own common transport and would charge BellSouth for common transport based upon the distance from MCI's tandem switch to each of MCI's end office switches. Instead, MCI proposes using an average distance between BellSouth's end offices subtending a BellSouth tandem switch.

Second, the issue of billing common transport only arises in the event the Commission determines that MCI can charge BellSouth for tandem switching even though MCI's switch does not perform a tandem switching function. The reason is, when MCI is not actually performing a tandem function (switching calls from the tandem to its end office switches), MCI has no common transport it can bill to BellSouth. BellSouth is certainly not obligated to pay common transport to MCI when MCI has no physical common transport connections. MCI cannot recover costs from BellSouth that it has never incurred.

Finally, not only would such a structure be an "administrative nightmare", it is contrary to the rate structure this Commission approved in Docket Nos. 960757-TP, 960833-TP and 960846-TP for common transport. This is the same rate structure proposed by BellSouth in Exhibit CKC-1. The approved structure calls for billing common transport based on the actual mileage between the end office and applicable tandem it subtends. Common transport mileage is applied on a per call basis and, based on the V&H coordinates of its central office locations, BellSouth can and does bill common transport based on actual mileage.

Q. WHAT DOES BELLSOUTH REQUEST THE COMMISSION DO?

A. Importantly, BellSouth is not disputing MCI's right to compensation at the tandem rate where the facts support such a conclusion. However, in this proceeding, MCI is seeking a decision that allows it to be compensated for

functionality it does not provide. Absent real evidence that MCI's switches actually serve the same geographic area as BellSouth's tandems, and absent evidence that MCI's switches do perform the functions of a tandem switch, BellSouth requests that this Commission determine that MCI is only entitled, where it provides local switching, to the end office switching rate.

In addition, the Commission should deny MCI's proposed language that would base charges for common transport on the average mileage of all end offices subtending a BellSouth tandem. MCI is not entitled to recover costs for common transport that it does not incur and based on a rate structure that is contrary to the rate structure this Commission adopted in Docket Nos. 960757-TP, 960833-TP and 960846-TP.

Issue 53A: Should MCI be required to utilize direct end office trunking in situations involving tandem exhaust or excessive traffic volumes?

Q WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. In situations involving tandem exhaust or excessive traffic volume, MCIm should be required to utilize direct end office trunking for the transport of its traffic. Such an arrangement is more efficient and is necessary to alleviate network congestion. It is unclear why MCIm will not agree to BellSouth's proposal.

Issue 54: Should security charges be assessed for collocation in offices with existing card key systems, and how should security costs be allocated in central offices where new card key systems are being installed?

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. It is BellSouth's understanding that this issue has been resolved in Florida. If this is not the case, BellSouth reserves the right to file additional testimony on this issue.

Issue 57: Should the Interconnection Agreements include MCI's proposed terms and conditions regarding virtual collocation?

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. BellSouth is willing to incorporate terms and conditions for virtual collocation in the Interconnection Agreement.

Q. HAS BELLSOUTH PROPOSED TERMS AND CONDITIONS FOR VIRTUAL COLLOCATION?

A. Yes. BellSouth has proposed such terms and conditions in the Interconnection Agreement. The dispute currently is the actual language to be included. BellSouth's proposed language is contained in Attachment 5A, Section 1 of its proposed Interconnection Agreement. BellSouth's attached rates, terms and

conditions for virtual collocation are consistent with those currently contained in BellSouth's FCC Tariff No. 1 and in BellSouth's Intrastate Access Services Tariff, Section E.20.1.

Q. WHAT ASPECT OF THIS ISSUE REMAINS IN DISPUTE BETWEEN THE PARTIES?

A. Primarily, two contract terms in Attachment 5, Section 6 remain in dispute on this issue. With respect to this first contract term in dispute, MCI's position is that it should only monitor and control circuits terminating at BellSouth's premises at its option. BellSouth's position is that it is MCI's responsibility to monitor and control MCI circuits terminating at BellSouth's premises. This responsibility is not an option and MCI has provided no information to explain why it should be relieved of its responsibility.

All collocators that purchase BellSouth's Virtual Collocation offering perform this function themselves. There is no reason to treat MCI any differently. In such arrangements, BellSouth is only responsible for monitoring tariffed services and/or UNE circuits up to the frame, not the collocation equipment.

Q. WHAT IS THE SECOND CONTRACT TERM IN DISPUTE?

A. The second term in dispute involves MCI's belief that BellSouth should install all equipment and facilities in the virtual collocation arrangement. BellSouth's position is that MCI should contract directly with a BellSouth Certified Vendor

for installation of all equipment and facilities in accordance with BellSouth's guidelines and specifications. Once again, MCI wants different treatment than all other collocators with virtual arrangements on BellSouth's premises. Section 20.20(H) of BellSouth's Virtual Expanded Interconnection tariff clarifies that the collocator will contract directly with its chosen certified vendor for installation and that BellSouth will retain project management responsibility and authority related to the installation work done in the central office.

At MCI's request, BellSouth is willing to arrange with a Certified Vendor for installation of all equipment and facilities in accordance with BellSouth's guidelines and specifications. MCI will be responsible for all charges associated with such installation in addition to the charges for the work BellSouth performs in managing the installation.

Both contract terms in dispute involve MCI's attempt to avoid its responsibilities as a collocator in BellSouth's central offices. Again, MCI wants to shift its costs to BellSouth. All other parties collocating on BellSouth's premises under virtual collocation arrangements accept these responsibilities. These contract terms are reasonable and have been approved by the FCC and the FPSC as part of BellSouth's tariffed Virtual Expanded Interconnection offering. BellSouth requests the Commission to adopt BellSouth's language on this issue.

Issue 67: When MCI has a license to use BellSouth rights-of-way, and BellSouth wishes to convey the property to a third party, should BellSouth be required to convey the property subject to MCI's license?

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. BellSouth should be able to sell or otherwise convey its property without restriction so long as BellSouth gives MCI reasonable notice of such sale or conveyance.

Q. WHAT IS THE BASIS FOR BELLSOUTH'S POSITION?

A. The property in question includes BellSouth's poles, conduit or ducts to or in which MCI has attached or placed facilities pursuant to a license. As reflected in the Rights of Way agreement, such license to MCI does not constitute an easement; does not give MCI ownership rights of this property; and does not give MCI the right to restrict BellSouth's sale or conveyance of its own property.

The Commission should reject the language that MCI proposes which would allow MCI to control the disposition of BellSouth's property.

Issue 88: For customer premises installations, should BellSouth be required, at MCI's request, to cable from the demarcation point to the customer's equipment

location in accordance with BellSouth's procedures and at parity with the provision of such services to BellSouth's customers?

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. Inside wire on the customer's side of the demarcation point is not a part of BellSouth's network. Such inside wire is under the control and ownership of the customer. Thus, BellSouth is not obligated by the 1996 Act or the FCC's rules to install inside wire for ALECs or end users. Nevertheless, BellSouth is willing to negotiate with MCI, or any other ALEC for the provision of inside wire on a non-regulated basis. Such installations would be consistent with methods and procedures that BellSouth uses to install inside wire for its end user customers. Further, such negotiations are not subject to the Section 251 or 252 provisions of the 1996 Act.

Issue 94: Should BellSouth be permitted to disconnect service to MCI for nonpayment?

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. BellSouth should be permitted to disconnect service to MCI or any ALEC that fails to pay billed charges that are <u>not</u> disputed within the applicable time period. Also, MCI should not be, and by terms of the 1996 Act, cannot be treated differently from any other ALEC with respect to disconnection of service for nonpayment. Terms and conditions for handling billing disputes is

covered under Section 4.2.12 of Attachment 8 to the proposed interconnection agreement. Billing disputes that are handled under this section are not at issue here.

Q. PLEASE GIVE SOME REASONS WHY BELLSOUTH MUST BE ALLOWED TO DISCONNECT SERVICE FOR NON-PAYMENT.

A. It would not be a reasonable business practice for BellSouth to operate "on faith" that an ALEC will pay its bills. A business could not remain viable if it were obligated to continue to provide service to customers who refuse to pay lawful charges. BellSouth must be able to deny service in order to obtain payment for services rendered and/or prevent additional past due charges from accruing.

Further, BellSouth must consider that this is a larger issue than just MCI. BellSouth must provide nondiscriminatory service to all ALECs. If BellSouth were to exempt MCI from this requirement, from a parity perspective, it could hardly disconnect any other ALEC for non-payment of undisputed charges. Further, BellSouth must also consider that the terms and conditions of any agreement it reaches with one ALEC is subject to being adopted by another ALEC. The FCC's Rule 51.809 requires that, subject to certain restrictions, BellSouth must, "make available without unreasonable delay to any requesting telecommunications carrier any individual interconnection, service, or network element arrangement contained in any agreement to which it is a party that is approved by a state commission pursuant to section 252 of the 1996 Act, upon

the same rates, terms, and conditions as those provided in the agreement." This "pick and choose" requirement makes it imperative that BellSouth include language addressing disconnection of service for non-payment in each of its interconnection agreements, without exception.

The simple way to resolve this issue is for MCI to pay undisputed amounts within the applicable time frames, and this portion of the agreement will never become an issue. BellSouth encourages the Commission to adopt BellSouth's proposed language and permit BellSouth to disconnect the service of ALEC customers that fail to pay billed charges that are not disputed.

Issue 105: What performance measurement system should BellSouth be required to provide?

Q. WHAT ASPECT OF THIS ISSUE DOES YOUR TESTIMONY ADDRESS?

A. My testimony addresses the application of an appropriate remedy mechanism, should the Commission determine such a mechanism is necessary at this time. Mr. Coon addresses BellSouth's position on this issue and discusses service quality measurements in his testimony. With respect to a remedy mechanism, BellSouth has proposed its voluntary self-effectuating enforcement ("VSEEM III") to MCI for inclusion in the parties' interconnection agreement.

Q. WHAT IS VSEEM III?

A. VSEEM III is a plan developed by BellSouth in response to the FCC's expressed preference for enforcement mechanisms and penalties as a condition of 271 relief. The plan incorporates the FCC's desired characteristics, addresses various ALEC comments and considers the collaborative work efforts by state commissions in BellSouth's region and elsewhere. Without waiving its right to assert its legal position that performance remedies are not a requirement of Section 251 of the Telecommunications Act of 1996 (the "Act"), BellSouth has voluntarily included this plan into its interconnection agreements with a number of ALECs, including ICG, KMC and e.spire, among others. BellSouth's enforcement plan is designed to provide an additional incentive to prevent BellSouth from backsliding on proper delivery of service to ALECs once BellSouth has attained interLATA authority from the FCC. The remedies in BellSouth's proposal are designed to have a significant impact on BellSouth should they need to be applied.

Q. PLEASE BRIEFLY DESCRIBE THE THREE TIERS OF ENFORCEMENT MEASURES CONTAINED IN VSEEM III.

A. VSEEM III consists of a three-tiered enforcement mechanism of escalating remedies. Each tier operates independently, so the onset of a Tier-2 remedy, for example, will not cease payout of applicable Tier-1 remedies. Tier-1 remedies are monetary in nature and paid directly to the ALEC when BellSouth delivers non-compliant performance on any one of the VSEEM III measures for any month as calculated by BellSouth. Tier-2 remedies are monetary in nature and paid to a state Public Service Commission or its

designee. Tier-2 remedies are triggered by three consecutive monthly failures in a quarter in which BellSouth performance is out of compliance or does not meet the benchmark for the aggregate of all ALEC data as calculated by BellSouth for a particular VSEEM III measure. The Tier-3 remedy is the voluntary suspension of additional marketing and sales of long distance services triggered by excessive repeat failures of specific sub-measures.

Q. WHEN SHOULD BELLSOUTH'S PROPOSAL TAKE EFFECT?

A. The FCC has consistently identified the implementation of enforcement mechanisms to be a condition of 271 relief. The FCC believes such a plan would be an additional incentive to ensure that BellSouth continues to comply with the competitive checklist after interLATA relief is granted. Enforcement mechanisms and penalties, however, are neither necessary nor required to ensure that BellSouth meets its obligations under Section 251 of the Act, and the FCC has never indicated otherwise.

Because performance remedies serve no purpose until after interLATA 271 relief is granted, it is appropriate that no part of the VSEEM III proposal take effect until the plan is necessary to serve its purpose – i.e., until after BellSouth receives interLATA authority. Under BellSouth's proposal, payment to Florida ALECs that have incorporated the plan into their interconnection agreements will commence, if necessary, at such time as BellSouth obtains interLATA relief.

Q. HAS BELLSOUTH AGREED TO A DIFFERENT IMPLEMENTATION SCHEDULE FOR TIER-1 REMEDIES IN ANY INTERCONNECTION AGREEMENTS?

A. Yes, as part of an overall contract negotiation and settlement process, BellSouth has included a different implementation schedule in the interconnection agreements of some ALECs. Under these agreements, those ALECs would be eligible to receive Tier-1 payments in all states once BellSouth receives long distance authority in any state in BellSouth's region. BellSouth is willing to incorporate a similar provision in its agreement with MCI.

Q. SHOULD THE COMMISSION IMPOSE ADDITIONAL ENFORCEMENT MECHANISMS BEYOND THOSE THE COMMISSION ROUTINELY HAS USED TO ENFORCE ITS ORDERS AND RULES?

A. No. This Commission has provided adequate means to ALECs to ensure the enforcement of the FPSC's Orders and Rules.

Further, nothing in the Act requires a self-executing enforcement plan. The FCC has acknowledged as much in its orders. In its August 1996 Local Competition Order, the FCC notes that several carriers advocated performance penalties. *See Local Competition Order, 11 FCC Rcd at 15658 [¶ 305].* The FCC did not adopt such performance penalties in the Local Competition Order. Instead, it acknowledged the wide variety of remedies available to an ALEC

when it believes it has received discriminatory performance in violation of the Act; see *FCC's Local Competition Order ¶ 129, 11 FCC Rcd. at 15565 (emphasizing the existence of sections 207 and 208 FCC complaints for damages, as well as actions under the antitrust laws, other statutes and common law);* and "encourage[d]" the States only to adopt reporting requirements for ILECs. Likewise, in its order approving Bell Atlantic's entry into long distance in New York, the FCC analyzed Bell Atlantic's performance plan "solely for the purpose of determining whether the risk of post-approval non-compliance is sufficiently great that approval of its section 271 application would not be in the public interest." Bell Atlantic Order, at ¶433 n.1326.

Furthermore, in its October 13, 1998 order regarding BellSouth's Section 271 application for Louisiana, the FCC reiterated that the existence of such an enforcement plan is not a pre-requisite to compliance with the competitive checklist, but rather is a factor that the FCC will consider in assessing whether the RBOC's entrance into the interLATA market would serve the "public interest." See FCC's Louisiana II Order, at ¶363 and n.1136. The FCC stated that "evidence that a BOC has agreed in its interconnection agreements to performance monitoring" (including performance standards, reporting requirements, and appropriate self-executing enforcement mechanisms) "would be probative evidence that a BOC will continue to cooperate with new entrants, even after it is authorized to provide in-region, interLATA services." Id. at ¶¶363-64.

In a recent Ninth Circuit decision, when discussing objective performance standards, the Court held that:

> Neither the Act nor any FCC rule affirmatively requires states to do so, however. The FCC might have wanted the WUTC to impose more specific requirements, such as objective performance standards, on an incumbent like U.S. West, but again, our review seeks to determine solely whether the lack of those requirements violates the Act. In the absence of an FCC rule, the law does not require them.

MCI Telecommunications, Inc. et al v. U.S. West Communications, 204 F.3d 1262 (9th Cir. March 2, 2000).

The FCC has made it clear that the primary, if not sole, purpose of a voluntary self effectuating remedy plan is to guard against RBOC "backsliding"; that is, providing discriminatory performance after it has received the so-called "carrot" of long distance approval. BellSouth's proposal is consistent with this approach.

Issue 107: Should the parties be liable in damages, without a liability cap, to one another for their failure to honor in one or more material respects any one or more of the material provisions of the Agreement?

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. The language proposed by MCI regarding a liability cap for damages is not subject to the Section 251 requirements of the 1996 Act. MCI's proposed language is not appropriate for inclusion in the Interconnection Agreement,

therefore, BellSouth proposes that the Commission reject MCI's language and approve only the language already agreed to by both parties.

Q. HAVE THE PARTIES AGREED TO LANGUAGE CONCERNING A LIABILITY CAP?

A. Yes. The parties have reached agreement on a liability cap. However, MCI has proposed language that would exempt a "material" breach of contract. BellSouth is willing to accept MCI's proposed language if MCI will accept additional language that would address BellSouth's concerns. MCI has refused.

Although BellSouth's position is that the Commission should not arbitrate this issue, the Commission should adopt the additional language proposed by BellSouth in the event the Commission includes MCI's requested language. In other words, if the Commission is inclined to adopt the language proposed by MCI to which BellSouth has not agreed, BellSouth requests that the Commission also adopt the language proposed by BellSouth to which MCI has not agreed.

Issue 108: Should MCI be able to obtain specific performance as a remedy for BellSouth's breach of contract?

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. Specific performance is a remedy, not a requirement of Section 251 of the 1996 Act nor is it an appropriate subject for arbitration under Section 252. To the extent MCI can show that it is entitled to obtain specific performance under Florida law, MCI can make this showing without agreement from BellSouth.

Issue 109: Should BellSouth be required to permit MCI to substitute more favorable terms and conditions obtained by a third party through negotiation or otherwise, effective as of the date of MCI's request. Should BellSouth be required to post on its website all BellSouth's interconnection agreements with third parties within fifteen days of the filing of such agreements and with the FPSC?

Q WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. MCI should be permitted to substitute more favorable terms and conditions consistent with the 1996 Act and applicable FCC rules. Because approved interconnection agreements are available from the Commission, BellSouth should not be required to post these agreements on the web, as MCI has requested.

Q. EXPLAIN THE BASIS FOR BELLSOUTH'S POSITION.

A. Under Part A, Section 2.5 of the Interconnection Agreement, BellSouth agrees to make available, pursuant to Section 252(i) of the 1996 Act and FCC Rule 51.809, any interconnection, service, or network element provided under any other agreement at the same rates, terms and conditions as provided in that

agreement. This is commonly known as the "most favored nation" or "pick and choose" option. MCI inappropriately seeks to extend this obligation to make the adopted rates, terms and/or conditions effective for MCI when the provision is actually agreed to by BellSouth and the negotiating party rather than when MCI actually adopts the provision for inclusion in its agreement.

The adoption or substitution of a specific provision contained in a previously approved agreement is effective on the date the amendment is signed by BellSouth and MCI. BellSouth is under no obligation to give MCI the benefit of those terms and conditions before such terms and conditions have been incorporated into BellSouth's agreement with MCI.

With respect to posting filed agreements on BellSouth's website, BellSouth is simply not obligated under the 1996 Act or the FCC's rules to do so. Although the 1996 Act addresses the provision of agreements to ALECs, the obligation to provide the agreements is placed upon the state commission. Section 252(h) of the 1996 Act states:

> A State commission shall make a copy of each agreement [negotiated or arbitrated] approved under subsection (e) and each statement [Statement of Generally Available Terms and Conditions] approved under subsection (f) available for public inspection and copying within 10 days after the agreement or statement is approved.

MCI readily can obtain copies of the agreements from the Commission just like any other ALEC. Beyond the fact that BellSouth has no obligation to post

interconnection agreements on its website, BellSouth certainly has no obligation to post filed agreements that have not even been approved by the Commission.

Issue 110: Should BellSouth be required to take all actions necessary to ensure that MCI confidential information does not fall into the hands of BellSouth's retail operations, and shall BellSouth bear the burden of proving that such disclosure falls within enumerated exceptions?

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. BellSouth is willing to take all reasonable actions necessary to ensure that MCI confidential information does not fall into the hands of BellSouth's retail operations. The burden of proving that BellSouth has failed to do so should rest with MCI. However, the only actions that BellSouth should be required to take are those that are reasonable. BellSouth should not be strictly liable for taking all actions, as MCI proposes.

MCI's proposed "rebuttable presumption" that BellSouth has done something wrong simply because MCI's confidential information may be disclosed is unreasonable. MCI's information is available from a number of sources, including MCI itself. It is improper to assume that by default an inappropriate disclosure of such information must have come from BellSouth.

Q. EXPLAIN BELLSOUTH'S POSITION ON THIS ISSUE.

A. BellSouth takes seriously its obligation to protect confidential information of MCI and every other ALEC and is willing to take all reasonable measures to protect such information.

Q. DOES THIS COMPLETE YOUR TESTIMONY?

A. Yes.

223599

Florida Prices
BellSouth/MCI Interconnection Agreement

Cost Ref. No.		Description	Zone	Recurring	INSTALLATION			DISCONNECT			Source
					Non Recurring	Nonrecurring First	Nonrecurring Additional	Non Recurring	Nonrecurring First	Nonrecurring Additional	
A.0	UNBUNDLED LOCAL LOOP										
A.1	2-WIRE ANALOG VOICE GRADE LOOP										
	A.1.1	2-Wire Analog Voice Grade Loop - Service Level 1	1	$16.17		$83.20	$35.12		$55.97	$10.35	Cost Study
			2	$20.12		$83.20	$35.12		$55.97	$10.35	
			3	$25.56		$83.20	$35.12		$55.97	$10.35	
	A.1.2	2-Wire Analog Voice Grade Loop - Service Level 2	1	$18.48		$218.96	$136.44		$113.41	$20.58	
			2	$22.43		$218.96	$136.44		$113.41	$20.58	
			3	$27.87		$218.96	$136.44		$113.41	$20.58	
A.2	SUB-LOOP										
	A.2.1	Sub-Loop Feeder Per 2-Wire Analog Voice Grade Loop	1	$10.75		$193.62	$113.00		$116.59	$26.70	Cost Study
			2	$11.57		$193.62	$113.00		$116.59	$26.70	
			3	$13.51		$193.62	$113.00		$116.59	$26.70	
	A.2.2	Sub-Loop Distribution Per 2-Wire Analog Voice Grade Loop	1	$9.36		$139.20	$61.94		$98.49	$13.08	
			2	$12.49		$139.20	$61.94		$98.49	$13.08	
			3	$16.13		$139.20	$61.94		$98.49	$13.08	
	A.2.11	Sub-Loop Distribution Per 4-Wire Analog Voice Grade Loop	1	$10.12		$165.68	$88.42		$104.31	$17.15	
			2	$18.29		$165.68	$88.42		$104.31	$17.15	
			3	$26.09		$165.68	$88.42		$104.31	$17.15	
	A.2.13	Network Interface Device Cross Connect				$11.78	$11.78				
	A.2.14	2-Wire Intrabuilding Network Cable (INC)		$3.87		$113.62	$36.36		$98.49	$13.08	
	A.2.15	4-Wire Intrabuilding Network Cable (INC)		$7.32		$126.10	$48.84		$104.31	$17.15	
	A.2.17	Sub-Loop - Per Cross Box Location - CLEC Feeder Facility Set-Up			$711.78						
	A.2.18	Sub-Loop - Per Cross Box Location - Per 25 Pair Panel Set-Up			$45.28						
	A.2.19	Sub-Loop - Per Building Equipment Room - CLEC Feeder Facility Set-Up			$333.44						
	A.2.20	Sub-Loop - Per Building Equipment Room - Per 25 Pair Panel Set-Up			$109.85						
	A.2.21	Sub-Loop - Per Cross Box Location - CLEC Distribution Facility Set-Up			$711.78						
	A.2.24	Sub-Loop - Per 4-Wire Analog Voice Grade Loop / Feeder Only	1	$23.35		$222.74	$140.22		$127.64	$32.91	
			2	$27.94		$222.74	$140.22		$127.64	$32.91	
			3	$40.51		$222.74	$140.22		$127.64	$32.91	
	A.2.25	Sub-Loop - Per 2-Wire ISDN Digital Grade Loop / Feeder Only	1	$22.39		$219.94	$137.43		$118.79	$25.97	
			2	$25.85		$219.94	$137.43		$118.79	$25.97	
			3	$26.12		$219.94	$137.43		$118.79	$25.97	
	A.2.29	Sub-Loop - Per 4-Wire 56 or 64 Kbps Digital Grade Loop / Feeder Only	1	$24.89		$211.32	$128.81		$127.64	$32.91	
			2	$28.83		$211.32	$128.81		$127.64	$32.91	
			3	$29.16		$211.32	$128.81		$127.64	$32.91	
	A.2.30	Sub-Loop - Per 2-Wire Copper Loop Short / Feeder Only	1	$11.01		$175.18	$92.66		$113.67	$20.84	
			2	$9.78		$175.18	$92.66		$113.67	$20.84	
			3	$7.83		$175.18	$92.66		$113.67	$20.84	
	A.2.32	Sub-Loop - Per 4-Wire Copper Loop Short / Feeder Only	1	$20.59		$209.61	$127.09		$119.80	$25.07	
			2	$21.48		$209.61	$127.09		$119.80	$25.07	
			3	$17.70		$209.61	$127.09		$119.80	$25.07	
	A.2.40	Sub-Loop - Per 2-Wire Copper Loop Short / Distribution Only	1	$7.91		$139.20	$61.94		$98.49	$13.08	
			2	$10.37		$139.20	$61.94		$98.49	$13.08	
			3	$12.76		$139.20	$61.94		$98.49	$13.08	
	A.2.42	Sub-Loop - Per 4-Wire Copper Loop Short / Distribution Only	1	$7.11		$165.68	$88.42		$104.31	$17.15	
			2	$11.26		$165.68	$88.42		$104.31	$17.15	
			3	$16.92		$165.68	$88.42		$104.31	$17.15	
	A.2.44	Network Interface Device (NID) - 2 line				$94.50	$57.22				
	A.2.45	Network Interface Device (NID) - 6 line				$136.75	$99.47				

