1 25/ [illegible]

AT&T

Michael W. Tye
Sr. Attorney

Suite 700
101 N. Monroe Street
Tallahassee, FL 32301
904 425-6360
FAX: 904 425-6361

January 25, 1996

ORIGINAL FILE COPY

Mrs. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 950985-TP

Dear Mrs. Bayo:

Enclosed for filing in the above referenced docket are an original and fifteen (15) copies of AT&T's Post-Hearing Brief.

Copies of the foregoing are being served on all parties of record in accordance with the attached Certificate of Service.

Yours truly,

Michael W. Tye

Attachments

cc: J. P. Spooner, Jr.
Parties of Record

ACK ✓
AFA
APP
CAF
CMU Chase
CTR
EAG
LEG 1
LIN 5
OPC
RCH
SEC 1
WAS
OTH

RECEIVED & FILED
mas
FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE
00929 JAN 25 96
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Resolution of petition(s) to establish nondiscriminatory rates, terms, and conditions for interconnection involving local exchange companies and alternative local exchange companies pursuant to Section 364.162, Florida Statutes	)	**Docket No. 950985-TP** **Filed: January 25, 1996**

POST-HEARING BRIEF OF AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC.

Pursuant to Rule 25-22.056, Florida Administrative Code, AT&T Communications of the Southern States, Inc. (hereinafter "AT&T") files this post-hearing brief in the above-referenced docket. AT&T respectfully requests that the Florida Public Service Commission (hereinafter the "Commission") issue an order requiring that interconnection be available at all technically and logically possible unbundled interfaces to the incumbent local exchange carrier's ("LEC") network and that the compensation paid by each company to the other for the completion of calls is the agreement to complete the other companies' calls in a like manner (the so-called "bill and keep" arrangement).

Background

This case was initiated as a result of recent revisions to Chapter 364, Florida Statutes, which were intended to introduce more competition into the intrastate telecommunications market in Florida. Specifically, in the 1995 legislative session, the

Florida Legislature enacted sweeping revisions to Chapter 364. In the course of enacting those changes, the legislature found that:

> the competitive provision of telecommunications services, including local exchange telecommunications service, is in the public interest and will provide customers with freedom of choice, encourage the introduction of new telecommunications service, encourage technological innovation, and encourage investment in telecommunications infrastructure. ...[1]

In implementing this policy, the Commission was directed to:

> Encourage competition through flexible regulatory treatment among providers of telecommunications services in order to ensure the availability of the widest possible range of consumer choice in the provision of telecommunications services.[2]
>
> ...
>
> Promote competition by encouraging new entrants into telecommunications markets and by allowing a transitional period in which new entrants are subject to a lesser level of regulatory oversight than local exchange telecommunications companies.[3]
>
> ...
>
> Encourage all providers of telecommunications services to introduce new and experimental telecommunications services free of unnecessary regulatory restraints.[4]
>
> ...
>
> Eliminate any rules and/or regulations which will delay or impair the transition to competition.[5]

---

1 Section 364.01(3), Florida Statutes (1995).

2 Section 364.01(4)(b), Florida Statutes (1995).

3 Section 364.01(4)(d), Florida Statutes (1995).

4 Section 364.01(4)(e), Florida Statutes (1995).

5 Section 364.01(4)(f), Florida Statutes (1995).

. . .

> Ensure that all providers of telecommunications services are treated fairly, by preventing anticompetitive behavior and eliminating unnecessary regulatory restraint.[6]

In essence, the legislature envisioned a new telecommunications environment in Florida, with consumers enjoying the benefits of a wide array of choices with respect to telecommunications services and the attendant benefits of competition in the intrastate telecommunications markets.

Under the revised provisions of Chapter 364, the LECs were given the opportunity to elect freedom from rate of return regulation.[7] The benefits to any LEC making that election are enormous. Essentially, a LEC electing "price regulation" under the new statute will be able to raise its rates on a wide variety of "non-basic" services by as much as 20% per year in any exchange where a competitor is providing local service. Moreover, "price regulation" permits the LEC to raise rates for "non-basic" services by as much as 6% per year in exchanges where there is no local competition whatsoever. And, the "price regulation" provisions of the new statute specify that such rate increases will be "presumptively valid" and may be implemented by the LECs on 15 days' notice.[8] Given these extremely generous rate increase allowances, it is small wonder that the LECs uniformly supported the revisions to Chapter 364.

Recognizing the ubiquity of LECs' network and the importance of preserving every telephone subscriber's ability to make calls to and receive calls from every other

---

[6] Section 364.01(4)(g), Florida Statutes (1995).

[7] Section 364.051(1), Florida Statutes (1995).