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Florida Prices
BellSouth/MCI Interconnection Agreement

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					Non Recurring	Nonrecurring First	Nonrecurring Additional	Non Recurring	Nonrecurring First	Nonrecurring Additional	
A.3	LOOP CHANNELIZATION AND CO INTERFACE (INSIDE CO)										Cost Study
	A.3.12	Unbundled Loop Concentration - System A (TR008)		$470.73		$651.05					
	A.3.13	Unbundled Loop Concentration - System B (TR008)		$55.96		$271.27					
	A.3.14	Unbundled Loop Concentration - System A (TR303)		$510.37		$651.05					
	A.3.15	Unbundled Loop Concentration - System B (TR303)		$94.30		$271.27					
	A.3.16	Unbundled Loop Concentration - DS1 Line Interface Card		$5.28		$126.61	$92.17		$31.11	$8.71	
	A.3.17	Unbundled Loop Concentration - POTS Card		$2.10		$21.07	$20.96		$9.99	$9.93	
	A.3.18	Unbundled Loop Concentration - ISDN (Brite Card)		$8.38		$21.07	$20.96		$9.99	$9.93	
	A.3.19	Unbundled Loop Concentration - SPOTS Card		$12.46		$21.07	$20.96		$9.99	$9.93	
	A.3.20	Unbundled Loop Concentration - Specials Card		$7.43		$21.07	$20.96		$9.99	$9.93	
	A.3.21	Unbundled Loop Concentration - TEST CIRCUIT Card		$36.31		$21.07	$20.96		$9.99	$9.93	
	A.3.22	Unbundled Loop Concentration - Digital 19, 56, 64 Kbps Data		$11.01		$21.07	$20.96		$9.99	$9.93	
A.4	4-WIRE ANALOG VOICE GRADE LOOP										Cost Study
	A.4.1	4-Wire Analog Voice Grade Loop	1	$30.20		$271.60	$189.08		$122.15	$27.42	
			2	$43.01		$271.60	$189.08		$122.15	$27.42	
			3	$64.20		$271.60	$189.08		$122.15	$27.42	
A.5	2-WIRE ISDN DIGITAL GRADE LOOP										Cost Study
	A.5.1	2-Wire ISDN Digital Grade Loop	1	$28.33		$238.33	$155.81		$111.10	$18.28	
			2	$34.45		$238.33	$155.81		$111.10	$18.28	
			3	$35.62		$238.33	$155.81		$111.10	$18.28	
	A.5.6	Universal Digital Channel	1	$28.33		$238.33	$155.81		$111.10	$18.28	
			2	$34.45		$238.33	$155.81		$111.10	$18.28	
			3	$35.62		$238.33	$155.81		$111.10	$18.28	
A.6	2-WIRE ASYMMETRICAL DIGITAL SUBSCRIBER LINE (ADSL) COMPATIBLE LOOP										Cost Study
	A.6.1wLMU	2-WIRE ASYMMETRICAL DIGITAL SUBSCRIBER LINE (ADSL) COMPATIBLE LOOP (Nonrecurring w/ LMU)									
		A.6.1 2-Wire Asymmetrical Digital Subscriber Line (ADSL) Compatible Loop	1	$17.56		$391.71	$253.12		$154.23	$35.23	
			2	$18.81		$391.71	$253.12		$154.23	$35.23	
			3	$19.21		$391.71	$253.12		$154.23	$35.23	
	A.6.1woLMU	2-WIRE ASYMMETRICAL DIGITAL SUBSCRIBER LINE (ADSL) COMPATIBLE LOOP (Nonrecurring w/o LMU)									
		A.6.1 2-Wire Asymmetrical Digital Subscriber Line (ADSL) Compatible Loop	1	$17.56		$258.86	$175.48		$108.29	$15.46	
			2	$18.81		$258.86	$175.48		$108.29	$15.46	
			3	$19.21		$258.86	$175.48		$108.29	$15.46	
A.7	2-WIRE HIGH BIT RATE DIGITAL SUBSCRIBER LINE (HDSL) COMPATIBLE LOOP										Cost Study
	A.7.1wLMU	2-WIRE HIGH BIT RATE DIGITAL SUBSCRIBER LINE (HDSL) COMPATIBLE LOOP (Nonrecurring w/ LMU)									
		A.7.1 2-Wire High Bit Rate Digital Subscriber Line (HDSL) Compatible Loop	1	$13.84		$409.03	$270.44		$154.23	$35.23	
			2	$14.57		$409.03	$270.44		$154.23	$35.23	
			3	$15.14		$409.03	$270.44		$154.23	$35.23	
	A.7.1woLMU	2-WIRE HIGH BIT RATE DIGITAL SUBSCRIBER LINE (HDSL) COMPATIBLE LOOP (Nonrecurring w/o LMU)									
		A.7.1 2-Wire High Bit Rate Digital Subscriber Line (HDSL) Compatible Loop	1	$13.84		$276.19	$192.81		$108.29	$15.46	
			2	$14.57		$276.19	$192.81		$108.29	$15.46	
			3	$15.14		$276.19	$192.81		$108.29	$15.46	

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05457

Cost Ref. No.		Description	Zone	Recurring	INSTALLATION			DISCONNECT			Source
					Non Recurring	Nonrecurring First	Nonrecurring Additional	Non Recurring	Nonrecurring First	Nonrecurring Additional	
A.8	4-WIRE HIGH BIT RATE DIGITAL SUBSCRIBER LINE (HDSL) COMPATIBLE LOOP										Cost Study
	A.8.1wLMU	4-WIRE HIGH BIT RATE DIGITAL SUBSCRIBER LINE (HDSL) COMPATIBLE LOOP (Nonrecurring w/ LMU)									
		A.8.1 4-Wire High Bit Rate Digital Subscriber Line (HDSL) Compatible Loop	1	$22.35		$466.24	$299.61		$161.19	$26.10	
			2	$22.79		$466.24	$299.61		$161.19	$26.10	
			3	$24.85		$466.24	$299.61		$161.19	$26.10	
	A.8.1woLMU	4-WIRE HIGH BIT RATE DIGITAL SUBSCRIBER LINE (HDSL) COMPATIBLE LOOP (Nonrecurring w/o LMU)									
		A.8.1 4-Wire High Bit Rate Digital Subscriber Line (HDSL) Compatible Loop	1	$22.35		$333.40	$250.01		$114.30	$19.58	
			2	$22.79		$333.40	$250.01		$114.30	$19.58	
			3	$24.85		$333.40	$250.01		$114.30	$19.58	
A.9	4-WIRE DS1 DIGITAL LOOP										Cost Study
	A.9.1	4-Wire DS1 Digital Loop	1	$92.48		$505.12	$315.18		$82.85	$21.69	
			2	$119.68		$505.12	$315.18		$82.85	$21.69	
			3	$194.70		$505.12	$315.18		$82.85	$21.69	
	A.9.2	Sub-Loop Feeder Per 4-Wire DS1 Digital Loop	1	$56.00		$211.55	$129.04		$127.78	$33.06	
			2	$80.13		$211.55	$129.04		$127.78	$33.06	
			3	$156.12		$211.55	$129.04		$127.78	$33.06	
A.10	4-WIRE 19, 56 OR 64 KBPS DIGITAL GRADE LOOP										Cost Study
	A.10.1	4-Wire 19, 56 or 64 Kbps Digital Grade Loop	1	$33.90		$260.18	$177.66		$122.15	$27.42	
			2	$44.72		$260.18	$177.66		$122.15	$27.42	
			3	$50.85		$260.18	$177.66		$122.15	$27.42	
A.12	CONCENTRATION PER SYSTEM PER FEATURE ACTIVATED (OUTSIDE CENTRAL OFFICE)										Cost Study
	A.12.1	Unbundled Loop Concentration - System A (TR008)		$477.76		$408.22	$222.37		$236.02	$74.84	
	A.12.2	Unbundled Loop Concentration - System B (TR008)		$85.12		$408.22	$222.37		$236.02	$74.84	
	A.12.3	Unbundled Loop Concentration - System A (TR303)		$512.86		$408.22	$222.37		$236.02	$74.84	
	A.12.4	Unbundled Loop Concentration - System B (TR303)		$120.21		$408.22	$222.37		$236.02	$74.84	
	A.12.5	Unbundled Sub-loop Concentration - USLC Feeder Interface	1	$56.65		$211.55	$129.04		$127.78	$33.06	
			2	$65.68		$211.55	$129.04		$127.78	$33.06	
			3	$107.08		$211.55	$129.04		$127.78	$33.06	
	A.12.6	Unbundled Loop Concentration - POTS Card		$2.12		$21.07	$20.96		$9.99	$9.93	
	A.12.7	Unbundled Loop Concentration - ISDN (Brite Card)		$8.48		$21.07	$20.96		$9.99	$9.93	
	A.12.8	Unbundled Loop Concentration - SPOTS Card		$12.61		$21.07	$20.96		$9.99	$9.93	
	A.12.9	Unbundled Loop Concentration - Specials Card		$7.52		$21.07	$20.96		$9.99	$9.93	
	A.12.10	Unbundled Loop Concentration - TEST CIRCUIT Card		$36.76		$21.07	$20.96		$9.99	$9.93	
	A.12.11	Unbundled Loop Concentration - Digital 19, 56, 64 Kbps Data		$11.14		$21.07	$20.96		$9.99	$9.93	
A.13	2-WIRE COPPER LOOP										Cost Study
	A.13.1wLMU	2-Wire Copper Loop - short (Nonrecurring w/ LMU)									
		A.13.1 2-Wire Copper Loop - short	1	$17.56		$389.84	$251.26		$154.23	$35.23	
			2	$18.81		$389.84	$251.26		$154.23	$35.23	
			3	$19.21		$389.84	$251.26		$154.23	$35.23	
	A.13.1woLMU	2-Wire Copper Loop - short (Nonrecurring w/o LMU)									
		A.13.1 2-Wire Copper Loop - short	1	$17.56		$257.00	$173.62		$108.29	$15.46	
			2	$18.81		$257.00	$173.62		$108.29	$15.46	
			3	$19.21		$257.00	$173.62		$108.29	$15.46	
	A.13.7wLMU	2-Wire Copper Loop - long (Nonrecurring w/ LMU)									
		A.13.7 2-Wire Copper Loop - long	1	$48.79		$331.86	$193.27		$154.23	$35.23	
			2	$58.13		$331.86	$193.27		$154.23	$35.23	
			3	$71.17		$331.86	$193.27		$154.23	$35.23	

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Cost Ref. No.		Description	Zone	Recurring	INSTALLATION			DISCONNECT			Source
					Non Recurring	Nonrecurring First	Nonrecurring Additional	Non Recurring	Nonrecurring First	Nonrecurring Additional	
	A.13.7woLMU	2-Wire Copper Loop - long (Nonrecurring w/o LMU)									
		A.13.7 2-Wire Copper Loop - long	1	$48.79		$199.01	$115.63		$108.29	$15.46	
			2	$58.13		$199.01	$115.63		$108.29	$15.46	
			3	$71.17		$199.01	$115.63		$108.29	$15.46	
A.14	4-WIRE COPPER LOOP										Cost Study
	A.14.1wLMU	4-Wire Copper Loop - short (Nonrecurring w/ LMU)									
		A.14.1 4-Wire Copper Loop - short	1	$25.56		$438.27	$299.68		$161.19	$39.76	
			2	$30.53		$438.27	$299.68		$161.19	$39.76	
			3	$32.24		$438.27	$299.68		$161.19	$39.76	
	A.14.1woLMU	4-Wire Copper Loop - short (Nonrecurring w/o LMU)									
		A.14.1 4-Wire Copper Loop - short	1	$25.56		$305.43	$222.05		$114.30	$19.58	
			2	$30.53		$305.43	$222.05		$114.30	$19.58	
			3	$32.24		$305.43	$222.05		$114.30	$19.58	
	A.14.7wLMU	4-Wire Copper Loop - long (Nonrecurring w/ LMU)									
		A.14.7 4-Wire Copper Loop - long	1	$82.70		$380.29	$241.70		$161.19	$39.76	
			2	$119.02		$380.29	$241.70		$161.19	$39.76	
			3	$147.54		$380.29	$241.70		$161.19	$39.76	
	A.14.7woLMU	4-Wire Copper Loop - long (Nonrecurring w/o LMU)									
		A.14.7 4-Wire Copper Loop - long	1	$82.70		$247.44	$164.06		$114.30	$19.58	
			2	$119.02		$247.44	$164.06		$114.30	$19.58	
			3	$147.54		$247.44	$164.06		$114.30	$19.58	
A.15	UNBUNDLED NETWORK TERMINATING WIRE (NTW)										Cost Study
	A.15.1	Unbundled Network Terminating Wire (NTW) per Pair		$.4555	$65.35						
A.16	HIGH CAPACITY UNBUNDLED LOCAL LOOP										Cost Study
	A.16.1	High Capacity Unbundled Local Loop - DS3 - Facility Termination		$404.58		$903.37	$528.05		$221.46	$154.90	
	A.16.2	High Capacity Unbundled Local Loop - DS3 - Per Mile		$11.77							
	A.16.4	High Capacity Unbundled Local Loop - OC3 - Facility Termination		$646.60		$966.45	$408.85		$111.56	$108.34	
	A.16.5	High Capacity Unbundled Local Loop - OC3 - Per Mile		$8.93							
	A.16.7	High Capacity Unbundled Local Loop - OC12 - Facility Termination		$2,053.06		$1,183.46	$408.85		$111.56	$108.34	
	A.16.8	High Capacity Unbundled Local Loop - OC12 - Per Mile		$10.99							
	A.16.10	High Capacity Unbundled Local Loop - OC48 - Facility Termination		$1,685.97		$1,183.46	$408.85		$111.56	$108.34	
	A.16.11	High Capacity Unbundled Local Loop - OC48 - Per Mile		$36.04							
	A.16.13	High Capacity Unbundled Local Loop - OC48 - Interface OC12 on OC48		$587.71		$543.72	$312.05		$111.56	$108.34	
	A.16.15	High Capacity Unbundled Local Loop - STS-1 - Facility Termination		$446.09		$903.37	$528.05		$221.46	$154.90	
	A.16.16	High Capacity Unbundled Local Loop - STS-1 - Per Mile		$11.77							
A.17	LOOP CONDITIONING										Cost Study
	A.17.1	Unbundled Loop Modification - Load Coil / Equipment Removal - short			$65.40						
	A.17.2	Unbundled Loop Modification - Load Coil / Equipment Removal - long - First and Additional				$710.71	$23.77				
	A.17.3	Unbundled Loop Modification - Bridged Tap Removal			$65.44						
A.18	MULTIPLEXERS										Cost Study
	A.18.1	Channelization - Channel System DS1 to DS0		$153.60		$182.14	$125.18		$19.52	$18.14	
	A.18.2	Interface Unit - Interface DS1 to DS0 - OCU-DP Card		$2.20		$13.16	$9.43				
	A.18.3	Interface Unit - Interface DS1 to DS0 - BRITE Card		$3.83		$13.16	$9.43				
	A.18.4	Interface Unit - Interface DS1 to DS0 - Voice Grade Card		$1.45		$13.16	$9.43				
	A.18.5	Channelization - Channel System DS3 to DS1		$220.97		$356.40	$188.00		$61.64	$58.98	
	A.18.6	Interface Unit - Interface DS3 to DS1		$14.40		$13.16	$9.43				

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BellSouth/MCI Interconnection Agreement

005459

Cost Ref. No.		Description	Zone	Recurring	INSTALLATION			DISCONNECT			Source
					Non Recurring	Nonrecurring First	Nonrecurring Additional	Non Recurring	Nonrecurring First	Nonrecurring Additional	
A.19	LOOP TESTING BEYOND VOICE GRADE										
	A.19.1	Loop Testing Beyond VG - Basic per 1/2 hour *				$122.47	$58.83				Cost Study
	A.19.2	Loop Testing Beyond VG - Overtime per 1/2 hour *				$160.22	$77.19				
	A.19.3	Loop Testing Beyond VG - Premium per 1/2 hour *				$197.97	$95.56				
B.0	UNBUNDLED LOCAL EXCHANGE PORTS AND FEATURES										Cost Study
B.1	EXCHANGE PORTS										
	B.1.1	Exchange Ports - 2-Wire Analog Line Port (Res., Bus., Centrex, Coin)		$1.62		$4.76	$4.54		$2.76	$2.59	
	B.1.2	Exchange Ports - 4-Wire Analog Voice Grade Port		$8.74		$4.76	$4.54		$2.82	$2.64	
	B.1.3	Exchange Ports - 2-Wire DID Port		$9.38		$248.44	$37.49		$113.28	$7.12	
	B.1.4	Exchange Ports - DDITS Port		$63.31		$413.93	$191.44		$137.29	$4.65	
	B.1.5	Exchange Ports - 2-Wire ISDN Port		$10.20		$155.34	$106.00		$93.37	$20.98	
	B.1.6	Exchange Ports - 4-Wire ISDN DS1 Port		$95.39		$417.51	$203.18		$149.75	$37.93	
	B.1.7	Exchange Ports - 2-Wire Analog Line Port (PBX)		$1.62		$62.56	$29.70		$26.37	$1.69	
B.4	FEATURES										Cost Study
	B.4.10	Centrex Functionality		$.8903							
	B.4.13	Features per port		$3.40							
C.0	UNBUNDLED SWITCHING AND LOCAL INTERCONNECTION										
C.1	END OFFICE SWITCHING										Cost Study
	C.1.1	End Office Switching Function, Per MOU		$.0008846							
	C.1.2	End Office Trunk Port - Shared, Per MOU		$.0001893							
C.2	TANDEM SWITCHING										Cost Study
	C.2.1	Tandem Switching Function Per MOU		$.0001522							
	C.2.2	Tandem Trunk Port - Shared, Per MOU		$.0002713							
D.0	UNBUNDLED TRANSPORT AND LOCAL INTEROFFICE TRANSPORT										
D.1	COMMON TRANSPORT										Cost Study
	D.1.1	Common Transport - Per Mile, Per MOU		$.0000039							
	D.1.2	Common Transport - Facilities Termination Per MOU		$.0004579							
D.2	INTEROFFICE TRANSPORT - DEDICATED - VOICE GRADE										Cost Study
	D.2.1	Interoffice Transport - Dedicated - 2-Wire Voice Grade - Per Mile		$.0098							
	D.2.2	Interoffice Transport - Dedicated - 2- Wire Voice Grade - Facility Termination		$26.52		$81.09	$54.83		$31.01	$12.78	
D.3	INTEROFFICE TRANSPORT - DEDICATED - DS0 - 56/64 KBPS										Cost Study
	D.3.1	Interoffice Transport - Dedicated - DS0 - Per Mile		$.0098							
	D.3.2	Interoffice Transport - Dedicated - DS0 - Facility Termination		$19.31		$81.11	$54.83		$31.01	$12.78	
D.4	INTEROFFICE TRANSPORT - DEDICATED - DS1										Cost Study
	D.4.1	Interoffice Transport - Dedicated - DS1 - Per Mile		$.2000							
	D.4.2	Interoffice Transport - Dedicated - DS1 - Facility Termination		$92.62		$178.59	$163.66		$30.30	$26.76	
D.5	LOCAL CHANNEL - DEDICATED										Cost Study
	D.5.1	Local Channel - Dedicated - 2-Wire Voice Grade	1	$29.33		$386.34	$66.36		$67.91	$5.92	
			2	$35.02		$386.34	$66.36		$67.91	$5.92	
			3			$386.34	$66.36		$67.91	$5.92	
	D.5.2	Local Channel - Dedicated - 4-Wire Voice Grade	1	$30.50		$387.21	$67.22		$68.78	$6.79	
			2	$36.18		$387.21	$67.22		$68.78	$6.79	
			3			$387.21	$67.22		$68.78	$6.79	

Notes
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BellSouth Telecommunications, Inc.
FPSC Docket No. 000649-TP
Exhibit CKC-1
August 17, 2000

Cost Ref. No.		Description	Zone	Recurring	INSTALLATION			DISCONNECT			Source
					Non Recurring	Nonrecurring First	Nonrecurring Additional	Non Recurring	Nonrecurring First	Nonrecurring Additional	
	D.5.7	Local Channel - Dedicated - DS3 - Per Mile		$9.16							
	D.5.8	Local Channel - Dedicated - DS3 - Facility Termination		$556.27		$903.37	$528.05		$221.46	$154.90	
	D.5.10	Local Channel - Dedicated - OC3 - Per Mile		$7.69							
	D.5.11	Local Channel - Dedicated - OC3 - Facility Termination		$933.43		$966.45	$408.85		$111.56	$108.34	
	D.5.13	Local Channel - Dedicated - OC12 - Per Mile		$10.99							
	D.5.14	Local Channel - Dedicated - OC12 - Facility Termination		$2,733.10		$1,183.46	$408.85		$111.56	$108.34	
	D.5.16	Local Channel - Dedicated - OC48 - Per Mile		$36.04							
	D.5.17	Local Channel - Dedicated - OC48 - Facility Termination		$1,929.99		$1,183.46	$408.85		$111.56	$108.34	
	D.5.19	Local Channel - Dedicated - OC48 - Interface OC12 on OC48		$581.95		$543.72	$312.05		$111.56	$108.34	
	D.5.21	Local Channel - Dedicated - STS-1 - Facility Termination		$565.48		$903.37	$528.05		$221.46	$154.90	
	D.5.23	Local Channel - Dedicated - STS-1 -Per Mile		$9.16							
	D.5.24	Local Channel - Dedicated - DS1	1	$43.53		$355.08	$307.54		$41.13	$28.28	
			2	$58.19		$355.08	$307.54		$41.13	$28.28	
			3	$108.24		$355.08	$307.54		$41.13	$28.28	
D.6	INTEROFFICE TRANSPORT - DEDICATED - DS3										Cost Study
	D.6.1	Interoffice Transport - Dedicated - DS3 - Per Mile		$4.17							
	D.6.2	Interoffice Transport - Dedicated - DS3 - Facility Termination		$1,121.93		$557.69	$325.61		$111.56	$108.34	
D.7	INTEROFFICE TRANSPORT - DEDICATED - OC3										Cost Study
	D.7.1	Interoffice Transport - Dedicated - OC3 - Per Mile		$8.24							
	D.7.2	Interoffice Transport - Dedicated - OC3 - Facility Termination		$3,020.08		$869.65	$312.05		$111.56	$108.34	
D.8	INTEROFFICE TRANSPORT - DEDICATED - OC12										Cost Study
	D.8.1	Interoffice Transport - Dedicated - OC12 - Per Mile		$26.45							
	D.8.2	Interoffice Transport - Dedicated - OC12 - Facility Termination		$11,599.14		$1,086.66	$312.05		$111.56	$108.34	
D.9	INTEROFFICE TRANSPORT - DEDICATED - OC48										Cost Study
	D.9.1	Interoffice Transport - Dedicated - OC48 - Per Mile		$34.07							
	D.9.2	Interoffice Transport - Dedicated - OC48 - Facility Termination		$12,460.76		$1,086.66	$312.05		$111.56	$108.34	
	D.9.4	Interoffice Transport - Dedicated - OC48 - Interface OC12 on OC48		$1,199.42		$543.72	$312.05		$111.56	$108.34	
D.10	INTEROFFICE TRANSPORT - DEDICATED - STS-1										Cost Study
	D.10.1	Interoffice Transport - Dedicated - STS-1 - Per Mile		$4.17							
	D.10.2	Interoffice Transport - Dedicated - STS-1 - Facility Termination		$1,105.98		$557.69	$325.61		$111.56	$108.34	
D.12	INTEROFFICE TRANSPORT - DEDICATED - 4-WIRE VOICE GRADE										Cost Study
	D.12.1	Interoffice Transport - Dedicated - 4-Wire Voice Grade - Per Mile		$.0098							
	D.12.2	Interoffice Transport - Dedicated - 4-Wire Voice Grade - Facility Termination		$23.64		$81.09	$54.83		$31.01	$12.78	
	TRUNK INSTALLATION - MINIMUM 24 TRUNKS **					$915.00	$100.00				E.6 FL Access Tariff
E.0	SIGNALING NETWORK, DATA BASES, & SERVICE MANAGEMENT SYSTEMS										
E.1	800 ACCESS TEN DIGIT SCREENING										Cost Study
	E.1.1	800 Access Ten Digit Screening, Per Call		$.0006531							
	E.1.2	800 Access Ten Digit Screening, Reservation Charge Per 800 Number Reserved				$5.16	$.88				
	E.1.3	800 Access Ten Digit Screening, Per 800 No. Established W/O POTS Translations				$11.88	$1.61		$9.14	$1.08	
	E.1.4	800 Access Ten Digit Screening, Per 800 No. Established With POTS Translations				$11.88	$1.61		$9.14	$1.08	
	E.1.5	800 Access Ten Digit Screening, Customized Area of Service Per 800 Number				$5.16	$2.58				
	E.1.6	800 Access Ten Digit Screening, Multiple InterLATA CXR Routing Per CXR Requested Per 800 No.				$6.04	$3.46				
	E.1.7	800 Access Ten Digit Screening, Change Charge Per Request				$6.04	$.88				
	E.1.8	800 Access Ten Digit Screening, Call Handling and Destination Features				$5.16					
	E.1.9	800 Access Ten Digit Screening, w/ 8FL No. Delivery		$.0006531							

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005461

Cost Ref. No.		Description	Zone	Recurring	INSTALLATION			DISCONNECT			Source
					Non Recurring	Nonrecurring First	Nonrecurring Additional	Non Recurring	Nonrecurring First	Nonrecurring Additional	
	E.1.10	800 Access Ten Digit Screening, w/ POTS No. Delivery		$.0006531							
E.2	LINE INFORMATION DATA BASE ACCESS (LIDB)										Cost Study
	E.2.1	LIDB Common Transport Per Query		$.0000234							
	E.2.2	LIDB Validation Per Query		$.0137460							
	E.2.3	LIDB Originating Point Code Establishment or Change			$68.66			$84.19			
E.3	CCS7 SIGNALING TRANSPORT										Cost Study
	E.3.1	CCS7 Signaling Connection, Per 56Kbps Facility		$18.78	$71.08			$32.88			
	E.3.2	CCS7 Signaling Termination, Per STP Port		$154.51							
	E.3.3	CCS7 Signaling Usage, Per Call Setup Message		$.0000166							
	E.3.4	CCS7 Signaling Usage, Per TCAP Message		$.0000666							
	E.3.7	CCS7 Signaling Connection, Per link (A link)		$18.78							
	E.3.8	CCS7 Signaling Connection, Per link (B link) (also known as D link)		$18.78							
	E.3.9	CCS7 Signaling Usage, Per ISUP Message		$.0000166							
	E.3.10	CCS7 Signaling Usage Surrogate, per link		$761.79							
	E.3.11	CCS7 Signaling Point Code, Establishment or Change, per STP affected			$58.04			$71.16			
E.4	BELLSOUTH CALLING NAME (CNAM) DATABASE (DB) SERVICE										Cost Study
	E.4.1	CNAM for DB Owners - Service Establishment, Manual *				$45.92			$42.22		
	E.4.2	CNAM for Non DB Owners - Service Establishment, Manual *				$45.92			$42.22		
	E.4.3	CNAM for DB Owners Service Provisioning with Point Code Establishment *				$1,982.41	$1,466.16		$538.03	$395.61	
	E.4.4	CNAM for Non DB Owners Service Provisioning with Point Code Establishment *				$684.89	$490.44		$550.69	$395.61	
	E.4.5	CNAM for DB and Non DB Owners, Per Query		$.0010353							
E.5	BELLSOUTH ACCESS TO E911 SERVICE										Cost Study
	E.5.1	BellSouth E911 Access - Local Channel - Dedicated - 2-wire Voice Grade (Same as D.5.1)	1	$29.33		$386.34	$66.36		$67.91	$5.92	
			2	$35.02		$386.34	$66.36		$67.91	$5.92	
			3			$386.34	$66.36		$67.91	$5.92	
	E.5.2	BellSouth E911 Access - Interoffice Transport - Dedicated - 2-wire Voice Grade Per Mile (Same as D.2.1)		$.0098							
	E.5.3	BellSouth E911 Access - Interoffice Transport - Dedicated - 2-wire Voice Grade Per Facility Termination (Same as D.2.2)		$26.52		$81.09	$54.83		$31.01	$12.78	
	E.5.4	BellSouth E911 Access - Local Channel - Dedicated - DS1 (Same as D.5.24)	1	$43.53		$355.08	$307.54		$41.13	$28.28	
			2	$58.19		$355.08	$307.54		$41.13	$28.28	
			3	$108.24		$355.08	$307.54		$41.13	$28.28	
	E.5.5	BellSouth E911 Access - Interoffice Transport - Dedicated - DS1 Per Mile (Same as D.4.1)		$.2000							
	E.5.6	BellSouth E911 Access - Interoffice Transport - Dedicated - DS1 Per Facility Termination (Same as D.4.2)		$92.62		$178.59	$163.66		$30.30	$26.76	
E.6	LNP QUERY SERVICE										Cost Study
	E.6.1	LNP Cost Per query		$.0008720							
	E.6.2	LNP Service Establishment Manual *				$25.04			$23.03		
	E.6.3	LNP Service Provisioning with Point Code Establishment *				$1,187.38	$606.60		$538.03	$395.61	
G.9	SELECTIVE ROUTING (INTERIM SOLUTION LINE CLASS CODES)										Cost Study
	G.9.1	Selective Routing Per Unique Line Class Code Per Request Per Switch			$169.46			$28.23			
G.11	SELECTIVE CARRIER ROUTING (AIN SOLUTION)										Cost Study
	G.11.1	Service Establishment per CLEC			$202,270.80			$17,188.36			
	G.11.2	Service Establishment per End Office			$341.01			$3.39			
	G.11.4	Query Cost		$.0034057							

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005462

Cost Ref. No.		Description	Zone	Recurring	INSTALLATION			DISCONNECT			Source
					Non Recurring	Nonrecurring First	Nonrecurring Additional	Non Recurring	Nonrecurring First	Nonrecurring Additional	
H.0	COLLOCATION										
H.1	PHYSICAL COLLOCATION **										E.20.2 FL Access Tariff
	H.1.1	Physical Collocation - Application Cost			$3,791.00						
	H.1.46	Physical Collocation - Application Cost - Subsequent			$3,160.00						
	H.1.41	Space Preparation - C.O. Modification per square ft.		$2.58							
	H.1.42	Space Preparation - Common Systems Modification per sq ft. - Cageless		$2.96							
	H.1.43	Space Preparation - Common Systems Modification - per Cage		$100.66							
	H.1.45	Firm Order Processing			$1,211.00						
	H.1.23	Physical Collocation - Welded Wire Cage First 100 Sq. Ft.		$205.93							
	H.1.24	Physical Collocation - Welded Wire Cage Addn'l 50 Sq. Ft.		$20.20							
	H.1.5	Physical Collocation - Cable Installation Cost per Cable			$1,826.00						
	H1.6	Physical Collocation - Floor Space per Sq. Ft		$6.57							
	H.1.7	Physical Collocation - Cable Support Structure per Entrance Cable		$21.66							
	H.1.8	Physical Collocation - Power, per Fused AMP		$8.86							
	H.1.50	Physical Collocation - 120V, Single Phase Standby Pwr Cost		$5.62							
	H.1.51	Physical Collocation - 240V, Single Phase Standby Pwr / AC Breaker AMP		$11.26							
	H.1.52	Physical Collocation - 120V, Three Phase Standby Pwr/ AC Breaker AMP		$16.88							
	H.1.53	Physical Collocation - 277V, Three Phase Standby Pwr/ AC Breaker AMP		$38.98							
	H.1.9	Physical Collocation - 2-Wire Cross-Connects		$0.074		$34.53	$32.51				
	H.1.10	Physical Collocation - 4-Wire Cross-Connects		$0.148		$34.54	$32.53				
	H.1.11	Physical Collocation - DS1 Cross-Connects		$1.29		$54.15	$40.94				
	H.1.12	Physical Collocation - DS3 Cross-Connects		$17.48		$53.28	$39.65				
	H.1.31	Physical Collocation - 2-Fiber Cross-Connects		$2.96		$53.28	$39.66				
	H.1.32	Physical Collocation - 4-Fiber Cross-Connects		$5.66		$66.08	$52.47				
	H.1.17	Physical Collocation - Security Escort - Basic per Half Hour									
	H.1.18	Physical Collocation - Security Escort - Overtime per Half Hour									
	H.1.19	Physical Collocation - Security Escort - Premium per Half Hour									
	H.1.37	Security Access System - Security System per Central Office Premises		$89.48							
	H.1.38	Security Access System - New Access Card Activation, per card		$0.06	$56.03						
	H.1.39	Access Card Administrative Change, Existing card, per card			$15.71						
	H.1.40	Access Card, Replace lost or stolen card, per card			$45.93						
	H.1.47	Space Availability Report per C.O.			$2,168.00						
	H.1.48	Co-Carrier Cross-Connect Fiber Cable Support Structure/ Linear Ft./ Ca		$0.003	$540.00						
	H.1.49	Co-Carrier Cross-Connect Copper or Coaxial Ca Support Str/ Linear Ft./ Ca		$0.004	$540.00						
H.4	ADJACENT COLLOCATION **										E.20.2 FL Access Tariff
	H.4.1	Adjacent Collocation - Space Cost per Sq. Ft.		$0.182							
	H.4.2	Adjacent Collocation - Electrical Facility Cost per Linear Ft.		$6.07							
	H.4.3	Adjacent Collocation - 2-Wire Cross-Connects		$0.074		$34.53	$32.51				
	H.4.4	Adjacent Collocation - 4-Wire Cross-Connects		$0.148		$34.54	$32.53				
	H.4.5	Adjacent Collocation - DS1 Cross-Connects		$1.29		$54.15	$40.94				
	H.4.6	Adjacent Collocation - DS3 Cross-Connects		$17.48		$53.28	$39.65				
	H.4.7	Adjacent Collocation - 2-Fiber Cross-Connects		$2.96		$53.28	$39.66				
	H.4.8	Adjacent Collocation - 4-Fiber Cross-Connects		$5.66		$66.08	$52.47				
	H.4.16	Adjacent Collocation - 120V, Single Phase Standby Power Cost		$5.62							
	H.4.17	Adjacent Collocation - 240V, Single Phase Standby Pwr/ AC Breaker AMP		$11.26							
	H.4.18	Adjacent Collocation - 120V, Three Phase Standby Pwr / AC Breaker AMP		$16.88							
	H.4.19	Adjacent Collocation - 277V, Three Phase Standby Pwr/ AC Breaker AMP		$38.98							
	H.4.9	Adjacent Collocation - Application Cost			$2,677.00						
	H.1.7	Adjacent Collocation - Cable Support Structure per Entrance Cable		$21.66							

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Florida Prices
BellSouth/MCI Interconnection Agreement

Cost Ref. No.		Description	Zone	Recurring	INSTALLATION			DISCONNECT			Source
					Non Recurring	Nonrecurring First	Nonrecurring Additional	Non Recurring	Nonrecurring First	Nonrecurring Additional	
	VIRTUAL COLLOCATION **										4/29/98 FPSC Order
		Virtual Colloation - Application Fee/Planning Fee Initial Request			$4,122.00						
		Virtual Colloation - Application Fee/Planning Fee Additional Cable Request			$1,249.00						
		Virtual Colloation - Floor Space/Land and Building, per sq. ft.		$4.25							
		Virtual Colloation - Cable Installation, per Cable		$12.45	$965.00						
		Virtual Colloation - Cable Rack, per 1/4 Rack		$2.24							
		Virtual Colloation - Power, per Amp		$6.95							
		Virtual Colloation - Cross Connects									
		2-Wire, per 100 Circuits		$5.02	$1,157.00						
		4-Wire, per 100 Circuits		$5.02	$1,157.00						
		DS1 - DCS, per 28 Circuits		$226.39	$1,950.00						
		DS1 - DSX, per 28 Circuits		$11.51	$1,950.00						
		DS3 - DCS, per Circuit		$56.97	$528.00						
		DS3 - DSX per Circuit		$10.06	$528.00						
		Fiber Cross Connect, per Connection		$6.71	$2,431.00						
		Virtual to Virtual Connection									
		Fiber, per Cable		$0.19	$526.17						
		DS1/DS3, per Cable		$0.17	$134.46						
		Virtual Collocation Equipment Maintenance and Security Escort									
		Regular Time, per 1/4 Hour			$10.89						
		Overtime, per 1/4 Hour			$13.64						
		Premium Time, per 1/4 Hour			16.40						
I.0	INTERIM SERVICE PROVIDER NUMBER PORTABILITY										
I.1	INTERIM SERVICE PROVIDER NUMBER PORTABILITY - RCF										Cost Study
	I.1.1	Service Provider Number Portability - RCF, Per Number Ported		$2.37	$.5163			$.0560			
	I.1.2	Service Provider Number Portability - RCF, Per Additional Path		$.8288							
I.2	SERVICE PROVIDER NUMBER PORTABILITY - DID										Cost Study
	I.2.1	Service Provider Number Portability - DID, Per Number Ported, Residence			$.8621			$.9349			
	I.2.2	Service Provider Number Portability - DID, Per Number Ported, Business			$.8621			$.9349			
	I.2.4	Service Provider Number Portability - DID, Per Trunk Termination, Initial		$63.31	$390.60			$57.57			
	I.2.5	Service Provider Number Portability - DID, Per Trunk Termination, Subsequent		$63.31	$141.73			$57.57			
I.4	SERVICE PROVIDER NUMBER PORTABILITY RIPH										Cost Study
	I.4.1	Service Provider Number Portability - RIPH, Functionality, Per Central office			$164.15			$4.99			
	I.4.2	Service Provider Number Portability - RIPH, Functionality, Per Rearrangement			$39.64						
	I.4.3	Service Provider Number Portability - RI-PH, Per Number Ported		$2.11	$.3922			$.0425			
J.0	OTHER										
J.1	DARK FIBER										Cost Study
	J.1.2	Dark Fiber, Per Four Fiber Strands, Per Route Mile or Fraction Thereof - Local Channel/Loop		$58.35		$1,278.62	$275.82		$587.64	$366.34	
	J.1.3	Dark Fiber, Per Four Fiber Strands, Per Route Mile or Fraction Thereof - Interoffice		$28.82		$1,278.62	$275.82		$587.64	$366.34	
J.3	LOOP MAKE UP										Cost Study
	J.3.1	MechanizedLoop Make up		$.6888							
	J.3.3	Manual Loop Make-up w/o Facility Reservation Number			$132.82						
	J.3.4	Manual Loop Make-up w/ Facility Reservation Number			$138.61						

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005464

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					Non Recurring	Nonrecurring First	Nonrecurring Additional	Non Recurring	Nonrecurring First	Nonrecurring Additional	
J.4	LINE SHARING SPLITTER - DATA										Cost Study
	J.4.1	Line Sharing Splitter, per System 96 Line Capacity in the Central Office (LSOD)		$201.46		$347.67					
	J.4.1	Line Sharing Splitter, per System 96 Line Capacity in the Central Office (LSOD) - Disconnect Only				$330.40					
	J.4.2	Line Sharing Splitter, per System 24 Line Capacity in the Central Office (LSOD)		$50.37		$347.67					
	J.4.2	Line Sharing Splitter, per System 24 Line Capacity in the Central Office (LSOD) - Disconnect Only				$330.40					
	J.4.3	Line Sharing Splitter - per Line Activation in the Central Office (LSOD)		$7.71		$37.02	$21.20				
	J.4.3	Line Sharing Splitter - per Line Activation in the Central Office (LSOD) - Disconnect Only				$19.56	$9.60				
	J.4.4	Line Sharing Splitter - per Subsequent Activity per Line Rearrangement (LSR)				$32.78	$16.38				
	For Line Sharing Splitter in Remote Terminal - Use Applicable Line Sharing CO Prices on Interim Basis										
J.5	ACCESS TO THE DCS										Cost Study
	J.5.1	Customer Reconfiguration Establishment				$2.95			$3.41		
	J.5.2	DS1 DCS Termination with DS0 Switching		$28.51		$51.10	$39.33		$30.82	$24.79	
	J.5.3	DS1 DCS Termination with DS1 Switching		$12.14		$36.94	$25.16		$22.63	$16.60	
	J.5.4	DS3 DCS Termination with DS1 Switching		$153.17		$51.10	$39.33		$30.82	$24.79	
K.0	ADVANCED INTELLIGENT NETWORK (AIN) SERVICES										
K.1	BELLSOUTH AIN SMS ACCESS SERVICE										Cost Study
	K.1.1	AIN SMS Access Service - Service Establishment, Per State, Initial Setup			$78.90			$81.39			
	K.1.2	AIN SMS Access Service - Port Connection - Dial/Shared Access			$15.66			$18.18			
	K.1.3	AIN SMS Access Service - Port Connection - ISDN Access			$15.66			$18.18			
	K.1.4	AIN SMS Access Service - User Identification Codes - Per User ID Code			$70.03			$54.13			
	K.1.5	AIN SMS Access Service - Security Card, Per User ID Code, Initial or Replacement			$83.79			$23.42			
	K.1.6	AIN SMS Access Service - Storage, Per Unit (100 Kilobytes)		$.0030							
	K.1.7	AIN SMS Access Service - Session, Per Minute		$.8102							
	K.1.8	AIN SMS Access Service - Company Performed Session, Per Minute		$.8348							
K.2	BELLSOUTH AIN TOOLKIT SERVICE										Cost Study
	K.2.1	AIN Toolkit Service - Service Establishment Charge, Per State, Initial Setup			$78.90			$81.39			
	K.2.2	AIN Toolkit Service - Training Session, Per Customer			$8,407.34						
	K.2.3	AIN Toolkit Service - Trigger Access Charge, Per Trigger, Per DN, Term. Attempt			$15.66			$18.17			
	K.2.4	AIN Toolkit Service - Trigger Access Charge, Per Trigger, Per DN, Off-Hook Delay			$15.66			$18.17			
	K.2.5	AIN Toolkit Service - Trigger Access Charge, Per Trigger, Per DN, Off-Hook Immediate			$15.66			$18.17			
	K.2.6	AIN Toolkit Service - Trigger Access Charge, Per Trigger, Per DN, 10-Digit PODP			$68.95			$28.72			
	K.2.7	AIN Toolkit Service - Trigger Access Charge, Per Trigger, Per DN, CDP			$68.95			$28.72			
	K.2.8	AIN Toolkit Service - Trigger Access Charge, Per Trigger, Per DN, Feature Code			$68.95			$28.72			
	K.2.9	AIN Toolkit Service - Query Charge, Per Query		$.0549426							
	K.2.10	AIN Toolkit Service - Type 1 Node Charge, Per AIN Toolkit Subscription, Per Node, Per Query		$.0067157							
	K.2.11	AIN Toolkit Service - SCP Storage Charge, Per SMS Access Account, Per 100 Kilobytes		$.07							
	K.2.12	AIN Toolkit Service - Monthly report - Per AIN Toolkit Service Subscription		$12.23	$15.66			$11.01			
	K.2.13	AIN Toolkit Service - Special Study - Per AIN Toolkit Service Subscription		$3.89	$17.32						
	K.2.14	AIN Toolkit Service - Call Event Report - Per AIN Toolkit Service Subscription		$8.48	$15.66			$11.01			
	K.2.15	AIN Toolkit Service - Call Event Special Study - Per AIN Toolkit Service Subscription		$.13	$17.32						
L.0	ACCESS DAILY USAGE FILE (ADUF)										
L.1	ACCESS DAILY USAGE FILE (ADUF)										Cost Study
	L.1.1	ADUF, Message Processing, per message		$.014367							
	L.1.3	ADUF, Data Transmission (CONNECT:DIRECT), per message		$.00012975							
M.0	DAILY USAGE FILES										

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Florida Prices
BellSouth/MCI Interconnection Agreement

BellSouth Telecommunications, Inc.
FPSC Docket No. 000649-TP
Exhibit CKC-1
August 17, 2000

Cost Ref. No.		Description	Zone	Recurring	INSTALLATION			DISCONNECT			Source
					Non Recurring	Nonrecurring First	Nonrecurring Additional	Non Recurring	Nonrecurring First	Nonrecurring Additional	
M.1	ENHANCED OPTIONAL DAILY USAGE FILE										Cost Study
	M.1.1	Enhanced Optional Daily usage File: Message Processing, Per Message		$.228759							
M.2	OPTIONAL DAILY USAGE FILE										Cost Study
	M.2.1	Optional Daily Usage File: Recording, per Message		$.0000082							
	M.2.2	Optional Daily Usage File: Message Processing, Per Message		$.006814							
	M.2.3	Optional Daily Usage File: Message Processing, Per Magnetic Tape Provisioned		$48.78							
	M.2.4	Optional Daily Usage File: Data Transmission (CONNECT:DIRECT), Per Message		$.00010812							
N.0	NONRECURRING COSTS										
N.1	SERVICE ORDER										Cost Study
	N.1.1	Electronic Service Order, per local service request			$2.75			$0.42			
	N.1.2	Manual Service Order, per local service request			$21.56			$3.84			
	N.1.5	Order Coordination			$16.31						
	N.1.6	Order Coordination for Specified Conversion Time			$36.18						
P.0	UNBUNDLED LOOP COMBINATIONS										
	NOTE: New loop/transport (EEL) combinations are only available in Miami, Tampa and Orlando MSAs in Zone Density 1 for business customers with four or more lines.										
P.1	2-WIRE VOICE GRADE LOOP WITH 2-WIRE LINE PORT (RES, BUS, COIN, CENTREX, PBX)										Cost Study
	P.1.RESBUS	2-Wire VG Loop/Port Combo (Res, Bus, Coin) - switch-as-is	1	$16.25		$.1964	$.1964				
			2	$19.86		$.1964	$.1964				
			3	$25.60		$.1964	$.1964				
	P.1.PBX	2-Wire VG Loop/Port Combo (PBX) - switch-as-is	1	$16.25		$15.82	$3.80				
			2	$19.86		$15.82	$3.80				
			3	$25.60		$15.82	$3.80				
	P.1.CENTREX	2-Wire VG Loop/Port Combo (Centrex) - switch-as-is	1	$17.14		$85.47	$33.37				
			2	$20.75		$85.47	$33.37				
			3	$26.49		$85.47	$33.37				
	P.1.17	PBX Subsequent Activity - Change/Rearrange Multiline Hunt Group			$14.64						
P.3	2-WIRE VOICE GRADE LOOP WITH 2-WIRE DID TRUNK PORT										Cost Study
	P.3	2-Wire VG Loop/2-Wire DID Trunk Port - switch-as-is	1	$27.84		$14.62	$3.73				
			2	$31.79		$14.62	$3.73				
			3	$37.23		$14.62	$3.73				
	P.3.7	2-Wire DID Subsequent Activity - Add Trunks, Per Trunk			$53.57						
P.4	2-WIRE ISDN DIGITAL GRADE LOOP WITH 2-WIRE ISDN DIGITAL LINE SIDE PORT										Cost Study
	P.4	2W ISDN Digital Grade Loop/2W ISDN Digital Line Side Port - switch-as-is	1	$30.99		$86.79	$54.04				
			2	$36.41		$86.79	$54.04				
			3	$39.30		$86.79	$54.04				