[8] Section 364.051(6), Florida Statutes (1995).

subscriber irrespective of the chosen local service providers, the legislature mandated that each LEC must provide interconnection with its telecommunications facilities to alternative local exchange companies ("ALECs") at nondiscriminatory prices, rates, terms, and conditions.[9] Interconnection allows two carriers to interconnect their networks so that calls originating on one network may transit or terminate on the network of the other carrier.[10] The establishment of fair and equitable terms, prices and conditions for ALECs to interconnect with BellSouth's ubiquitous network is critical to the development of competition in the State of Florida. Realistically, no consumer is going to buy local telephone service from a carrier that does not offer the consumer the ability to continue to make calls to and receive calls from all other local telephone subscribers.[11]

Moreover, to the extent the prices charged by the incumbent LEC for interconnection are excessive, thereby driving up the cost of entry for ALECs, the development and growth of competition will be hindered. The most likely way an ALEC will be able to attract customers from the monopoly provider who holds virtually a 100% market share is to be able to offer consumers lower prices for service. To the extent that the ALEC must pay high prices for essential monopoly inputs that afford customers the ability to maintain ubiquitous service, it is doubtful that competition will be spurred and that the benefits of competition will be realized by Florida consumers.

---

[9] Section 364.16(3), Florida Statutes (1995).

[10] Tr. Vol. 3, Guedel, p. 420.

[11] Tr. Vol. 1, Devine, p. 51.

Therefore, this Commission should require that interconnection occur at all technically and logically possible unbundled interfaces to BellSouth's network and that the compensation arrangement fosters competition in the local exchange market. The best compensation arrangement that will spur the development of competition is the bill and keep arrangement.

AT&T's Basic Position

AT&T believes that the most significant issues that need careful consideration and resolution by this Commission are: (i) the appropriate interconnection rate structure, interconnection rates, or other arrangements for the exchange of traffic between the various ALECs and BellSouth (Issue 1), and (ii) the appropriate arrangements for physical interconnection between the respective ALECs and BellSouth, including trunking and signaling arrangements (Issue 11). The remaining issues also are key to the establishment and implementation of appropriate interconnection arrangements that will foster competition. To the extent ALECs are unable to negotiate the resolution of these issues, the Commission should resolve them.

With regard to the appropriate interconnection rate or compensation arrangement, the Commission should adopt the "bill and keep" method proposed by MCIMetro, MFS and AT&T. Under this method, the compensation that one company offers to another for the completion of its calls is an agreement to complete the other company's calls in a like manner.[12] This is the best compensation arrangement, at least initially, because it avoids the necessity of each carrier having to develop, test and implement traffic measurement

[12] Tr. Vol. 3, Guedel, p. 429.

and billing systems. In addition, the bill and keep method avoids the necessity of doing cost studies to determine the price of call termination.

Bill and keep also may be a viable long term compensation arrangement. However, once competition has developed and some of the complications of measuring, billing and costing interconnection services are sorted out, it may be advantageous for the Commission to establish a mechanism whereby each company bills one another at prices based on the total service long run incremental cost ("TSLRIC") incurred in providing the service.[13] Setting prices at TSLRIC is appropriate because the LEC would recover the costs it incurs in providing call termination but would be prohibited from exacting an additional contribution from its competitors simply for the right to do business in a given territory.[14]

BellSouth is asking this Commission not to adopt the bill and keep method of compensation for terminating local calls notwithstanding the fact that BellSouth uses this compensation arrangement today with noncompeting adjacent LECs, even those in Florida, for terminating local traffic.[15] Instead, BellSouth has proposed to use switched access charges as compensation for terminating local exchange traffic and to include in that charge a universal service preservation charge, which only it would be allowed to charge and not the ALECs. BellSouth's proposal should be flatly rejected by this Commission because it is, among other things, anticompetitive and will lead to inefficiencies in the local exchange market.

---

[13] Id. at pp. 430-431.

[14] Tr. Vol. 3, Guedel, pp. 431-432.

[15] Tr. Vol. 3, Cornell, p. 371.

In the first instance, BellSouth is asking this Commission to establish its switched access rate as the appropriate interconnect rate that it should charge ALECs for terminating local traffic. This rate is approximately 4.495 cents per minute.[16] Yet, BellSouth's costs of providing switched access is approximately 0.005 cents per minute. If this Commission establishes BellSouth's switched access rate as the appropriate interconnection rate, BellSouth will be extracting a mark-up in excess of 800% over costs.

Furthermore, BellSouth has agreed to charge a significantly lower interconnection rate of approximately 1.052 cent per minute to those ALECs who have signed that certain Stipulation and Agreement dated December 8, 1995.[17] In fact, the stipulated rate is less than 25% of the rate BellSouth is asking this Commission to establish.[18] Plus, the stipulated rate is priced in excess of 100% above cost. Although, by statute, BellSouth is entitled to recover its costs of interconnection, it is not entitled to the enormous "contributions" contained in the rates BellSouth has proposed in this case (i.e. at least 800% above cost and at least four times the stipulated rate). BellSouth's attempts to extract this form of "tribute" from its competitors is nothing more than an attempt to unduly limit the number of its competitors. BellSouth's proposal should be denied. BellSouth simply should not be permitted to hinder competition by exacting an outrageously huge mark-up from its potential competitors.

---

[16] Tr. Vol. 3, Cross Examination of Scheye, p. 524.

[17] Tr. Vol. 3, Cross Examination of Scheye, p. 536.