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Cost Ref. No.		Description	Zone	Recurring	INSTALLATION			DISCONNECT			Source
					Non Recurring	Nonrecurring First	Nonrecurring Additional	Non Recurring	Nonrecurring First	Nonrecurring Additional	
P.5	4-WIRE DS1 DIGITAL LOOP WITH 4-WIRE ISDN DS1 DIGITAL TRUNK PORT										Cost Study
	P.5	4W DS1 Digital Loop/4W ISDN DS1 Digital Trunk Port - switch-as-is	1	$187.87		$247.97	$157.17				
			2	$215.07		$247.97	$157.17				
			3	$290.08		$247.97	$157.17				
	P.5.5	4-Wire DS1 Digital Loop / 4-Wire ISDN DS1 Digital Trunk Port Combination - Subsequent Channel Activation - Per Channel			$29.06						
	P.5.6	4-Wire DS1 Digital Loop / 4-Wire ISDN DS1 Digital Trunk Port Combination - Subsequent Inward/2-Way Telephone Numbers			$.9804						
	P.5.7	4-Wire DS1 Digital Loop / 4-Wire ISDN DS1 Digital Trunk Port Combination - Subsequent Outward Telephone Numbers			$23.02						
	P.5.8	4-Wire DS1 Digital Loop / 4-Wire ISDN DS1 Digital Trunk Port Combination - Subsequent Inward Telephone Numbers			$46.05						
P.6	2-WIRE VOICE GRADE EXTENDED LOOP WITH DEDICATED DS1 INTEROFFICE TRANSPORT										Cost Study
	P.6-1	First 2W VG in DS1	1	$266.14							
			2	$270.09							
			3	$275.53							
		P.17.1 Nonrecurring Cost for Extended Loop or Local Channel and Interoffice Combination Switch -As-Is				$11.19	$11.19		$12.93	$12.93	
		Nonrecurring Cost - 2-wire VG Extended Loop with Dedicated DS1 Interoffice Transport - NEW				$625.63	$342.38		$150.32	$45.80	
	P.6-2	D.4.1 Interoffice Transport - Dedicated - DS1 - Per Mile		$.2000							
	P.6-3	Additional 2W VG in same DS1	1	$19.93							
			2	$23.87							
			3	$29.32							
		P.17.16 Nonrecurring Cost - New Feature Activation for Combination Use Only				$12.16	$8.77				
P.7	4-WIRE VOICE GRADE EXTENDED LOOP WITH DEDICATED DS1 INTEROFFICE TRANSPORT										Cost Study
	P.7-1	First 4W VG in DS1	1	$277.86							
			2	$290.67							
			3	$311.86							
		P.17.1 Nonrecurring Cost for Extended Loop or Local Channel and Interoffice Combination Switch -As-Is				$11.19	$11.19		$12.93	$12.93	
		Nonrecurring Cost - 4-wire VG Extended Loop with Dedicated DS1 Interoffice Transport - NEW				$625.63	$342.38		$150.32	$45.80	
	P.7-2	D.4.1 Interoffice Transport - Dedicated - DS1 - Per Mile		$.2000							
	P.7-3	Additional 4W VG in same DS1	1	$31.65							
			2	$44.45							
			3	$65.64							
		P.17.16 Nonrecurring Cost - New Feature Activation for Combination Use Only				$12.16	$8.77				

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Florida Prices
BellSouth/MCI Interconnection Agreement

Cost Ref. No.		Description	Zone	Recurring	INSTALLATION			DISCONNECT			Source
					Non Recurring	Nonrecurring First	Nonrecurring Additional	Non Recurring	Nonrecurring First	Nonrecurring Additional	
P.8	4-WIRE 56 OR 64 KBPS EXTENDED DIGITAL LOOP WITH DEDICATED DS1 INTEROFFICE TRANSPORT										Cost Study
	P.8-1	First 4W 56 / 64 in DS1	1	$282.32							
			2	$293.13							
			3	$299.27							
		P.17.1 Nonrecurring Cost for Extended Loop or Local Channel and Interoffice Combination Switch -As-Is				$11.19	$11.19		$12.93	$12.93	
		Nonrecurring Cost - 4-wire 56 or 64 Kbps Extended Loop with Dedicated DS1 Interoffice Transport - NEW				$625.63	$342.38		$150.32	$45.80	
	P.8-2	D.4.1 Interoffice Transport - Dedicated - DS1 - Per Mile		$.2000							
	P.8-3	Additional 4W 56 / 64 in same DS1	1	$36.10							
			2	$46.92							
			3	$53.05							
		P.17.16 Nonrecurring Cost - New Feature Activation for Combination Use Only				$12.16	$8.77				
P.11	4-WIRE DS1 DIGITAL EXTENDED LOOP WITH DEDICATED DS1 INTEROFFICE TRANSPORT										Cost Study
	P.11-1	Fixed	1	$185.10							
			2	$212.30							
			3	$287.31							
		P.17.1 Nonrecurring Cost for Extended Loop or Local Channel and Interoffice Combination Switch -As-Is				$11.19	$11.19		$12.93	$12.93	
		Nonrecurring Cost - 4-wire DS1 Digital Extended Loop with Dedicated DS1 Interoffice Transport - NEW				$644.46	$421.86		$154.33	$57.41	
	P.11-2	D.4.1 Interoffice Transport - Dedicated - DS1 - Per Mile		$.2000							
P.13	4-WIRE DS1 DIGITAL EXTENDED LOOP WITH DEDICATED DS3 INTEROFFICE TRANSPORT										Cost Study
	P.13-1	First DS1 in DS3	1	$1,449.79							
			2	$1,476.98							
			3	$1,552.00							
		P.17.1 Nonrecurring Cost for Extended Loop or Local Channel and Interoffice Combination Switch -As-Is				$11.19	$11.19		$12.93	$12.93	
		Nonrecurring Cost - 4-wire DS1 Digital Extended Loop with Dedicated DS3 Interoffice Transport - NEW				$1,192.63	$565.26		$166.14	$69.04	
	P.13-2	D.6.1 Interoffice Transport - Dedicated - DS3 - Per Mile		$4.17							
	P.13-3	Additional DS1 in same DS3	1	$106.89							
			2	$134.08							
			3	$209.10							
		P.17.16 Nonrecurring Cost - New Feature Activation for Combination Use Only				$12.16	$8.77				

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005468

Cost Ref. No.		Description	Zone	Recurring	INSTALLATION			DISCONNECT			Source
					Non Recurring	Nonrecurring First	Nonrecurring Additional	Non Recurring	Nonrecurring First	Nonrecurring Additional	
P.15	4-WIRE DS1 DIGITAL LOOP WITH DDITS PORT										Cost Study
	P.15	4-Wire DS1 Digital Loop with DDITS Port - switch-as-is	1	$155.79		$268.82	$134.07				
			2	$182.98		$268.82	$134.07				
			3	$258.00		$268.82	$134.07				
	P.15.5	4-Wire DS1 Digital Loop / DDITS Trunk Port Combination -Subsequent Channel Activation - Per Channel			$28.96						
P.16	2-WIRE LOOP/ 2 WIRE VOICE GRADE IO TRANSPORT/ 2 WIRE PORT										Cost Study
	P.16-1	Fixed - Switch-as-is	1	$46.62		$16.97	$3.73				
			2	$50.57		$16.97	$3.73				
			3	$56.01		$16.97	$3.73				
	P.16-2	D.2.1 Interoffice Transport - Dedicated - 2-Wire Voice Grade - Per Mile		$.0098							
P.17	Nonrecurring Cost for Extended Loop or Local Channel and Interoffice Combination										Cost Study
	P.17.1	Nonrecurring Cost for Extended Loop or Local Channel and Interoffice Combination Switch -As-Is				$11.19	$11.19		$12.93	$12.93	
P.23	2-WIRE VOICE GRADE EXTENDED LOOP/ 2 WIRE VOICE GRADE INTEROFFICE TRANSPORT										Cost Study
	P.23-1	Fixed	1	$45.00							
			2	$48.95							
			3	$54.39							
		P.17.1 Nonrecurring Cost for Extended Loop or Local Channel and Interoffice Combination Switch -As-Is				$11.19	$11.19		$12.93	$12.93	
		Nonrecurring Cost - 2-wire VG Extended Loop with 2-wire VG Interoffice Transport - NEW				$343.67	$178.91		$146.42	$43.08	
	P.23-2	D.2.1 Interoffice Transport - Dedicated - 2-Wire Voice Grade - Per Mile		$.0098							
P.24	4-WIRE VOICE GRADE EXTENDED LOOP/ 4 WIRE VOICE GRADE INTEROFFICE TRANSPORT										Cost Study
	P.24-1	Fixed	1	$53.85							
			2	$66.65							
			3	$87.84							
		P.17.1 Nonrecurring Cost for Extended Loop or Local Channel and Interoffice Combination Switch -As-Is				$11.19	$11.19		$12.93	$12.93	
		Nonrecurring Cost - 4-wire VG Extended Loop with 4-wire VG Interoffice Transport - NEW				$343.67	$178.91		$146.42	$43.08	
	P.24-2	D.12.1 Interoffice Transport - Dedicated - 4-Wire Voice Grade - Per Mile		$.0098							
P.25	DS3 DIGITAL EXTENDED LOOP WITH DEDICATED DS3 INTEROFFICE TRANSPORT										Cost Study
	P.25-1	Fixed		$1,526.51							
		P.17.1 Nonrecurring Cost for Extended Loop or Local Channel and Interoffice Combination Switch -As-Is				$11.19	$11.19		$12.93	$12.93	
		Nonrecurring Cost - DS3 Digital Extended Loop with Dedicated DS3 Interoffice Transport - NEW				$999.53	$508.21		$176.22	$83.03	

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005469

Cost Ref. No.		Description	Zone	Recurring	INSTALLATION			DISCONNECT			Source
					Non Recurring	Nonrecurring First	Nonrecurring Additional	Non Recurring	Nonrecurring First	Nonrecurring Additional	
	P.25-2	D.6.1 Interoffice Transport - Dedicated - DS3 - Per Mile		$4.17							
	P.25-3	A.16.2 High Capacity Unbundled Local Loop - DS3 - Per Mile		$11.77							
P.26	STS1 DIGITAL EXTENDED LOOP WITH DEDICATED STS1 INTEROFFICE TRANSPORT										Cost Study
	P.26-1	Fixed		$1,552.07							
		P.17.1 Nonrecurring Cost for Extended Loop or Local Channel and Interoffice Combination Switch -As-Is				$11.19	$11.19		$12.93	$12.93	
		Nonrecurring Cost - STS1 Digital Extended Loop with Dedicated STS1 Interoffice Transport - NEW				$999.53	$508.21		$176.22	$83.03	
	P.26-2	D.10.1 Interoffice Transport - Dedicated - STS-1 - Per Mile		$4.17							
	P.26-3	Per Mile - Loop									
		A.16.16 High Capacity Unbundled Local Loop - STS-1 - Per Mile		$11.77							
P.50	4-WIRE DS1 LOOP WITH CHANNELIZATION WITH PORT										Cost Study
	P.50.VG-1	First Voice Grade in DS1 - Switch-as-is	1	$218.41		$310.80	$16.72				
			2	$245.61		$310.80	$16.72				
			3	$320.62		$310.80	$16.72				
	P.50.VG-2	Additional Voice Grade in same DS1		$2.29							
	P.50.DID-1	First 2-Wire DID in DS1 - Switch-as-is	1	$226.18		$310.80	$16.72				
			2	$253.37		$310.80	$16.72				
			3	$328.39		$310.80	$16.72				
	P.50.DID-2	Additional 2-Wire DID in same DS1		$10.05							
	P.50.ISDN-1	First ISDN in DS1 - Switch-as-is	1	$229.38		$310.80	$16.72				
			2	$256.57		$310.80	$16.72				
			3	$331.59		$310.80	$16.72				
	P.50.ISDN-2	Additional ISDN in same DS1		$13.25							
	P.50.4	4-Wire DS1 Loop/Channelization Port Combination - Subsequent Activity - Add Lines - Per Line			$109.12						
	P.50.5	4-Wire DS1 Loop/Channelization Port Combination - Subsequent Activity - Add Trunks - Per Trunk			$154.10						
P.51	2-WIRE ISDN EXTENDED LOOP WITH DS1 INTEROFFICE TRANSPORT										Cost Study
	P.51-1	First 2-Wire ISDN in DS1	1	$278.38							
			2	$284.50							
			3	$285.67							
		P.17.1 Nonrecurring Cost for Extended Loop or Local Channel and Interoffice Combination Switch -As-Is				$11.19	$11.19		$12.93	$12.93	
		Nonrecurring Cost - 2-Wire ISDN Extended Loop with DS1 Interoffice Transport - NEW				$625.63	$342.38		$150.32	$45.80	

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Florida Prices
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					Non Recurring	Nonrecurring First	Nonrecurring Additional	Non Recurring	Nonrecurring First	Nonrecurring Additional	
	P.51-2	D.4.1 Interoffice Transport - Dedicated - DS1 - Per Mile		$.2000							
	P.51-3	Additional 2-wire IDSN in same DS1	1	$32.16							
			2	$38.29							
			3	$39.46							
		P.17.16 Nonrecurring Cost - New Feature Activation for Combination Use Only				$12.16	$8.77				
P.52	4-WIRE DS1 DIGITAL EXTENDED LOOP WITH DEDICATED STS-1 INTEROFFICE TRANSPORT										Cost Study
	P.52-1	First in DS1 in STS1	1	$1,433.84							
			2	$1,461.03							
			3	$1,536.05							
		P.17.1 Nonrecurring Cost for Extended Loop or Local Channel and Interoffice Combination Switch -As-Is				$11.19	$11.19		$12.93	$12.93	
		Nonrecurring Cost - 4-Wire DS1 Digital Extended Loop with Dedicated STS-1 Interoffice Transport - NEW				$972.08	$466.23		$148.52	$62.08	
	P.52-2	D.10.1 Interoffice Transport - Dedicated - STS-1 - Per Mile		$4.17							
	P.52-3	Additional DS1 in same STS1	1	$106.89							
			2	$134.08							
			3	$209.10							
		P.17.11 Nonrecurring Cost - New DS1 Local Loop for Combination Use Only				$348.66	$207.86		$82.21	$25.61	
		P.17.16 Nonrecurring Cost - New Feature Activation for Combination Use Only				$12.16	$8.77				
						$360.82	$216.62				
P.53	2-WIRE VOICE GRADE EXTENDED LOOP WITH DEDICATED DS1 INTEROFFICE TRANSPORT W/ 3/1 MUX										Cost Study
	P.53-1	First 2-Wire VG in First DS1 in DS3	1	$501.52							
			2	$505.46							
			3	$510.90							
		P.17.1 Nonrecurring Cost for Extended Loop or Local Channel and Interoffice Combination Switch -As-Is				$11.19	$11.19		$12.93	$12.93	
		Nonrecurring Cost - 2-Wire VG Extended Loop with Dedicated DS1 Interoffice Transport with 3/1 Mux - NEW				$625.63	$342.38		$150.32	$45.80	
	P.53-2	D.4.1 Interoffice Transport - Dedicated - DS1 - Per Mile		$.2000							
	P.53-3	Additional 2-Wire VG in same DS1	1	$19.93							
			2	$23.87							
			3	$29.32							
		P.17.16 Nonrecurring Cost - New Feature Activation for Combination Use Only				$12.16	$8.77				
	P.53-4	Additional DS1 in same DS3		$260.62							
		P.17.16 Nonrecurring Cost - New Feature Activation for Combination Use Only				$12.16	$8.77				

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005471

Cost Ref. No.		Description	Zone	Recurring	INSTALLATION			DISCONNECT			Source
					Non Recurring	Nonrecurring First	Nonrecurring Additional	Non Recurring	Nonrecurring First	Nonrecurring Additional	
P.54	4-WIRE VOICE GRADE EXTENDED LOOP WITH DEDICATED DS1 INTEROFFICE TRANSPORT W/ 3/1 MUX										Cost Study
	P.54-1	First 4-Wire VG in First DS1 in DS3	1	$513.24							
			2	$526.04							
			3	$547.23							
		P.17.1 Nonrecurring Cost for Extended Loop or Local Channel and Interoffice Combination Switch -As-Is				$11.19	$11.19		$12.93	$12.93	
		Nonrecurring Cost - 4-Wire VG Extended Loop with Dedicated DS1 Interoffice Transport with 3/1 Mux - NEW				$625.63	$342.38		$150.32	$45.80	
	P.54-2	D.4.1 Interoffice Transport - Dedicated - DS1 - Per Mile		$.2000							
	P.54-3	Additional 4-Wire VG in same DS1	1	$31.65							
			2	$44.45							
			3	$65.64							
		P.17.16 Nonrecurring Cost - New Feature Activation for Combination Use Only				$12.16	$8.77				
	P.54-4	Additional DS1 in same DS3		$260.62							
		P.17.16 Nonrecurring Cost - New Feature Activation for Combination Use Only				$12.16	$8.77				
P.55	4-WIRE 56 OR 64 KBPS EXTENDED DIGITAL LOOP WITH DEDICATED DS1 INTEROFFICE TRANSPORT W/ 3/1 MUX										Cost Study
	P.55-1	First 4-Wire in First DS1 in DS3	1	$517.69							
			2	$528.51							
			3	$534.64							
		P.17.1 Nonrecurring Cost for Extended Loop or Local Channel and Interoffice Combination Switch -As-Is				$11.19	$11.19		$12.93	$12.93	
		Nonrecurring Cost - 4-Wire 56 or 64 Kbps Extended Loop with Dedicated DS1 Interoffice Transport with 3/1 Mux - NEW				$625.63	$342.38		$150.32	$45.80	
	P.55-2	D.4.1 Interoffice Transport - Dedicated - DS1 - Per Mile		$.2000							
	P.55-3	Additional 4-Wire in same DS1	1	$36.10							
			2	$46.92							
			3	$53.05							
		P.17.16 Nonrecurring Cost - New Feature Activation for Combination Use Only				$12.16	$8.77				
	P.55-4	Additional DS1 in same DS3		$260.62							
		P.17.16 Nonrecurring Cost - New Feature Activation for Combination Use Only				$12.16	$8.77				
P.56	2-WIRE ISDN EXTENDED LOOP WITH DS1 INTEROFFICE TRANSPORT W/ 3/1 MUX										Cost Study
	P.56-1	First 2-Wire in First DS1 in DS3	1	$513.75							
			2	$519.88							
			3	$521.05							
		P.17.1 Nonrecurring Cost for Extended Loop or Local Channel and Interoffice Combination Switch -As-Is				$11.19	$11.19		$12.93	$12.93	

Notes:
Nonrecurring prices on Initial and Subsequent basis rather than First and Additional are marked with * after element description
All prices are interim unless marked with ** after element description

005472

Cost Ref. No.		Description	Zone	Recurring	INSTALLATION			DISCONNECT			Source
					Non Recurring	Nonrecurring First	Nonrecurring Additional	Non Recurring	Nonrecurring First	Nonrecurring Additional	
		Nonrecurring Cost - 2-Wire ISDN Extended Loop with Dedicated DS1 Interoffice Transport with 3/1 Mux - NEW				$625.63	$342.38		$150.32	$45.80	
	P.56-2	D.4.1 Interoffice Transport - Dedicated - DS1 - Per Mile		$.2000							
	P.56-3	Additional 2-Wire in same DS1	1	$32.16							
			2	$38.29							
			3	$39.46							
		P.17.16 Nonrecurring Cost - New Feature Activation for Combination Use Only				$12.16	$8.77				
	P.56-4	Additional DS1 in same DS3		$260.62							
		P.17.16 Nonrecurring Cost - New Feature Activation for Combination Use Only				$12.16	$8.77				
P.57	4-WIRE DS1 DIGITAL EXTENDED LOOP WITH DEDICATED DS1 INTEROFFICE TRANSPORT W/ 3/1 MUX										Cost Study
	P.57-1	First 4-Wire DS1 in DS3	1	$420.48							
			2	$447.67							
			3	$522.69							
		P.17.1 Nonrecurring Cost for Extended Loop or Local Channel and Interoffice Combination Switch -As-Is				$11.19	$11.19		$12.93	$12.93	
		Nonrecurring Cost - 4-Wire DS1 Digital Extended Loop with Dedicated DS1 Interoffice Transport with 3/1 Mux - NEW				$625.63	$342.38		$150.32	$45.80	
	P.57-2	D.4.1 Interoffice Transport - Dedicated - DS1 - Per Mile		$.2000							
	P.57-3	Additional 4-Wire DS1 in same DS3	1	$199.51							
			2	$226.70							
			3	$301.72							
		P.17.16 Nonrecurring Cost - New Feature Activation for Combination Use Only				$12.16	$8.77				
P.58	4-WIRE 56 OR 64 KBPS DIGITAL EXTENDED LOOP WITH DS0 INTEROFFICE TRANSPORT										Cost Study
	P.58-1	Fixed	1	$53.21							
			2	$64.03							
			3	$70.17							
		P.17.1 Nonrecurring Cost for Extended Loop or Local Channel and Interoffice Combination Switch -As-Is				$11.19	$11.19		$12.93	$12.93	
		Nonrecurring Cost - 4-Wire 56 or 64 Kbps Digital Extended Loop with Dedicated DS0 Interoffice Transport - NEW				$343.67	$178.91		$146.42	$43.08	
	P.58-2	D.3.1 Interoffice Transport - Dedicated - DS0 - Per Mile		$.0098							

Notes.
Nonrecurring prices on Initial and Subsequent basis rather than First and Additional are marked with * after element description
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BellSouth Telecommunications Inc.
FPSC Docket No. 000649-TP
Exhibit CKC-2
Pages 1-4
August 17, 2000

BellSouth Telecommunications Inc.
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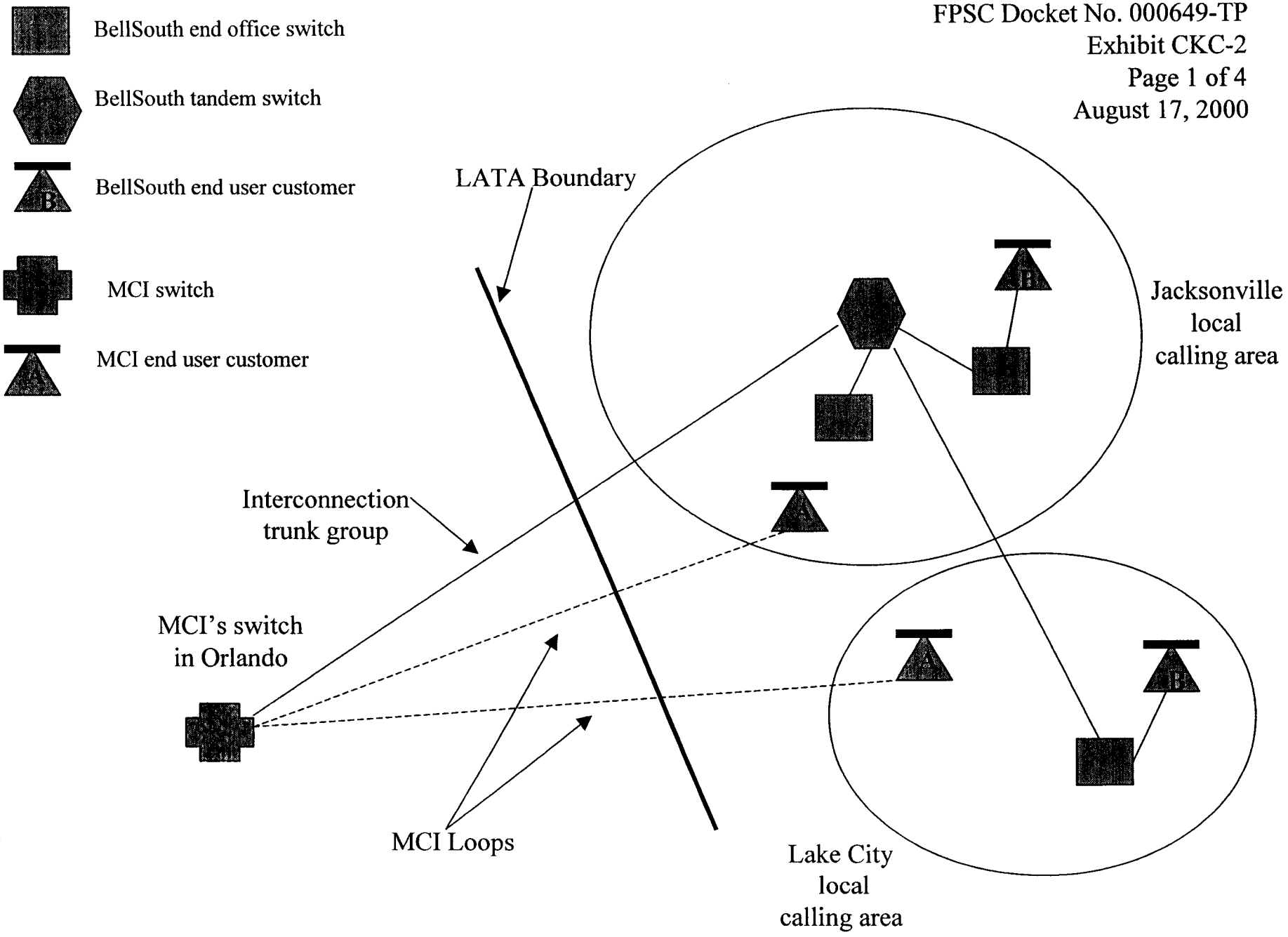
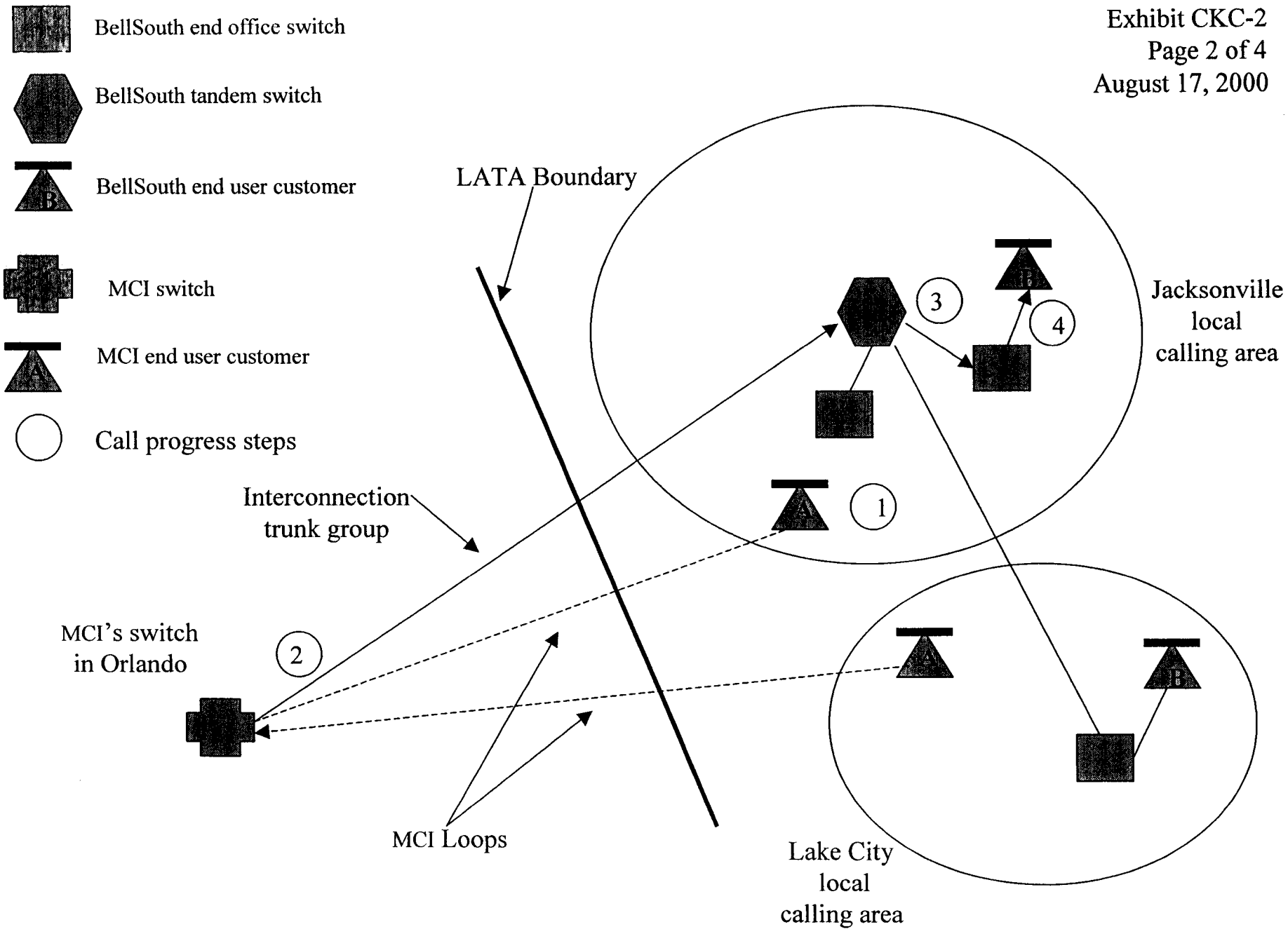
Page 1 of 4
August 17, 2000

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MCI end user customer
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Interconnection trunk group
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MCI Loops
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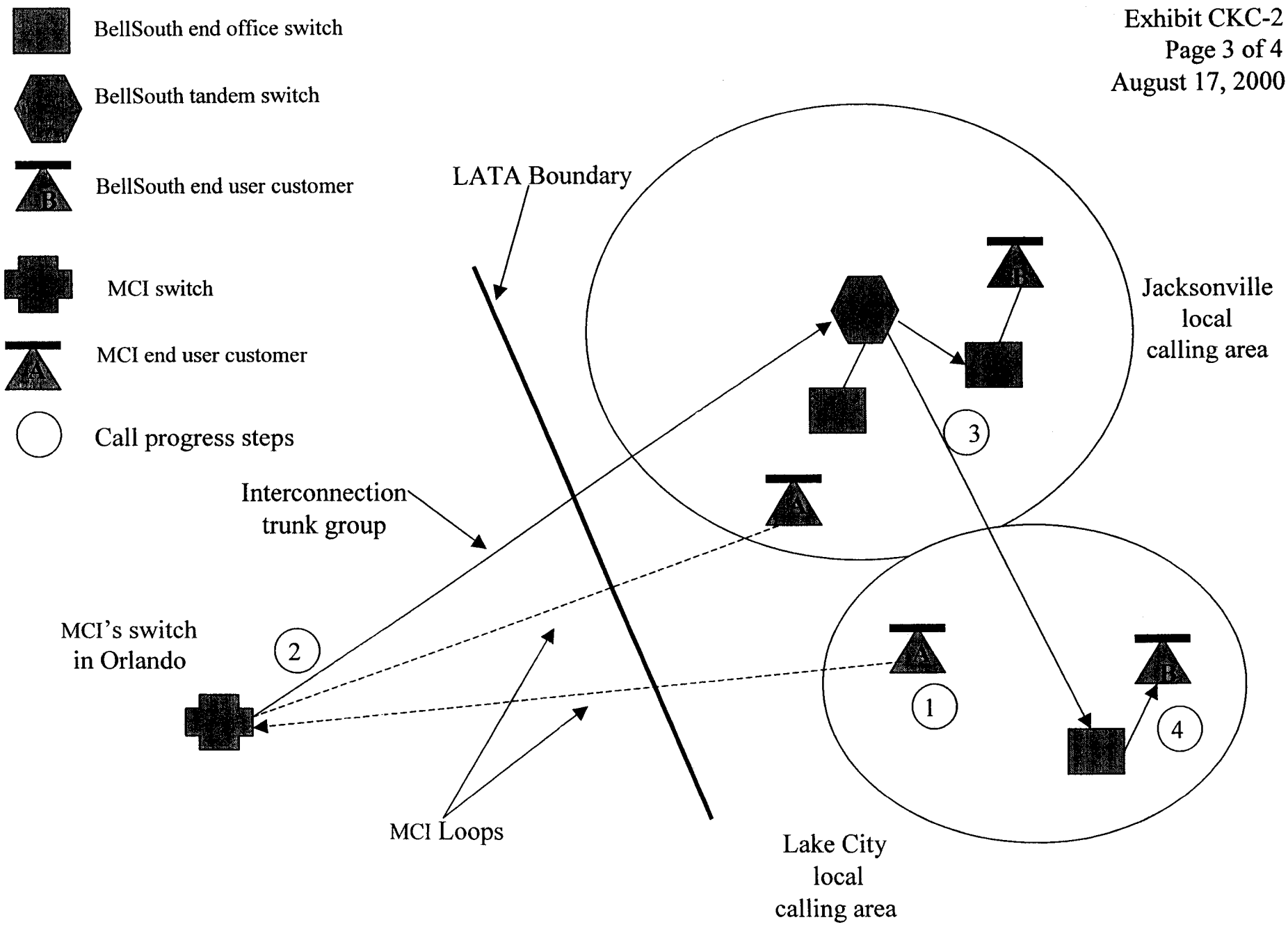
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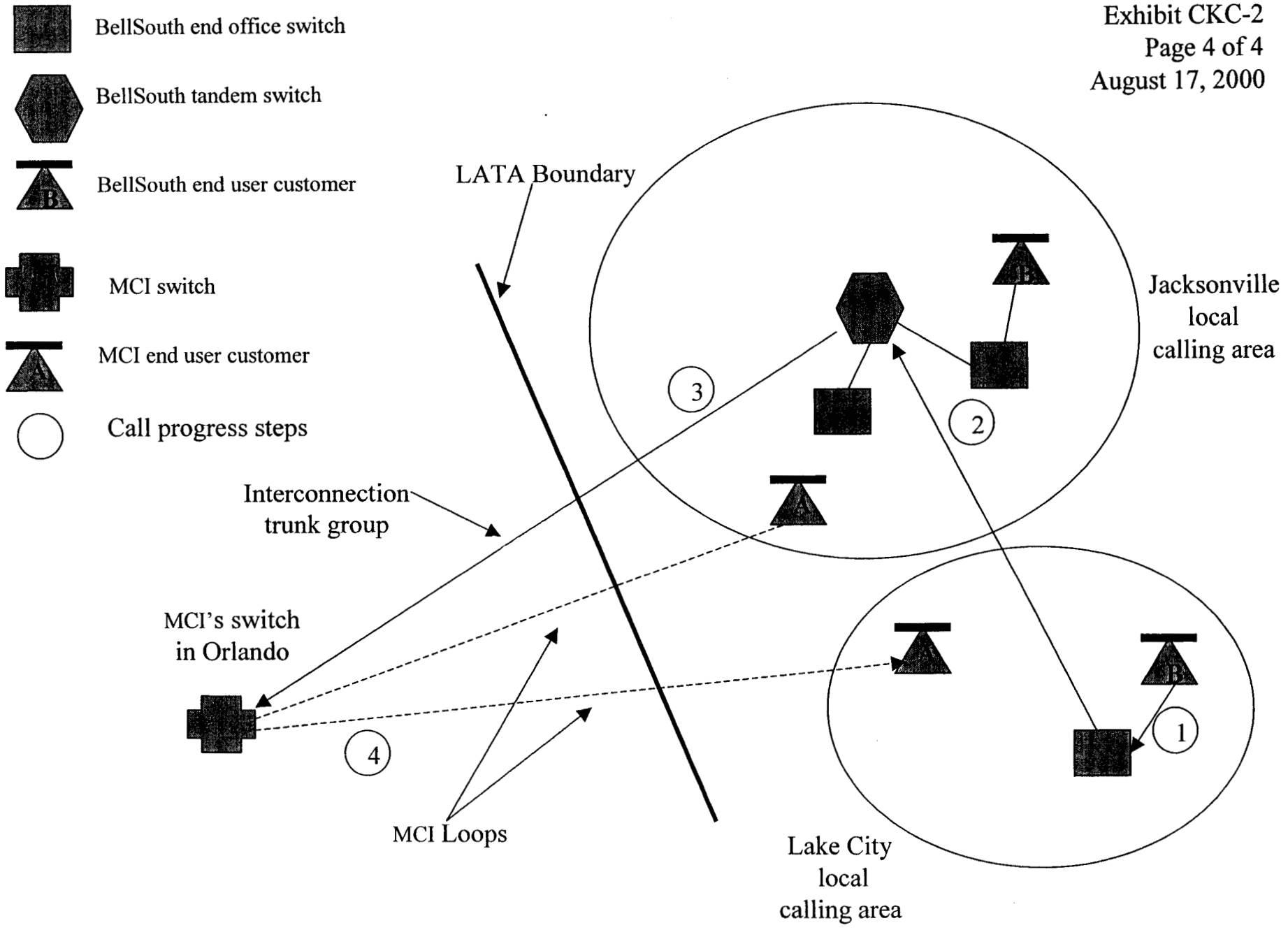
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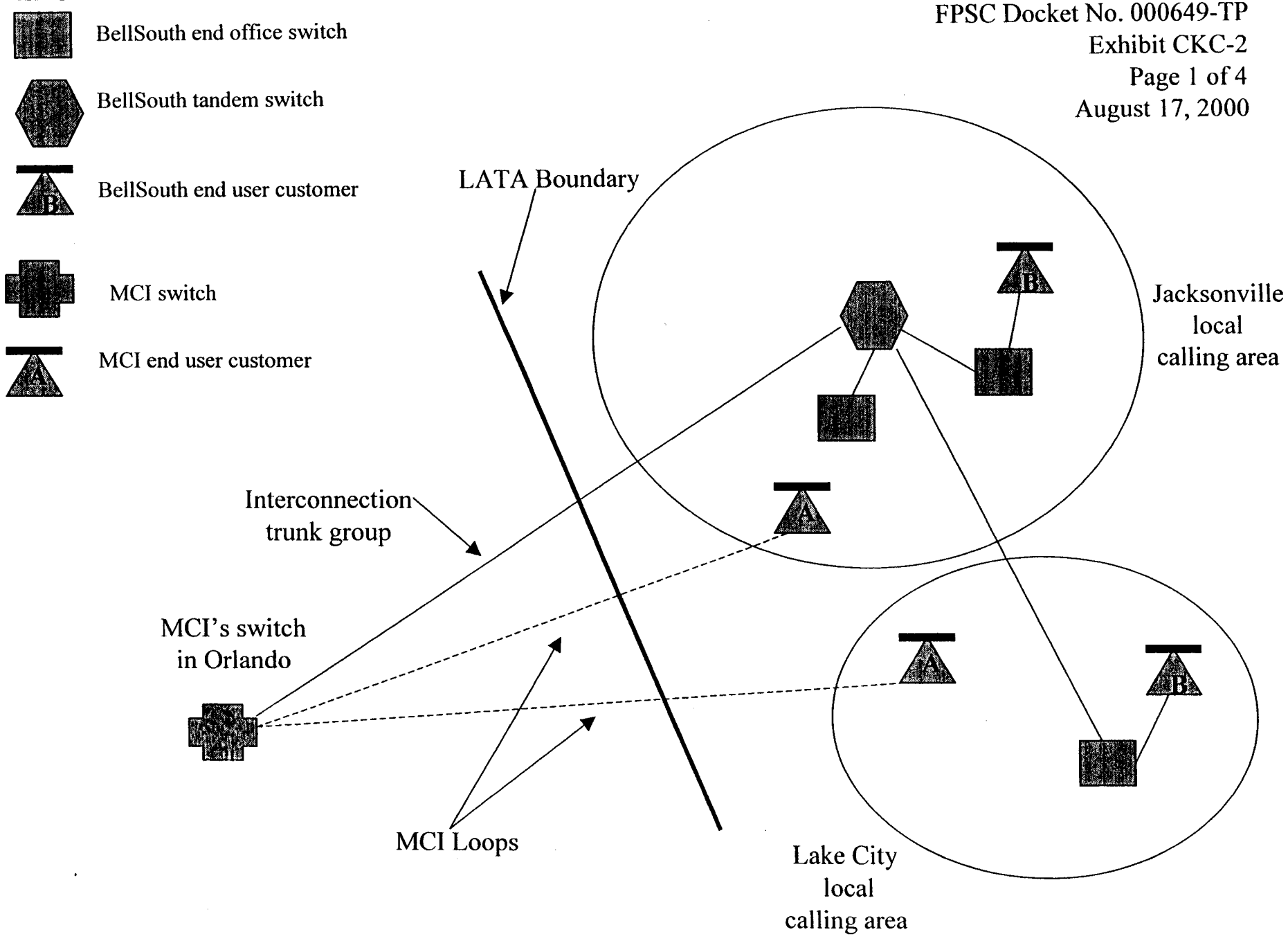

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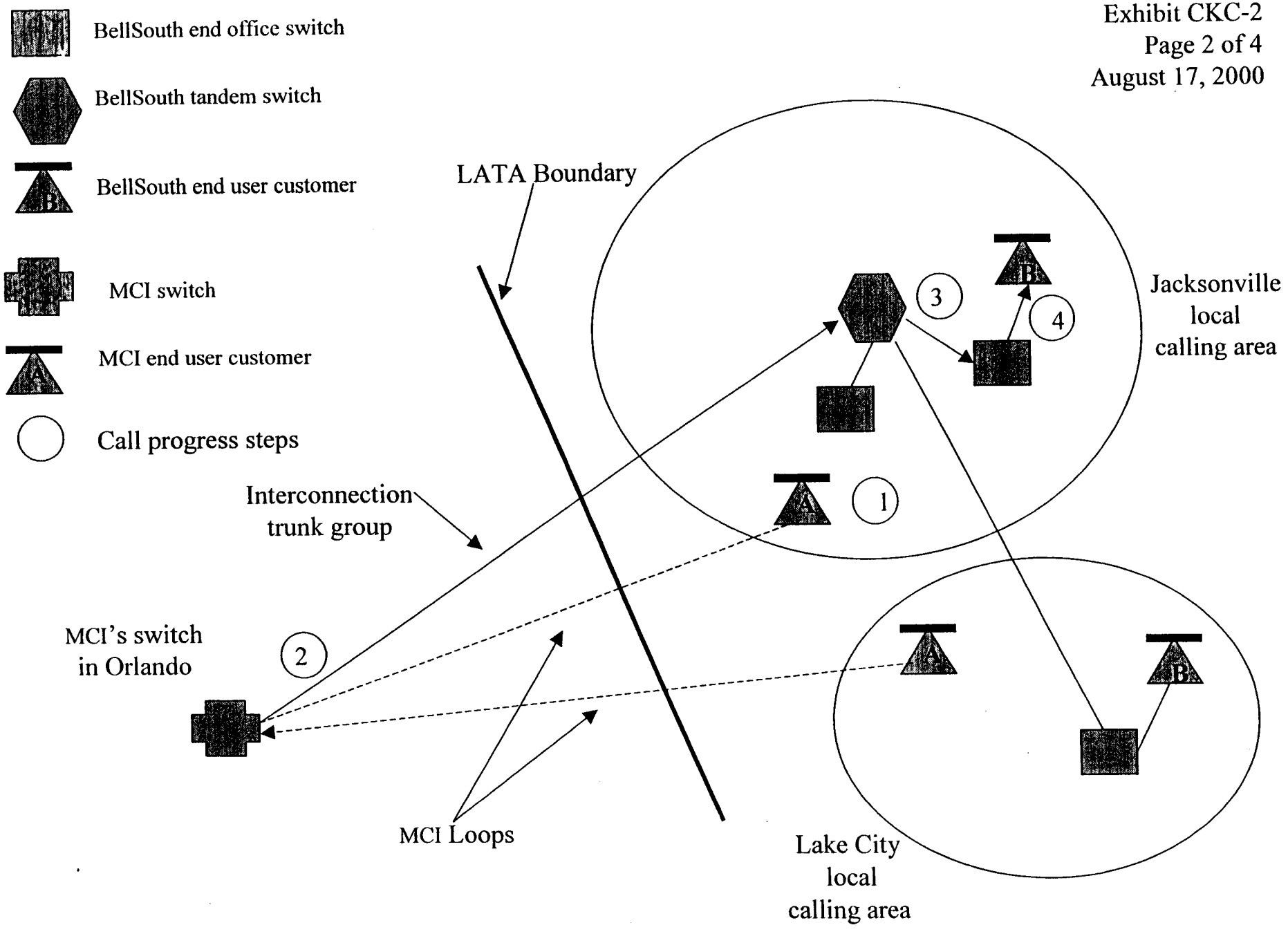
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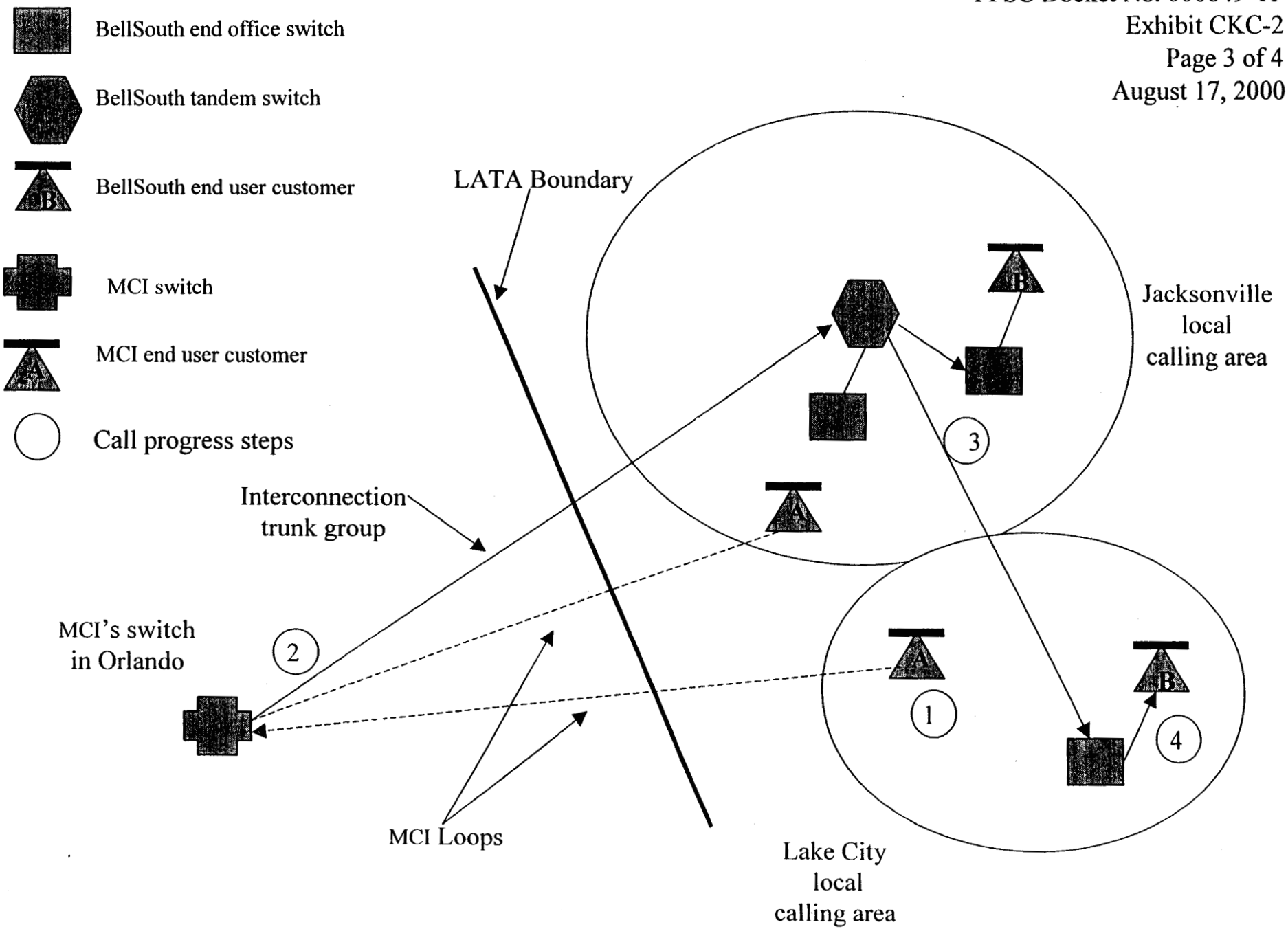
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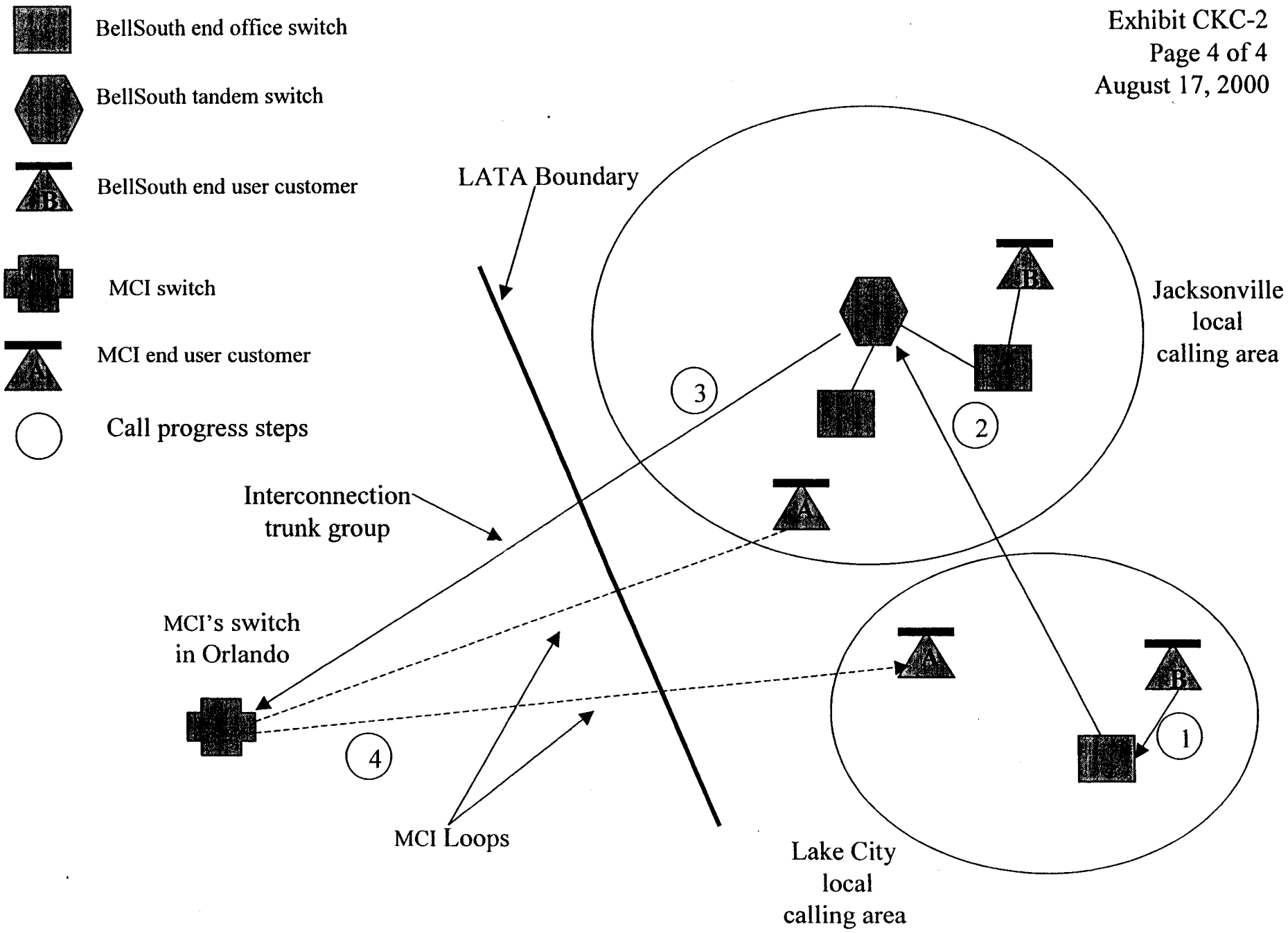
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BellSouth Telecommunications Inc.
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August 17, 2000

Maine Public Utilities Commission Order
Dated June 30, 2000

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

June 30, 2000

PUBLIC UTILITIES COMMISSION
Investigation into Use of Central Office Codes (NXXs) by New England Fiber Communications, LLC d/b/a Brooks Fiber
Docket No. 98-758

ORDER REQUIRING RECLAMATION OF NXX CODES AND SPECIAL ISP RATES BY ILEC'S (ORDER NO. 4)

NEW ENGLAND FIBER COMMUNICATIONS D/B/A BROOKS FIBER
Proposed Tariff Revision To Introduce Regional Exchange (RX) Service
Docket No. 99-593

ORDER DISAPPROVING PROPOSED SERVICE (PART 2)

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

TABLE OF CONTENTS

I. SUMMARY OF DECISION

We address two cases in this Order. In the Investigation Case (Docket No. 98-758), we direct the North American Numbering Plan Administrator (NANPA) to reclaim the central office (NXX) codes acquired by New England Fiber Communications d/b/a Brooks Fiber (Brooks) that it is using for an unauthorized interexchange service and not for facilities-based local exchange service. Brooks shall discontinue the unauthorized service in six months. In a related matter, we find that Brooks's tariff filing in Docket No. 99-593 for a proposed "regional exchange" (RX) service is unjust and unreasonable, and we disapprove the filing.

In the Investigation Case, we also require Bell Atlantic-Maine (BA) (with the participation of all other incumbent local exchange carriers (ILECs) as access providers) to offer the special retail service to Internet Service Providers (ISPs) that Bell Atlantic proposed in response to our last order in the Investigation Case. In addition, we require Bell Atlantic to provide the same service with a wholesale discount.

II. BACKGROUND

In our Order issued on June 22, 1999 in the Investigation Case, we made factual findings and factual and legal conclusions, all of which we had proposed in prior orders. Those included findings that the service provided by Brooks was interexchange rather than local and that the 54 NXX codes Brooks had acquired outside its Portland area exchange were not being used to provide local service. We also requested comments about a proposal set forth in the Order for a special retail service to be offered by ILECs to ISPs. The proposed service would be an interexchange service, but would provide a substantial discount from existing retail toll rates. Because it would be an interexchange service, it also would provide a more appropriate level of revenue to the ILECs than Bell Atlantic was receiving for the "local" traffic under the interconnection agreement between BA and Brooks.

Following comments that we received on that proposal, the Staff Advisors for the Commission issued an Examiner's Report and Supplemental Examiner's Report. The Examiner's Reports not only addressed the issue of the discounted rate mentioned above, but also recommended that we should order the NANPA to reclaim the 54 NXX codes that have been assigned to Brooks, and that we should disapprove Brooks's tariff filing in Docket No. 99-593 for "RX service."

Several parties filed exceptions and other comments to the Examiner's Reports. We will discuss those within the headings below.

III. RECLAIMING NXX CODES

In the Notice of the Investigation Case, we raised questions about the resolution of this case with respect to Brooks's use of the 54 NXX codes assigned to areas outside its Portland area exchange that Brooks has claimed are being used for local service.

We have made findings and factual legal conclusions about Brooks's service and the use of those codes, but we have not addressed the issue of the disposition of those codes in any detail since the initial Notice.

In the June 22, 1999 Order, we found that Brooks was not providing local exchange service in those locations of the state that are outside of its Portland area exchange, and that it was not using the central office (NXX) codes it had acquired from the North American Numbering Plan Administrator (NANPA) for the purpose of providing local exchange service. We found that Brooks has no local switching facilities or loops deployed in any of the locations outside its Portland area exchange to which the 54 non-Portland codes are nominally assigned. Brooks was instead using the NXX codes for the purpose of providing an interexchange service that it characterized as like foreign exchange ("FX-like").

Brooks's "FX-like" service uses the interoffice trunking of another carrier rather than dedicated facilities provided by Brooks. Brooks created the FX-like service by the expedient of acquiring a group of NXXs from the NANPA and assigning various geographic locations to them that are outside of its Portland area exchange, even though it had no local exchange customers in those locations and all of its local exchange service customers were located in the Portland area exchange. As a result, calls to the numbers assigned to locations outside the Portland area exchange, which in reality were calls to Brooks customers located in the Portland area exchange, were rated (at least by Bell Atlantic) as if they were calls to the assigned locations, e.g., Augusta. If a call originated within the Augusta basic service calling area (BSCA) and was directed to a Brooks number that was assigned to Augusta, Bell Atlantic rated it as a "local" call. Nevertheless, the call would be routed from a Bell Atlantic customer over a local loop owned by Bell Atlantic, through a local switch owned by Bell Atlantic, over trunking owned by Bell Atlantic to Bell Atlantic's access tandem in Portland, then to Brooks's switch in Portland, and finally to a Brooks ISP customer, also located in Portland.

Because Brooks was not using the 54 NXX codes for the provision of local exchange service, we found that it had no need for them, that their use by Brooks could lead to the exhaustion of NXX codes in the 207 area code, and that Brooks's use of those codes was an unreasonable act or practice by Brooks under 35-A M.R.S.A. § 1306.

The Federal Communications Commission (FCC) has delegated "significant additional authority" to this Commission to "take steps to make number utilization more efficient" and authorized the Commission to utilize "tools that may prolong the life of the existing area code." *In the Matter of Maine Public Utilities Commission, Petition for Additional Delegated Authority to Implement Number Conservation Measures*, CC Docket No. 96-98, Order (Sept. 28, 1999) (FCC *Delegation Order*), ¶¶ 5, 8. The FCC stated:

> The CO Code Assignment Guidelines provide that carriers shall activate NXXs within six months of the "initially published effective date." We are, however, concerned that enforcement of the Guidelines has been lax. Reclaiming NXX codes that are not in use may serve to prolong the life of an area code, because these codes are added to the total inventory of assignable NXX codes in the area code. Therefore, we grant authority to the Maine Commission to investigate whether codeholders have activated NXXs assigned to them within the time frames specified in the CO Code Assignment Guidelines, and to direct the NANPA to reclaim NXXs that the Maine Commission determines have not been activated in a timely manner. We also extend this reclamation authority to instances where, contrary to the CO Code Assignment Guidelines and Maine's rules, a carrier obtaining NXX codes has not been certified as a provider of local exchange service or has not established facilities within the certified time frame. This authority necessarily implies that the Maine Commission may request proof from all carriers that NXX codes have been "placed in service" according to the CO Code Assignment Guidelines as well as proof of certification in the specified service area and proof that facilities have been established within the specified time frame. We further direct the NANPA to abide by the Maine Commission's determination to reclaim an NXX code if the Maine Commission is satisfied that the codeholder has not activated the code within the time specified by the CO Code Assignment Guidelines or has obtained numbering resources without being certified to provide local exchange service.

FCC *Delegation Order* at ¶ 19 (footnotes omitted). According to the quoted portions of the *Delegation Order*, this Commission may require the NANPA to reclaim codes when a carrier either is not certified as a provider of local exchange service or fails to establish facilities within the required time period. *Delegation Order* at ¶ 19. The NANPA *CO Code Assignment Guidelines* (*Guidelines*) require carriers to "activate" codes within six months of the "initially published effective date." *Guidelines* at § 6.3.3. The failure to establish facilities is by itself a ground for reclaiming NXX codes. *Delegation Order* at ¶19.

A. Requirements that a Carrier Using NXX Codes Have Local Exchange Authority and Facilities

In its exceptions, Brooks argued that, as long as it had either obtained authority to provide service, or has met the test of establishing facilities, we cannot require the NANPA to reclaim codes assigned to Brooks. According to this argument, Brooks would be permitted to keep all the codes if it were acting contrary to Maine law with respect to authority but had established facilities in a timely way; or it could keep all the codes if it had lawful authority but had built no facilities. Brooks has misread the *Delegation Order*. Under that Order, there are two independent conditions that allow the Maine PUC to require the return of the codes: first, if Brooks has no authority for the

service it provides; and second, regardless of whether or not Brooks has authority, if Brooks has not established facilities within the allowed time.

In fact, Brooks has failed both tests. Brooks has not established facilities for local exchange (or any other kind of) service within the 6-month period required by the NANPA *Guidelines* in the areas outside its Portland area exchange to which the 54 NXX codes are assigned. Brooks has built absolutely no facilities (e.g., loops or switching) for local exchange (or any other kind of service) in those exchanges and has no customers in those exchanges.

Brooks has obtained general statewide authority under 35-A M.R.S.A. § 2102 to provide both local exchange and interexchange service.[1] That does not end the inquiry into whether Brooks has authority to provide service to a specific area, however. The FCC *Delegation Order* states that a carrier must be "certified" to provide local exchange service. We construe that statement, consistent with language in the *Guidelines*, to require that a LEC must obtain all necessary authority to provide the service that requires the use of NXXs. The *Guidelines* § 4.1.4 states that an applicant for an NXX code:

> must be licensed or certified to operate in the area, if required, and must demonstrate that all applicable regulatory authority required to provide the service for which the central office code is required has been obtained.

We have previously found that Brooks does not have the authority under its approved terms and conditions to provide local exchange service in any location in Maine outside its Portland area exchange. Notwithstanding general authority under section 2102, a utility does not have the authority to provide service to an area, unless its approved terms and conditions define those areas as part of its facilities-based local exchange service territory. A utility cannot offer a service without approved terms and conditions "that in any manner affect the rates charged . . . for any service." 35-A M.R.S.A. § 304. Brooks's approved terms and conditions limit the service area in which it will provide local exchange service to its Portland area exchange. Under current policies, consistent with the *Central Office Code Guidelines* and the FCC *Delegation Order*, we will grant authority to provide facilities-based local exchange service only for areas where a LEC can demonstrate that it will be able to provide facilities-based service within six months. Absent that showing, we would not approve a term or

[1]As pointed out by Brooks's exceptions, Brooks does have authority under section 2102 to provide interexchange service. It obtained that authority on September 9, 1997 in Docket No. 97-559.

condition for Brooks to provide facilities-based local exchange service outside its Portland area exchange.[2]

B. Requirement that NXX Codes Be Used For Local Exchange Service

In addition to the two requirements that are specifically stated in the FCC *Delegation Order*, we believe the *Delegation Order* and the *Guidelines* also require that NXX codes must be used for local exchange service rather than interexchange service. In our prior order we found that the "FX-like" service presently provided unlawfully[3] by Brooks is interexchange. In reaching the conclusion in our prior orders that the Brooks "FX-like" service is an interexchange service, and that Brooks is not using the 54 non-Portland NXX codes for local exchange service, we relied primarily on the definitions of local exchange and interexchange services contained in Chapter 280 of the Commission's rules, and on the substantively identical definitions contained in the interconnection agreement between Brooks and Bell Atlantic.

In its exceptions, Brooks suggested that the NANPA *Central Office Assignment Guidelines* do not necessarily require that NXX codes be used only for local exchange service. We disagree. The *Guidelines* state that NXX codes "are assigned to entities for use at a Switching Entity or Point of Interconnection they own or control." *Guidelines* § 3.1 and 4.1. They "are to be assigned only to identify initial *destination addresses* in the public switched network." Guidelines § 3.1 (emphasis added). "Assignment of the initial code(s) will be to the extent required to *terminate* PSTN [public switched telephone network] traffic *as authorized or permitted by the appropriate regulatory or governmental authorities* ... ." Guidelines § 4.1 (emphases added).

The quoted *Guidelines* leave little doubt that NXX codes are to be used only for the purpose of providing facilities-based local exchange service. IXCs generally do not terminate traffic at end-user locations. Except where they use special access (which, because it is dedicated, does not require switching or NXX codes), IXCs hand over their interexchange traffic to a facilities-based local exchange carrier, most often at a tandem switch. The LEC carries the call to a local switch and local loop, and then

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[2]In our recent orders granting authority to provide facilities-based local exchange service, we have restricted the authority to provide service granted at the certification level pursuant to 35-A M.R.S.A. § 2101, rather than at the term and condition level. If Brooks should pursue an argument in any forum that it has the authority to provide facilities-based service throughout Maine solely because of the order granting it authority to provide local exchange service, issued pursuant to Section 2102 in Docket No. 97-331, we will not hesitate to reopen that Order and review whether we should amend it in a manner consistent with other recent orders.

[3]The "unlawfulness" of offering the present service is due to the fact that Brooks is offering the service without approved rate schedules and terms and conditions. As noted above, Brooks does have authority under 35-A M.R.S.A. § 2102 to provide interexchange service.

terminates the call at the called customer, i.e., the destination address. As we found in our prior orders, Brooks is not terminating traffic on "destination addresses" in any of the 54 non-Portland locations.

The conclusion that the *Guidelines* require that NXX codes be used only for local exchange service is supported by the requirement in the FCC *Delegation Order* that an applicant for an NXX code be certified as a provider of "local exchange service."

C. Further Discussion of Prior Finding that the Brooks Service is Interexchange

In finding that Brooks's "FX-like" service was interexchange, not local, we relied in part on Brooks's characterization of the service as being "like" foreign exchange service. Although foreign exchange service has a local component (the "local" service of one exchange is brought to a customer in another exchange, hence the name "foreign"), it is the routing of calls from one exchange to another, between which toll charges otherwise would apply, that makes the service interexchange.[4] Brooks is correct that FX service has attributes of local service, because it brings local service to a remote location, but the primary purpose of FX is as a toll substitute, and we reaffirm our prior finding that FX is an interexchange service.

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[4]The interconnection agreement between Brooks and Bell Atlantic does provide definitions of local and interexchange traffic; these definitions apply to the traffic of both Brooks and Bell Atlantic. They are identical to the Commission's definitions in Chapter 280. Under those definitions, we concluded that the traffic that originated from areas outside the Bell Atlantic Portland BSCA, and that terminated in Portland, is interexchange. Bell Atlantic and the other ILECs gather that traffic using their loops and local switches in the various locations outside Brooks's Portland area exchange, and they carry it over interoffice transport facilities to Brooks's only switch, located in Portland. Because the traffic is interexchange, it is subject to the access charge provisions of the Brooks-BA interconnection agreement (for interexchange traffic) rather than the reciprocal compensation provisions (for local traffic).

As explained in our prior orders, the definitions of interexchange traffic in Chapter 280, § 2(G) and the BA-Brooks interconnection agreement expressly depend on toll charges applying; traffic between exchanges that have "local" (EAS or BSCA) calling is not considered interexchange. The BA-Brooks interconnection agreement refers to BA's retail tariff to determine whether a call is local or interexchange.

If any doubt should arise about our interpretation of the Brooks-BA interconnection agreement, we would not hesitate to reconsider our approval of that agreement to ensure that its definitions of local and interexchange traffic would not lead to an exhaustion of scarce public numbering resources.

FX (foreign exchange) service in effect brings the local exchange service of a distant ("foreign") exchange to another exchange. Thus, for example, a customer located in Portland who subscribes to FX service for Augusta will be provided with an Augusta telephone number and may make calls as if the customer were located in Augusta. Calls to locations within the basic service calling area (BSCA) for Augusta will be toll-free. If the customer's Augusta telephone number is provided to callers located in the Augusta BSCA, they may dial that number and be connected, toll-free, to the customer in Portland. For customers (e.g., ISPs) seeking to gather traffic from distant exchanges without the caller incurring a toll charge, this is a particularly valuable feature of FX service. However, for "traditional" FX service, the customer must pay for the cost of the transport facilities (ordinarily dedicated) between Portland and Augusta. Those costs are often substantial. Customers subscribe to FX to avoid paying toll charges, and to allow others to call them without toll charges,[5] but typically they must have substantial toll-calling volume between the two locations to justify the cost of the dedicated transport facilities.

Brooks's exceptions do not profess to relitigate our prior finding that its "FX-like" service is interexchange.[6] Nevertheless, Brooks does cite to us a decision of the California Public Utilities Commission, *Order Instituting Rulemaking on the*

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[5]Customers occasionally subscribe to FX service for an exchange that is within the BSCA of the home exchange. Nevertheless, even that FX service normally is for the purpose of avoiding toll charges. For example, a Portland customer might subscribe to FX service for Freeport, which is within the Portland BSCA. Freeport's BSCA includes Brunswick, but Portland's does not. Accordingly, the Portland customer, using the Freeport number, may call toll-free to locations, including Brunswick, that are within the Freeport BSCA; and persons in Brunswick may call toll-free to the customer in Portland by dialing the Freeport number.

[6]On May 1, 2000, AT&T filed a Petition to Intervene, accompanied by comments that purport to address our Order issued on June 22, 1999. When we grant a late petition to intervene, the intervenor is entitled to participate only in issues that are not yet settled and cannot seek to relitigate decided issues. AT&T's comments, however, do primarily argue that Brooks's "FX-like" service is local, notwithstanding the fact that this issue has been fully litigated. Nevertheless, we grant AT&T's petition so that we can address other arguments in its comments.

We cannot let pass, however, AT&T's statement that "ILECs themselves treat calls from their end-user customers to their own foreign exchange customers as local under their retail tariffs." AT&T's statement is nothing more than a description of the "local" component of FX service; it ignores the interexchange component. In any event, the placement of a service in a carrier's tariff is not necessarily determinative of its substantive character. As we found in our prior orders, the very purpose of FX service is as a substitute for toll (interexchange) calling, and FX customers pay substantial amounts in lieu of toll charges. AT&T and Brooks would have us redefine the interexchange component as "local."

Commission's Own Motion Into Competition for Local Exchange Service, Rulemaking 95-04-043; *Order Instituting Investigation on the Commission's Own Motion Into Competition for Local Exchange Service*, Investigation 95-04-044, Decision No. 99-09-029, California Public Utilities Commission, (Sept. 2, 1999) (California PUC *Rulemaking/Investigation Order*) apparently to support its argument that its existing "FX-like" service, and its essentially identical proposed RX service, are "economically efficient" and will avoid "unnecessary duplication" of the incumbent's network. We address those arguments in Part IV below. Brooks also claims, however, that the California PUC designated "foreign exchange service as a local exchange service."

The California Commission addressed a service configuration established by a "competitive local carrier" (CLC) that is identical to the configuration that Brooks established in Maine, with the distinction (probably insignificant in the long run) that the California CLC was using only two NXX codes.

We see nothing in the California PUC decision (particularly in the portion of the order quoted by Brooks) that suggests that FX service as a whole is local rather than interexchange. The California Commission did rule that charges to the *caller* should be rated by virtue of the "location" of the rate center (i.e., the location to which the rate center is assigned) rather than by the rate center of the ultimate destination. Thus, as under the present Brooks configuration in Maine, if the NXX were assigned to an area within the local calling area of the caller, no toll charge would be assessed on the caller. To that extent, the California decision is not necessarily remarkable.[7] If, indeed, a carrier is offering a reasonable and legitimate FX service, the normal expectation is that end users who dial a "local" number will not be charged toll charges for those calls, even though those calls are routed to a place to which toll charges normally apply. Another normal expectation, however, is that the FX subscriber (the customer that causes the call to go to the remote exchange) pays rates for that transport service that take into account the lost toll revenue.

The California PUC did not ignore the interexchange component of the service. It addressed this component as a compensation issue, stating:

> We conclude that, whatever method is used to provide a local presence in a foreign exchange, a carrier may not avoid responsibility for negotiating reasonable interexchange intercarrier compensation for the routing of calls from the foreign exchange merely by redefining the rating designation from toll to local.

[7]What is remarkable about the California decision, however, is the fact that such a substantial portion of the order addressed the issue of how calls made by end-users should be rated. The California approach would be paralleled here if our investigation concentrated primarily on the fact that some of the independent ILECs in Maine have rated the calls to the 54 non-Portland codes as toll calls to Portland.

> The provision of a local presence using an NXX prefix rated from a foreign exchange may avoid the need for separate dedicated facilities, but does not eliminate the obligations of other carriers to physically route the call so that it reaches its proper destination. A carrier should not be allowed to benefit from the use of other carriers' networks for routing calls to ISPs while avoiding payment of reasonable compensation for the use of those facilities.

Cal. Order at 32.

And:

> We conclude that all carriers are entitled to be fairly compensated for the use of their facilities and related functions performed to deliver calls to their destination, irrespective of how a call is rated based on its NXX prefix. Thus, it is the actual routing points of the call, the volume of traffic, the location of the point of interconnection, and the terms of the interconnection agreement – not the rating point – of a call which properly forms a basis for considering what compensation between carriers may be due.

Cal. Order at 36.

The California PUC never labeled the California CLC's "FX-like" service as wholly local or interexchange.[8] Brooks's claim that the California PUC found the service to be local exchange service is incorrect.

While the comparison of Brooks's "FX-like" service to traditional FX service has some parallels, we find that an even better comparison is to 800 service. Unlike "traditional" FX service, the Brooks service does not use any dedicated lines. Instead, as in the case of 800 service, Brooks's "FX-like" calls are placed to a "toll-free" number and routed over trunking facilities to a distant location that normally incurs a toll charge. It is beyond argument that 800 service is interexchange and that the charges paid for 800 service are charges for an interexchange service, paid instead of regular toll charges.[9] As discussed in more detail below, in connection with our rejection of

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[8]Based on its discussion about the considerations to be addressed in determining proper compensation, it is arguable that the California PUC considers FX service to be neither local nor interexchange, but *sui generis*.

[9]The California *Rulemaking/Investigation Order* recognized that, in addition to FX service, "another traditional method to provide toll-free calling is '800' service," and that if the California CLC had provided 800 service, it would have to pay "intercarrier switched access charges."

Brooks's proposed RX service, there is nothing preventing Brooks from providing a true 800 service, aside from its apparent unwillingness to pay for it.

We also doubt that Brooks has any real interest in retaining the 54 non-Portland NXX codes for any technical or engineering reason, or for any reason beyond the economic advantage that the codes provided, since 800 or some equivalent service would provide the same or better toll-free access to ISP customers. A toll-free service that uses trunking facilities rather than dedicated facilities can be provided efficiently (from an engineering perspective) using either the Brooks "FX-like" configuration or an "800-like" configuration. The significant difference between the two methods is the vastly greater number of NXX codes used in the Brooks configuration. We suspect that the real difference to Brooks between those two alternatives is that, by continuing to argue that it should be permitted to use 54 NXX codes to provide its service, on the ground that the "FX-like" service is "local exchange service," it may hold onto its hope that it might avoid paying Bell Atlantic for the interexchange transport service provided by Bell Atlantic. By contrast, under an 800-like service, it would be clear without any doubt that Brooks would have to pay the legitimate interexchange costs of long-distance transport, either by using (and paying access charges for) the facilities of another carrier or by paying for the costs of providing its own facilities.

The record makes clear that Brooks's "FX-like" service is being used by Brooks's ISP customers for the purpose of allowing the ISPs' customers who are outside Portland (and who are customers of Bell Atlantic or other ILECs rather than of Brooks) to call the ISPs from locations throughout the state without paying toll charges. It has exactly the same purpose as "traditional" FX service: it is a substitute for interexchange toll service. Alternatively, it is a variant on "800" service, which is a recognized interexchange service. We therefore reaffirm our finding that Brooks's "FX-like" service is an interexchange service, not a local exchange service.

D. Conclusion to Part III: Reclaiming NXX Codes

In this Order, pursuant to our authority under the FCC Delegation Order, we order the NANPA to reclaim the 54 non-Portland NXX codes assigned to Brooks, pursuant to the schedule described in Part V below. Brooks is not using those codes for purposes that are consistent with the NANPA *Guidelines* or the requirements of the FCC *Delegation Order*. It does not have the authority from this Commission to provide local exchange service to anywhere in Maine outside its Portland area exchange (the municipalities of Portland, South Portland and Westbrook); it has no loop, switching or other facilities in, or local exchange service to, those areas; and the "FX-like" service that it is providing with the use of the 54 non-Portland NXX codes is an interexchange service.

With regard to the procedure that we must use to order NANPA to reclaim NXX codes, the FCC stated:

> We note that the CO Code Assignment Guidelines dictate substantial procedural hurdles prior to reclamation of an unused NXX, in part to afford the codeholder an opportunity to explain circumstances that may have led to a delay in code activation... . We clarify that the Maine Commission need not follow the reclamation procedures set forth in the CO Code Assignment Guidelines relating to referring the issue to the Industry Numbering Committee (INC) as long as the Maine Commission accords the codeholders an opportunity to explain extenuating circumstances, if any, behind the unactivated NXX codes.

FCC *Delegation Order* at ¶ 20 (footnote omitted).

Brooks has had an ample opportunity in this proceeding to contest the findings and rulings we have made previously, and in this Order. Our findings fully support an order to the NANPA to reclaim the unused Brooks codes.

In Part VI below we address a service, to be furnished by the ILECs (and other carriers who wish to provide it), that will provide a reasonable substitute for the Brooks service, so that ISPs and their customers may continue to have affordable access to the Internet. We expect that it will take some time to implement that service, and we do not want to disrupt service to either ISPs that subscribe to the Brooks service or their customers. We therefore will delay the effective date of reclamation for a period of six months after the date of this Order so that Bell Atlantic and other ILECs will have sufficient time to establish the services and rates described in Part VI, and so that ISPs (and IXCs on a wholesale basis) will have a reasonable opportunity to subscribe to those services.

IV. CLAIMS BY BROOKS AND OTHER PARTIES THAT THE COMMISSION'S RULINGS IMPEDE COMPETITION AND EFFICIENCY

Brooks and others make an argument suggesting that the Commission's findings and rulings, and the rulings proposed in the Examiner's Report (that we now adopt), will impede local competition in Maine. In our view, the activities of Brooks that we have investigated in this case have nothing to do with local competition. Brooks's service does not create any local exchange service or competition whatsoever outside the Portland area exchange, which is the only exchange in which Brooks has any local exchange customers. The amount of local exchange competition created by Brooks's "FX-like" service is precisely the same as the amount of local exchange competition created by WorldCom's 800 service offerings in Maine's remote regions, i.e., none. Brooks has not built any local exchange facilities in the exchanges outside of Portland, and Brooks has no customers in those exchanges. Brooks has no contact with the callers in those exchanges who use Brooks's service to call the ISPs and has no idea who is "using" the service. The callers are in fact customers of Bell Atlantic, of the independent ILECs, and possibly of other CLECs. There is nothing that Brooks is providing in any of those non-Portland exchanges that resembles local competition in

any meaningful sense of the word, a fact borne out eloquently by all of the activities Brooks is not doing.

Contrary to what Brooks, AT&T and some others have implied, this Commission has been extremely receptive to, and supportive of competition for all facets of telephone service. On the interexchange side, the Commission has acted vigorously to reduce access rates everywhere in Maine, all to the advantage of vigorous interexchange competition. With respect to local competition, we have recently allowed, over the ILECs' objection, a trial of facilities-based local competition using Internet Protocol (IP) to go forward with virtually no regulatory intervention.[10]

The comments and exceptions filed by Brooks, as well as those by AT&T, also suggest that the Commission is constraining competition by placing restrictions on Brooks and other competitors in the way they define their local calling areas. Specifically, Brooks suggests the Commission is requiring it to be bound by the definitions used by incumbent local exchanged carriers (ILECs), and that such restrictions on competitive LECs are not appropriate in a competitive marketplace. On the contrary, we have not restricted Brooks or any other CLECs from how they define their own retail local calling areas or from the retail rates they want to charge. Brooks is free to offer calling areas of its own design so long as, when it uses the facilities of others to accomplish that end, it pays for those facilities on the basis of how their owners define them for wholesale purposes (interexchange or local). Wireless carriers already offer calling areas vastly different from those offered by wireline carriers, but have built (or leased) facilities that enable them to provide such calling areas.

With its "FX-like" service, however, Brooks is not attempting to define its own calling area. In the areas to which the 54 non-Portland Brooks NXX codes are assigned, Brooks is not offering a different calling area from those offered by the LECs. Its "FX-like" service is not a "local calling area" for Brooks's customers (who are all in Portland) or for anyone else. What Brooks is doing in the non-Portland locations is offering free interexchange calling to customers of *other* LECs that allows them to call a selected number of Brooks customers (ISPs) located in Portland. Brooks is in effect attempting to redefine the local calling areas of *other* LECs. If Brooks had any of its *own* customers served by its own facilities (either by building them itself or by purchasing UNEs), in one of the locations outside of Portland, e.g., Augusta, and offered those customers the ability to call *all* customers in Portland without toll charges, then it could be said that Brooks offered a local calling area in Augusta and, in particular, that its local calling area differed from the ILEC's local calling area. With its own customers in any area, Brooks would be free to delineate whatever "calling area" it wants for those customers, subject to the condition that if such a call is carried over the facilities of another carrier, it must compensate that carrier for the use of its facilities. However, Brooks has no authority to provide local exchange service and no facilities or

[10] *See Time Warner Cable of Maine, Request for Advisory Ruling Regarding Pilot Program,* Docket No. 2000-285, Advisory Ruling (Apr. 7, 2000).

customers in locations outside of Portland, and therefore cannot and does not have "local calling areas" in those places.

As discussed above, what Brooks is attempting to do is offer free incoming long distance *interexchange* service to customers of ILECs who are outside Portland and who want to call Brooks's customers in Portland. Although that goal should not be confused with the offering of a local calling area, we have no objection to the goal itself. Our objections are to the use of 54 NXX codes to accomplish that end, when reasonable alternatives exist; and to the notion that Brooks is somehow entitled to use the facilities of someone else, for free, to accomplish that goal. When a carrier uses facilities of others, it cannot unilaterally redefine wholesale arrangements between itself and the carriers that actually carry its traffic simply by declaring that its calls are "local" if that recharacterization is to its financial advantage. A carrier's retail definitions of local and interexchange do not govern whether it pays local or interexchange wholesale rates to other carriers that carry its traffic.

Brooks also suggests that we are deterring it from deploying a more efficient means of providing foreign exchange service, stating that its service is "an efficient functional equivalent to the *local service* provided by the incumbent BA-ME" (emphasis added). The claim is extravagant. Brooks is not offering an equivalent to local service, i.e., an ability to call all customers within a local calling area. At best, it is offering an "efficient functional equivalent" to Bell Atlantic's foreign exchange service. If the need to conserve NXX codes were not a concern, Brooks's claim that a trunking-based FX system is more economical than a system that uses private lines might have merit.[11] However, 800 service also uses trunking rather than dedicated lines between exchanges and provides the same level of efficiency as the Brooks "FX-like" configuration, but does not require any NXX codes.[12] Brooks's approach may be "innovative," but its claim that our orders "discourage the use of new technologies," and

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[11]The use of trunking facilities, which are shared by all users, is typically more cost-efficient than the use of facilities that are dedicated solely to the use of a single customer. On the other hand, at least for some customers, foreign exchange service that uses private lines that are dedicated solely to the use of that customer are likely to be more reliable because blocking either of trunking circuits or switching, caused by high traffic volumes, is less likely to occur. Emergency 911 and alarm services typically use dedicated circuits to reach remote exchanges.

[12]The California *Rulemaking-Investigation Order* suggests that in the absence of allowing California CLCs the option of using NXX codes for the purpose of providing an "innovative" FX service, CLCs would be required to place switching in every location in which they wished to have a local presence. It does not appear that the California PUC considered 800 service as a reasonable alternative to the NXX-code-based FX service. If one of Brooks's customers in Portland subscribed to an 800 service (provided by Brooks or any other carrier), it would not be necessary for Brooks (or one of the California CLCs in a parallel situation) to place switching in remote exchanges. With 800 service, a local customer in Augusta who was served by a LEC other than Brooks

its suggestion that it should not be saddled with the configuration of the ILECs' network, is disingenuous. Brooks is quite willing to use that network to reach the Brooks switch in Portland, but does not want to pay for its use.

V. REJECTION OF BROOKS'S PROPOSED RX SERVICE

In Docket No. 99-593, Brooks filed proposed terms, conditions and rates schedules for it to provide "Regional Exchange (RX) service." We disapprove the filing because we find the proposed service is not just and reasonable and because Brooks cannot provide the service without the 54 non-Portland NXX codes, which are not available to it for this service.

Pursuant to the provisions of Chapter 110, § 1003(b) of the Commission's rules, we issued a summary Part I Order on May 26, 2000 for this docket stating our conclusions. Part V of this Order constitutes Part 2 of the Order for Docket No. 99-593.[13]

The proposed service would use 54 (or more) NXX codes solely for the purpose of rating calls, so that calls from various locations throughout the State that terminate in Portland would be rated as local (non-toll). While it is a legitimate goal for a carrier to provide toll-free interexchange calling, there are reasonable alternatives to the service proposed by Brooks that do not needlessly use scarce NXX codes. One of those is traditional 800 service; another is the 800-like service we have ordered the ILECs to provide. Neither of these uses any NXX codes within the 207 area code. Nothing prevents Brooks, as an interexchange carrier, from providing an 800-like service itself. Nothing prevents it from buying such a service from another carrier, for example, its parent WorldCom. Under the present circumstances, where we are attempting to avoid the need for an additional area code in Maine, and where other services are available that are technologically equivalent, Brooks's use of 54 codes solely for the rating of interexchange traffic is unreasonable.

No service (even if there were appropriate compensation to the carrier actually providing the interexchange transport) justifies the extravagant use of NXX codes and 7-digit numbers within those NXXs proposed by Brooks. It would take only two or three

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(e.g., Bell Atlantic) would dial an 800 number. That number would be switched by a switch owned by the LEC providing service in Augusta and then routed to Brooks's customer in Portland. Brooks would need switching only in Portland.

[13]On June 2, 2000, the Examiner, pursuant to Chapter 110, §§ 103 and 1302, issued a Procedural Order that stated good cause for suspending the 5-day deadline for the issuance of the Part 2 Order.

The Part I Order in Docket No. 99-593, as well as the Procedural Order, incorrectly identify the date of deliberations as May 16, 2000. The correct date was May 9, 2000.

more Brooks-like arrangements, each with one ISP customer, to completely exhaust Maine's numbering resources. Brooks proposes to use numbers at the rate of 550,000 for ten customers (equivalent to a "fill" rate of under two one thousandths of one percent). Brooks also suggests that "in a pooling environment, Brooks's . . . use of limited NXXs cannot be said to encourage exhaustion." "Pooling" is the allocation of 1000 numbers within an NXX, which contains 10,000 numbers. Although pooling, which will occur soon, provides sufficient flexibility to allow us to delay the return of the particular codes that Brooks is not using for local exchange service for six months, its suggestion is not persuasive. A use rate of ten in 55,000 is not that much better than ten in 550,000. It is also likely that in a majority of the locations to which the Brooks codes have been assigned, there will not be any competitive LEC service in the near future. If there are no other CLECs to use some or all of the other 9000 numbers, assigning Brooks 1000 numbers out of 10,000 effectively ties up all of the 10,000 numbers in an NXX and would prevent the NXX from being used more effectively in a different location. Moreover, if in exchange where only Brooks was assigned a 1000 block of numbers, it were to use only 10 numbers, the use rate is still only ten in 550,000.

Brooks's proposed service (like the identical "FX-like" service it is presently offering without authority) also *depends* on the use of the 54 non-Portland NXX codes; it cannot offer the service without them. Those codes are not available to Brooks for the proposed service any more than they are for its present "FX-like" service. The reasons given in Part III, in support of our ruling that Brooks could not use the codes for the present service, apply with equal force here. Brooks does not meet any of the requirements of the FCC *Delegation Order* and the NANPA *Guidelines*. It does not have authority to provide local exchange service in any of the 54 non-Portland areas, and it has no facilities in those locations for the provision of local exchange service. In addition, the proposed service is an interexchange service rather than a local exchange service, and NXX codes may be used only for local exchange service.

Brooks argues that we should follow the reasoning of the California PUC *Rulemaking-Investigation Order* in order to allow it to use the codes for the purpose of providing the FX-like/RX service. We decline to do so for three reasons. First, the California PUC did not even consider the important questions of whether a carrier using an NXX must provide local exchange service to the place where the code is assigned, whether it must have local exchange facilities, or whether NXX codes may be used for interexchange services. It did not discuss the NANPA Guidelines or the contents of the delegation order that the FCC has issued to the California PUC granting it certain authority over the use and assignment of NXX codes.[14]

[14]As discussed above in Part III, the California PUC did not even clearly rule that the service being offered by its CLCs – virtually identical to the service offered by Brooks in Maine – was a local exchange service.

Second, even if the California PUC could lawfully allow CLCs in California to use NXX codes for a service like Brooks's service in Maine, it is apparent, as a policy choice, that the California PUC has placed a higher value on the ability of its CLCs to offer the FX-like service based on the use of NXX codes than on the conservation of those codes. It stated:

> We disagree with Pacific's claim that the Pac-West service arrangement should be prohibited because it contributes to the inefficient use of NXX number resources. While we are acutely aware of the statewide numbering crisis and are actively taking steps to address it, we do not believe that imposing restrictions or prohibitions on CLC service options is a proper solution to promote more efficient number utilization.

We disagree. While the California PUC sees no reason to "impos[e] restrictions or prohibitions on CLC service offerings," we see no reason why a carrier should be permitted to use scarce NXX codes for gathering interexchange traffic when there are technologically efficient methods (e.g., 800 service) to accomplish the same end, without using NXX codes.[15] The California PUC did not address whether an 800 service configuration would be a reasonable alternative for using codes for a non-dedicated FX-like arrangement.[16]

Third, and perhaps most significant, it appears that the California CLCs may actually have been offering true local exchange service (in addition to the NXX-code-based "FX-like" service) in the locations to which the NXX codes had been assigned. The California Commission stated:

> Moreover, there is no reason to conclude necessarily that a carrier will use any NXX code only to provide service to ISPs which are located outside of the assigned NXX rate center. For example, both Pac-West and WorldCom report they are actively pursuing numerous opportunities to provide profitable telecommunications services throughout their service areas. Their current subscribers include paging companies that have a significant demand for local DID

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[15]The NANPA reports that California presently has 25 area codes. 12 of which codes are in "jeopardy" and 11 of those 12 are subject to "extraordinary measures," i.e., rationing. Number Assignments; NPAs in Jeopardy (visited June 20, 2000) http://www.nanpa.com

[16]Given the California PUC's statements that the CLCs should pay ILECs that transport the call more than nothing for that transport, but should also not pay switched access rates, it should make little difference to the California CLCs whether they offer an NXX-code-based FX service based on the use of NXX codes or an 800 service.

> numbers, which they, in turn, assign to local end users who typically *are* physically located in the assigned rate centers. (emphasis in original) Customers also include banks, retail stores, and other businesses, both located *inside* and outside the assigned rate centers. (emphasis added)

California PUC *Rulemaking/Investigation Order* at 16-17.

While that reason appears to be little more than "make-weight" to the California PUC, we would consider such service to be highly significant. If Brooks actually offered local exchange service to customers located in any of the areas to which the 54 non-Portland codes have been assigned (on other than a sham basis), it would have a legitimate claim to retain the codes.

For the foregoing reasons, we disapprove the proposed terms, conditions and rates proposed by Brooks in Docket No. 99-593. Brooks is, of course, presently providing the very service it has proposed in the tariff filing, but without authority. We will require Brooks to terminate the present unauthorized service on the date that the NANPA reclaims the NXX codes assigned to Brooks that are located outside the Brooks Portland area exchange. We will, however, delay the effective date of our orders to the NANPA for a period of six months and will permit Brooks temporarily to continue to offer the present service to its currently existing customers during that period. As stated in the Part I Order in Docket No. 99-593, Brooks must file a tariff for this grandfathered service, or special contracts with the existing customers.

VI. ILEC SNS/PRI ("500") SERVICE FOR ISPs AND IXCs THAT SERVE ISPs

A. Service Description and Requirement; Rates

In the June 22 Order, we proposed that Bell Atlantic and all other ILECs (the independent telephone companies or ITCs), in their roles as providers of interexchange service in Maine, offer a special service and retail rate for ISPs that would represent a substantial discount from existing retail toll rates. The service would also provide Bell Atlantic and the other ILECs with a more appropriate level of revenue than the amounts BA-ME has "received" as "local" reciprocal compensation (which actually are payments by BA to Brooks) under Brooks's interpretation of the interconnection agreement between Brooks and Bell Atlantic. We also proposed that the service be available on a wholesale basis to other IXCs.

There are two purposes to this service: to provide affordable statewide access to the Internet and to provide an appropriate level of compensation to interexchange carriers that actually carry the traffic and to LECs that originate and terminate the traffic. Those carriers include Bell Atlantic, other ILECs that provide interexchange service or interexchange access service, and any other IXCs that might offer similar special ISP service on their own. At present, Brooks is providing affordable access, but it is needlessly wasting 54 NXX codes to provide the service and is not

properly compensating Bell Atlantic and other ILECs for the use of their interexchange facilities. We have found Brooks's service to be unreasonable and unlawful. Brooks's service also has not been available statewide on a toll-free basis. Most ITCs have rated the traffic to the Brooks NXXs that are nominally assigned to areas outside Portland as toll, because the traffic actually terminates in Portland rather than in the nominally assigned locations, and at least two have blocked the traffic.

We note that some of the discussion below refers only to Bell Atlantic. Some refers to ILECs generally or to Bell Atlantic and other ILECs. For example, where we discuss present impacts of Brooks's service, we usually refer only to Bell Atlantic. Bell Atlantic has been the primary carrier of the traffic generated by the Brooks service. Bell Atlantic also has an interconnection agreement with Brooks, and, at least until we found that the traffic was interexchange, Bell Atlantic paid Brooks reciprocal compensation for the "local" traffic that Bell Atlantic carried over its toll network. By contrast, the other ILECs (ITCs) do not have interconnection agreements with Brooks. Most ITCs have rated the traffic to the Brooks 54 NXXs assigned to areas outside Portland as toll, with the result that there is relatively little traffic originating in ITC exchanges that terminates at Brooks's ISP customers in Portland. In addition, as explained below, Bell Atlantic will be providing the retail service and the other ILECs will be providing access service. We fully intend, however, that all ILECs will participate in providing the service, that the service will be available statewide on a toll-free basis to end-users who are customers of ISPs, and that there be reasonable compensation arrangements among Bell Atlantic, other ILECs and any other participants.

We proposed a special rate for two reasons. Both of these are related to our findings that the ISP traffic carried by Brooks (only from its switch to its ISP customers) is interexchange rather than local in nature; and that Bell Atlantic and other ILECs actually carried the traffic over their transport facilities from locations outside the Portland calling area to Brooks's Portland switch. First, we want to ensure that Internet subscribers are able to continue to subscribe to the Internet at reasonable rates, consistent with the Legislature's mandate of "affordable" Internet access in 35-A M.R.S.A. § 7101(4), even though the traffic at issue in this case is interexchange rather than local. Second, we intend that the rate will fairly compensate Bell Atlantic and other ILECs that will be carrying or providing access for this interexchange traffic. We proposed that the service would be toll-free to end-users, much like an 800 service, and that it would avoid the need to use NXX codes within the 207 area code, again much like an 800 service, which uses no 207 NXX codes.

In its comments of July 14, 1999, Bell Atlantic proposed a service (labeled Single Number Service/Hubbed Primary Rate ISDN, or SNS/PRI) essentially identical to that proposed by the Commission, except for price.[17] As under the Commission's proposal, the SNS/PRI service would use numbers that would be toll-free to end-user

[17]The SNS/PRI service configuration uses advanced intelligent network (AIN) database capability and is therefore technically superior to circuit-switched 800 service.

customers. Each ISP could be assigned one (or more) 7-digit number within the "500" prefix.[18] There would be no need to use any NXX codes within the 207 area code.[19]

The SNS/PRI service is an interexchange service, and the rate is an interexchange rate, for traffic that the Commission has found is interexchange. It is also a *retail* service offered to ISPs. The rate to ISPs will be flat. There will be no usage component (per-minute or otherwise). The subscribers to the rate will be ISPs, not individual customers of ISPs. The service is an *inward* (called party pays) service; ISP customers would be able to call the "500" numbers without paying toll charges.

Under recent changes to the interexchange relationship between Bell Atlantic and the other ILECs (ITC), Bell Atlantic provides retail interexchange toll services to ITC customers in the local service territories of all of the ITCs, except one.[20] The ITCs provide access service to Bell Atlantic and other IXCs. The IXCs pay access charges according to rate schedules on file with the Commission. Pursuant to contract, the ITCs also bill their local exchange customers for Bell Atlantic's retail toll service, and turn over that retail revenue to Bell Atlantic. Unlike the other ITCs, Saco River Telegraph and Telephone Company provides its own interexchange service to its local exchange customers and pays Bell Atlantic and other ITCs to terminate its traffic.

Some questions have been raised about the participation of the independent ILECs, specifically about "concurrence" by those companies in Bell Atlantic's interexchange rate schedules. Historically, the independent telephone companies (ITCs) have concurred in those schedules. Under that concurrence (and the now abandoned settlements process), Bell Atlantic and the ITCs provided interexchange services jointly. Although some ITCs may still "concur," we view concurrence, or the lack thereof, as irrelevant under the present arrangement between Bell Atlantic and the ITCs, where Bell Atlantic provides interexchange service to retail customers located in ITC local service territories and the ITCs provide interexchange access services to Bell Atlantic.

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[18]Brooks's exceptions claim that Bell Atlantic cannot use "500" numbers for the proposed service. If Brooks is correct, we expect Bell Atlantic to obtain another prefix that it may use for the service.

[19]Great Works Internet (GWI), a customer of Brooks, states, somewhat misleadingly, that the proposed SNS/PRI service would require "20,000 internet users to change their numbers." The service would not require any of these users to change their home or business telephone numbers. They would only have to change the number that they dial to access internet service. The vast majority of these users would have to make a one-time change to the number in their computer software that provides access to the Internet. That software automatically dials the number.

[20]Other IXCs, such as AT&T, Spring and WorldCom, also provide interexchange service to local service customers of ITCs.

In response to a set of questions filed by the ITCs, Bell Atlantic stated that the ITCs will offer the SNS/PRI services only if they specifically concur or independently establish their own rate schedules for these services and agree upon compensation with Bell Atlantic. Bell Atlantic also stated that the tariff it is preparing will not include provisions "for the exchange of traffic for this service between BA-ME and the ITCs, in either the originating (i.e., ITC originated to BA-ME's ISP terminating subscriber) or terminating (i.e., BA-ME originated to ITC's terminating ISP subscriber) direction."

Consistent with the description above concerning toll services generally, we will require Bell Atlantic to offer the retail SNS/PRI service to ISP customers located in ITC local exchange service areas, and to allow customers of ITCs to call ISPs located in Bell Atlantic local exchange territory.[21] We also will require the ITCs to provide access service to Bell Atlantic and other IXCs. Rate schedule concurrence is not necessary. ITCs will also provide (sometimes jointly with Bell Atlantic) any necessary dedicated facilities (local distribution channels) to ISPs located in their territory. In response to the question asked by the Telephone Association of Maine (TAM) in its exceptions, concerning whether we are requiring BA to offer "toll plans statewide," including areas served by ITCs, the answer for the SNS/PRI service is yes.

B. Retail Pricing

BA proposed rates that would be "non-usage sensitive and non-distance sensitive and will probably fall in the range of $500-$600 per month, per SNS/PRI facility." In its March 24, 2000 filing, it stated that the rate for such a facility would be "approximately $500." A retail ISP subscriber must obtain a minimum of two SNS/PRI facilities, one in each of the two "sector hubs" for the service, located in Portland and one in Bangor. In addition, an ISP would need "appropriately sized Local Distribution Channels to connect the ISP's location to a single interconnection point on BA-ME's network," at flat-rated prices equal to special access prices, which are distance sensitive.

Bell Atlantic characterized these rates as "affordable" (the statutory standard) rather than based on a possible pricing standard mentioned in the Commission's Order, long run marginal cost.

No party objected to BA's proposed pricing for the retail service, either in earlier comments or in exceptions. The earlier comments filed by Brooks claimed that the proposed Bell Atlantic retail rate would not allow Brooks to "compete." Brooks did not state the reason for this claim, beyond the further conclusory statement that the proposed rate includes a "discriminatory rate structure that will make this service

[21] In the case of 800 service, 800 service customers located in BA-ME territory are able to receive calls from *all* locations in Maine including calls originated by ITC end-users. A BA-ME 800 service customer does not have to subscribe to an ITC service to receive those calls from end-users whose exchange service is provided by an ITC. We expect the same to be true with this SNS/PRI (500) service.

uneconomical for CLECs [sic] to provide."[22] Nothing precludes Brooks from offering a similar retail service using its own facilities and ILEC access services or through resale of the Bell Atlantic service. As proposed in the Commission's June 22, 1999 Order and in Bell Atlantic's proposal, the retail rate would be available at a wholesale discount so that other IXCs would be able to resell it. Bell Atlantic states that the discount in Maine is presently 18-20%.

The rate proposed for this service by Bell Atlantic is acceptable. It represents a substantial discount from the toll rates for the calling volumes directed to ISPs. It satisfies the criterion of 35-A M.R.S.A. § 7101(4), which requires "affordable access" to computer-based information services. Although not required to do so, competitive IXCs may also offer a similar service. In order to facilitate such offerings by IXCs, Bell Atlantic shall also offer a discounted wholesale rate as required by 47 U.S.C. § 251(c)(4). That requirement applies to "any telecommunications service that the carrier [any ILEC] provides at retail to subscribers who are not telecommunications carriers." The requirement does not make any distinction between local exchange and interexchange service. The amount of the discount represents billing and other costs that the ILECs avoid by providing the service on a wholesale basis to IXCs rather than on a retail basis to ISPs.

The Examiner's Report proposed to require Bell Atlantic to provide an additional rate for wholesale customers (IXCs) that would equal the wholesale rate described above, but that would be broken down into separate components of switching, transport and a remaining "common line" amount, similar to the current structure for access rates. The Examiner and advisors apparently believed that a carrier providing service to an ISP could use its own switching, for example, and purchase only transport and the common line component from Bell Atlantic or other ILECs, thereby avoiding the ILEC switching charge. According to Bell Atlantic's exceptions, that assumption is not correct:

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[22]Because the service is interexchange, Brooks's statement quoted above should be read as applying to the ability of *IXCs* to provide the service.

Brooks's exceptions provide a little more specificity to its objection. We discuss that objection below.

> SNS/PRI uses select network facilities to extend a wide-area calling area to an ISP's end users from the PRI hub locations. This investment includes hub switching, direct interoffice transport (where available), Advanced Intelligent Network (AIN) database capability and dedicated terminating facilities to the ISP end user. All of these network components must be in place to efficiently route calls under the SNS/PRI service.
>
> As a consequence, a competing carrier wishing to provide a service comparable to SNS/PRI on a facilities basis cannot own only a terminating switch, as the Examiner apparently envisions. Instead, a competing facilities-based provider must obtain all of the foregoing network facilities which enable BA-ME to provide SNS/PRI. There is no way for BA-ME to "break down" its retail service architecture into a wholesale access rate structure, as the switched access rate categories of common line, switching, and transport do not correspond to the investment in SNS/PRI-related facilities.

Brooks made a similar argument, claiming in effect that the "bundled" service "excludes" competition for what it refers to as the "local service component," i.e., the local distribution channel. Brooks apparently views the "local distribution channel" as a "local component" in part because of its name and its location in Bell Atlantic's tariff. A "local distribution channel" is a facility that runs between a switching facility and a customer. Such a facility is dedicated to that customer's exclusive use and, depending on purpose, may also be called a "local loop" or "special access." The facility, whatever it is called, is capable of carrying both interexchange and local traffic. The service that Bell Atlantic's and the ITCs will offer is an integrated interexchange service that carries interexchange traffic. Brooks apparently agrees with Bell Atlantic's claim that the service is an integrated one and cannot feasibly be broken down into components. Accordingly, we will not require Bell Atlantic and the ILECs to offer services consisting of the three components individually as suggested by the Examiner's Report.

Brooks, in its earlier comments, also complained that if the Commission ordered the proposed service, it would not be permitted to collect anything for traffic that originates on another carrier's network and that terminates at Brooks's facilities. The problem for Brooks is not whether it may collect compensation for terminating traffic, but whether there will be any terminating traffic, once its present unauthorized "FX-like" service ceases. The Bell Atlantic-ILEC SNS-PRI service will be provided directly to ISPs that subscribe to the service. That traffic will be carried directly to a subscribing ISP by Bell Atlantic (and, if the ISP is located in ITC territory, locally by the ITC). Unless Brooks (as an IXC) establishes a competing similar interexchange service, which it is

obviously free to do, none of the present "FX-like" traffic will terminate on Brooks's facilities. The question of compensation for nonexistent traffic is therefore academic.[23]

C. Compensation Among ILECs

Many, and perhaps most, ISPs are located in Bell Atlantic territory.[24] Under the SNS/PRI service, if an end user who is located in independent telephone company (ITC) territory places a 500-NXX-XXXX call to one of the ISPs located in BA territory, the ITC is entitled a "terminating" access payment from Bell Atlantic.[25] Conversely, when an ISP is located in ITC territory, and a Bell Atlantic customer dials a 500 number assigned to that ISP, the ITC is entitled to an "originating" access payments. In its Response, Bell Atlantic stated that because the SNS/PRI service was heavily discounted, it would not pay the ITCs their standard access rates. Bell Atlantic stated:

> [T]he proposed tariff does not cover the terms and conditions for the exchange of traffic for this service between BA-ME and the ITCs, in either the originating (i.e., ITC originated to BA-ME's ISP terminating subscriber) or terminating (i.e., BA-ME originated to ITC's terminating ISP subscriber) direction. The specific terms and conditions for the exchange of this traffic would have to be negotiated in arrangements between BA-ME and the ITCs because existing agreements for the exchange of toll and local traffic between BA-ME and the ITCs do not cover the special class of traffic created by the Commission in this docket and served by this new SNS/PRI offering.

It also stated:

> An ITC would need to determine for itself whether it desired to offer this service to its subscribers by concurring

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[23]Even if Brooks were somehow able to retain the ISP customers (other than in a resale capacity), so that it still had terminating traffic, the traffic would be interexchange, not local. The BA-Brooks interconnection agreement requires that regular access charges apply to interexchange traffic. BA would not pay reciprocal compensation to Brooks.

[24]At the time the Commission made its factual findings in the Order issued on June 22, 1999, all of the ISPs that are customers of Brooks were located in Portland. Bell Atlantic is the ILEC that serves Portland.

[25]As in the case of 800 service, because it is an inward service (the called party pays), "originating" and "terminating" access designations are reversed.

> in BA-ME's filed tariff terms and conditions.[26] The terms and conditions (including cost recovery) for the exchange of traffic originating or terminating on an ITC's network would need to be negotiated between BA-ME and the ITCs, most likely on the basis of an equitable division of the retail rate permitted by the Commission to be charged to the ISP subscriber.
>
> The origination of a call by an ITC subscriber to a BA-ME "500" or "555" ISP subscriber is not traditional access service by the ITC because the Commission has determined that BA-ME's provision of the interoffice transport and delivery of this traffic is not to be considered or rated as traditional toll service. The Commission, in this docket, has created an entirely separate class of service for Internet-bound traffic only.

The Telephone Association of Maine (TAM) strongly urges us in its exceptions to address the matter of inter-company compensation. The Examiner's Report had suggested that under 35-A M.R.S.A. § 7901 jurisdiction over inter-company compensation issues may be limited to occasions where the companies cannot agree. Subsection 2 of section 7901 does indeed address dispute resolution. Subsection 1, however, makes clear that the Commission has direct jurisdiction over "rates, tolls or charges" for the "transfer of messages or conversations" over lines that are connected between carriers without regard to the existence of a dispute. In addition, we have ample authority under 35-A M.R.S.A. § 1303 to investigate a matter such as inter-company compensation, and that issue surely is reasonably now within the scope of this case, which is an investigation under section 1303.

At least initially, BA, the ITCs and the Commission staff shall address the question of inter-company compensation in a collaborative manner pursuant to a schedule to be established by the Examiner. For that reason, as noted in Part V, we will allow BA and the ITCs a period of up to six months to address compensation issues, as well as any administrative matters that may arise.[27]

In addressing the compensation issues, BA, the ITCs and the Advisory Staff should be aware of the following considerations:

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[26]We have addressed the "need" for ITCs to "concur" at Part VI.A above.

[27]As noted in Part V, Brooks may continue to offer the unauthorized NXX-based "FX-like" service to existing customers only for the full 6 months.

1. It is not entirely clear (contrary to Bell Atlantic's assertions) that "existing agreements for the exchange of toll and local traffic between BA-ME and the ITCs do not cover the special class of traffic . . . ." It is not clear that existing access tariffs or contractual arrangements between the Bell Atlantic and the ITCs exclude any specific class or type of interexchange traffic from existing access tariffs or compensation arrangements.

2. As claimed by Bell Atlantic, the Commission has established a special category of interexchange toll service for Internet traffic, to be priced substantially below existing toll rates. Bell Atlantic asserts that "BA-ME's provision of the interoffice transport and delivery of this traffic is not to be considered or rated as traditional toll service." The Commission, however, has not made any finding at this time concerning whether special compensation arrangements are necessary for the SNS/PRI service.

3. If the ITCs charged their existing access rates for the origination of this traffic, Bell Atlantic most likely would be paying more to the ITCs than it would be collecting from its retail customers, the ISPs. We also note, however, that in the recent past, there has been no direct relationship between access revenue billed as a result of calling by a particular customer and the amount of retail revenue obtained from that same customer. Access rates are the same for all minutes and no longer vary according to calling volumes (as they did under versions of Chapter 280 of the Commission's rules prior to the enactment of 35-A M.R.S.A. § 7101-B) Retail rates vary considerably, however.

4. A substantial amount of the Internet traffic originating in ITC territory that will terminate in Bell Atlantic territory will be incremental. At least two ILECs block the traffic that would otherwise be directed to ISP customers of Brooks. Most ITCs charge regular toll rates for that traffic. Accordingly, the ITCs presently are not receiving a significant amount of access revenue for that traffic because blocking prevents, and per-minute toll rates deter, end users from subscribing to ISPs that are located in Bell Atlantic territory.

D. Other Issues

The exceptions of the Telephone Association of Maine (TAM)[28] state that some ITCs have switches that are not currently capable of providing PRIs. We will request the ILECs to address this matter in the collaborative process that we require in Part VI.C above.

[28]The ITCs and Bell Atlantic are all members of TAM, but at least on the issues addressed in this Part VI, it is clear that TAM represents the interests of the ITCs.

TAM's exceptions also note that the June 22, 1999 Order stated that "the rate would not be available to ISPs that offer voice services over the Internet." TAM states that it:

> believes this to mean that no customer subscribing to the service may do so for the purpose of carrying voice traffic. TAM is not aware of anything in the proposal that would prevent a company other than an ISP from subscribing to this service.

TAM then asks whether the Commission intends that the service should only be used by ISPs.

We do intend that the service be available only to ISPs. That limitation should appear in Bell Atlantic's terms and conditions. 35-A M.R.S.A. § 7101(4) justifies a special rate for connecting to the Internet. It does not justify a similar special rate for ordinary toll traffic.

TAM then raises questions about the enforceability of the limitation. We agree that enforceability may be a difficult problem, and we expect the parties to address this in the collaborative process that also will address compensation. We believe that a reasonable policy as a starting point is that ISPs that offer Voice over Internet Protocol (VoIP) should not be permitted to subscribe to the SNS/PRI service and rate. By "offering," we mean marketing and/or providing software for VoIP. If it is feasible to segregate VoIP traffic, we could alter that policy. We doubt if it is possible to enforce such a policy against end users who, on their own, obtain and use VoIP software.

VII. CONCLUSION

We reaffirm our findings in prior orders that Brooks's use of the 54 NXX Codes outside its Portland area exchange is for interexchange purposes, not local, and that Brooks is not providing facilities-based local exchange service or any other facilities-based service in those exchanges. The "FX-like" service that Brooks is currently offering without authority is unreasonable and will not be approved. Accordingly, Brooks has no legitimate need for the 54 codes, and, as authorized by the FCC Delegation Order, we order the NANPA to reclaim them six months after the date of this Order.

Within 30 days following this Order, Bell Atlantic shall file rates, terms and conditions for the retail, wholesale combined, and wholesale components services described in Part IV above.

Ordering Paragraphs

Accordingly, we

1. FIND, in Docket No. 99-593, pursuant to 35-A M.R.S.A. § 310, that the proposed changes to the rate schedules and terms and conditions of the New England Fiber Communications L.L.C. contained in Maine PUC Tariff No. 1:

5th Revised Page 1.1 (cancels 4th Revised Page 1.1)
2nd Revised Page 12.1 (cancels 1st Revised Page 12.1)
1st Revised Page 12.4 (cancels Original 12.4)
1st Revised Page 12.5 (cancels Original 12.5)
1st Revised Page 12.6 (cancels Original Page 12.6)
Original Page 12.7

are UNJUST AND UNREASONABLE and we ORDER that they will not become effective;

2. ORDER New England Fiber Communications L.L.C. to file special contracts, for approval under 35-A M.R.S.A. § 703(3-A), or rate schedules and terms and conditions, for a limited continuation of its existing service that is similar to the disapproved service, as described in the body of this Order;

3. ORDER New England Fiber Communications L.L.C. to make the filing or filings described in paragraph 2 on or before July 18, 2000;

4. ORDER the North American Numbering Plan Administrator (NANPA), effective six months from the date of this Order, to reclaim the 45 central office (NXX) codes in the State of Maine that are assigned to New England Fiber Communications d/b/a Brooks Fiber, and that are outside New England Fiber Communications' Portland area exchange (consisting of the municipalities of Portland, South Portland and Westbrook, Maine);

5. ORDER New England Telephone and Telegraph Company d/b/a Bell Atlantic-Maine to file a schedule of rates, and terms and conditions for the Single Number Service/Hubbed Primary Rate ISDN (SNS/PRI) service described in Part VI of this Order. Bell Atlantic shall make that filing within 30 days of the date of this Order; and

6. ORDER New England Telephone and Telegraph Company d/b/a Bell Atlantic-Maine, the independent incumbent local exchange carriers of Maine IXCs that are parties to the case that intend to offer SNS/PRI or similar service, and the Commission Advisory Staff assigned to this case to engage in a collaborative process for resolution of questions having to do with compensation between Bell Atlantic and the independent ILECs, the question of whether there are technical problems in offering the service at some independent ILEC switches, and the question of restricting such service

to uses other than Voice over Internet Protocol. For the latter purpose, the Advisors may request information from other parties in this case and from outside persons. The Hearing Examiner shall establish a schedule for the collaborative process, which shall not exceed six months.

Dated at Augusta, Maine, this 30th day of June, 2000.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
Nugent
Diamond

THIS DOCUMENT HAS BEEN DESIGNATED FOR PUBLICATION

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.

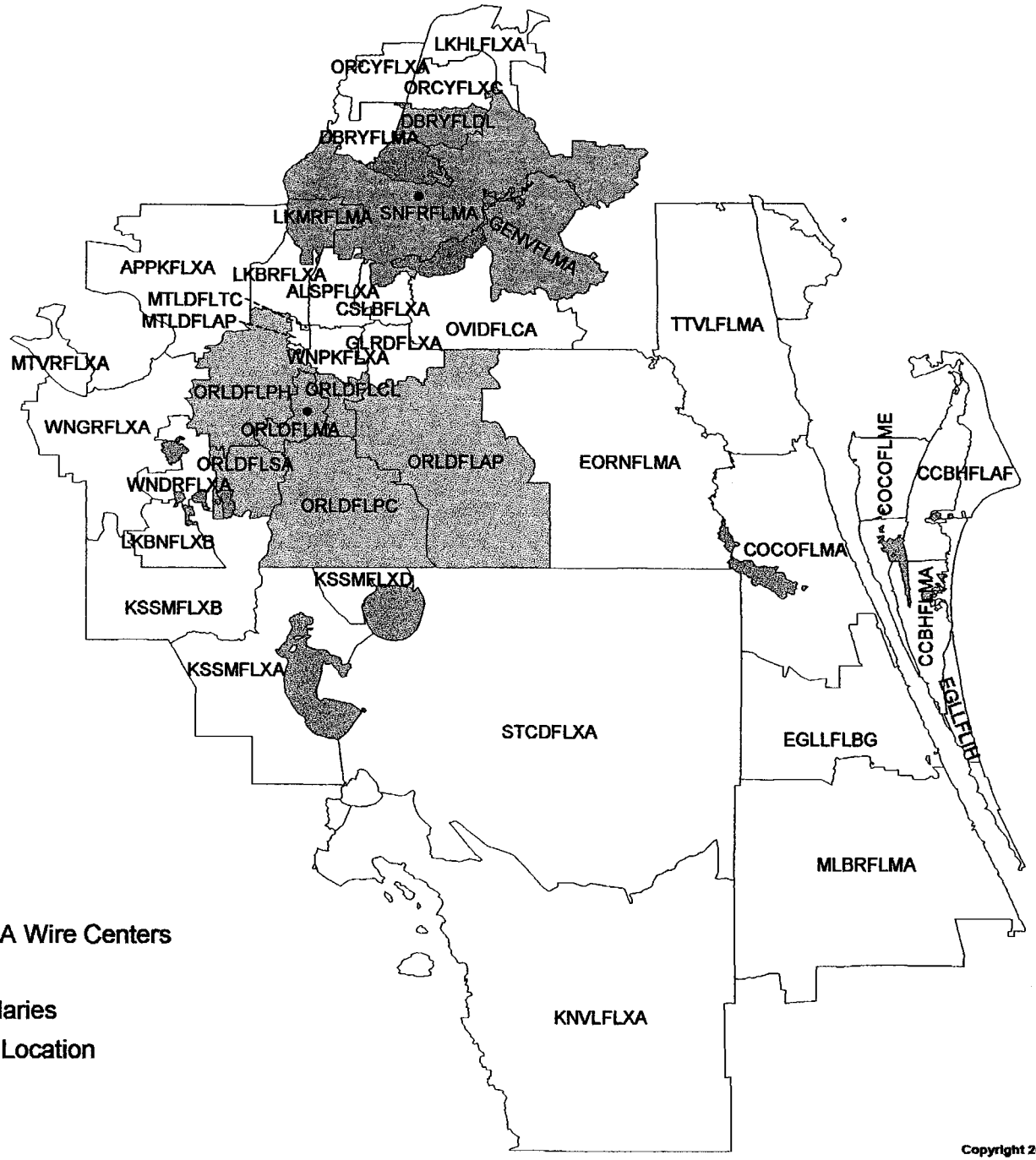
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Civil Procedure, Rule 73, et seq.

3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.

BellSouth Telecommunications, Inc.
FPSC Docket No. 000649-TP
Exhibit CKC-4
Page1-2
August 17, 2000

BellSouth Orlando LATA - Local Tandem Serving Area



LEGEND

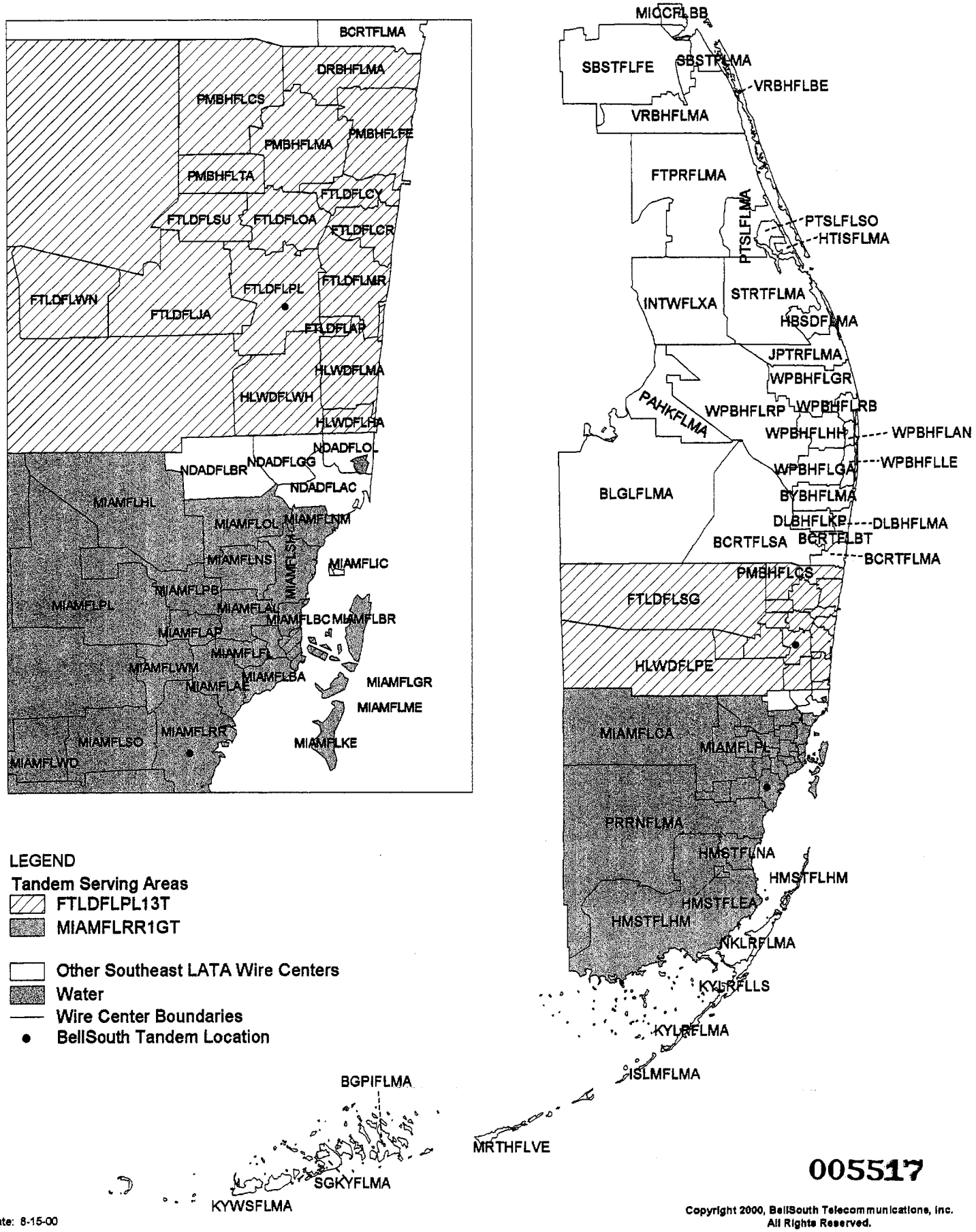
Tandem Serving Areas

- ORLDFLMA34T
- SNFRFLMA32T
- Other Orlando LATA Wire Centers
- Water
- Wire Center Boundaries
- BellSouth Tandem Location

005516

Date: 8-15-00

BellSouth Southeast LATA - Local Tandem Serving Area



LEGEND

Tandem Serving Areas

- FTLDFLPL13T
- MIAMFLRR1GT

- Other Southeast LATA Wire Centers
- Water
- Wire Center Boundaries
- BellSouth Tandem Location

005517

Date: 8-15-00