[18] Tr. Vol. 3, Cross Examination of Scheye, p. 537.

Furthermore, BellSouth's proposal that it be permitted to include in its interconnection rate a charge for universal service/carrier of last resort obligations must be rejected. In Docket No. 950696-TP, this Commission decided that BellSouth had not demonstrated a need for any universal service funding. However, the Commission put in place a process for BellSouth to obtain universal service/carrier of last resort funding if BellSouth adequately demonstrates a need for such funding due to the effects of competition. BellSouth has failed to make such a demonstration.

Moreover, BellSouth's conduct belies any claimed need for universal service support from interconnection rates. Pursuant to the Stipulation, not only are the interconnection rates significantly lower than those BellSouth is asking this Commission to establish, but interestingly the parties who are signatories to that agreement are not required to contribute towards the support of universal service for the two-year term of the agreement.[19] The only logical conclusion one can draw from this is that either BellSouth does not foresee a need for universal support service for at least two years or BellSouth is engaging in anticompetitive and discriminatory behavior. Neither of these should be tolerated. Nor should BellSouth's attempt to circumvent this Commission's Universal Service order be tolerated.

Hence, the Commission should adopt the bill and keep method of compensation for the termination of traffic. This method will foster competition, reduce inefficiencies and afford consumers the opportunity to continue to obtain ubiquitous service but from a variety of local service providers. BellSouth's proposal should be rejected because it is

[19] Tr. Vol. 3, Cross Examination of Scheye, pp. 533-534.

nothing but a thinly veiled attempt by BellSouth to erect a virtually insurmountable barrier to entry, to garner undeserved revenues from its competitors simply for the right to preserve ubiquitous telecommunications services in Florida, and to circumvent the Commission's Universal Service order.

With regard to the appropriate arrangements for the physical interconnection between ALECs and BellSouth, the Commission should require that the points of physical interconnection be available at all technically and logically possible unbundled interfaces to BellSouth's network at the request of an ALEC. In so doing, ALECs will be able to structure their networks and services in the most efficient manner as possible, thereby avoiding the duplication of the current inefficiencies (to the extent that any exist) in BellSouth's network. If the Commission allows BellSouth to unilaterally determine the points of interconnection, the most cost efficient alternatives may not be allowed.

BellSouth's position in this docket is that the only technically feasible points of interconnection are at its tandem and end office. This position is just plain wrong because it ignores an arrangement widely used today between LECs (namely, the mid-span meet arrangement). In order to permit interconnection arrangements that are efficient, the Commission should require that these arrangements be available at the request of an ALEC at all technically feasible points, including, but not limited to, BellSouth's end office, BellSouth's tandem or a mid-span meet point.

Argument

1. What are the appropriate rate structures, interconnection rates or other compensation arrangements for the exchange of local and toll traffic between the respective ALECs and Southern Bell?

__Summary of Position:__ The best compensation arrangement for the exchange of local traffic at the present time is the "bill and keep" arrangement. The exchange of toll traffic should be billed at current switched access rates and should be provided by BellSouth to all toll providers at the same rates, and on the same terms and conditions.

Discussion: Interconnection allows customers of one carrier to complete calls to customers of another carrier. Obviously, the compensation arrangement between carriers for the termination of calls[20] on their respective networks will to a large extent determine the degree of competition that will develop and the rate at which competition will grow. The best arrangement that will allow competition to flourish, that will not erect any artificial barriers to entry and that will promote efficiency is the bill and keep method for the exchange of local traffic. To ensure nondiscriminatory treatment, compensation for the exchange of toll traffic should be at existing access charge levels. However, AT&T fully supports reducing those charges to TSLRIC as expeditiously as possible. BellSouth's proposal to charge switched access rates for the termination of all traffic should be rejected. Moreover, BellSouth's proposal that it be allowed to charge ALECs more for interconnection than ALECs may charge BellSouth allegedly due to BellSouth's

[20] Call termination is the function of receiving a call from an interconnecting company at the terminating company's switch and delivering the call to an end user customer. Tr. Vol. 3, Guedel, p. 427.

universal service/carrier of last resort obligations, also should be rejected by this Commission. Neither of BellSouth's proposals will foster the development of competition or promote efficiencies in provision of local exchange services.

This Commission should adopt the bill and keep method as the appropriate compensation arrangement for the termination of local exchange traffic. Under this arrangement no dollars change hands. The compensation that one company offers to another for the completion of calls is the agreement to complete the other company's calls in a like manner. This method can be implemented quickly and is easy to administer. It obviates the need for cost studies to establish and justify specific prices, and avoids the need for the development and implementation of billing and measurement systems.[21]

Perhaps more significantly, the bill and keep method of mutual traffic exchange prevents BellSouth from using its monopoly bottleneck facilities to create a price squeeze.[22] A price squeeze occurs whenever the monopoly supplier sets the price of bottleneck monopoly inputs at a level such that its end user price does not recover both the price for the monopoly input and the rest of the costs of producing the end user service.[23] A price squeeze is prevented because both the ALEC and BellSouth will be "charging" each other the same price for interconnection, namely terminating the other carrier's calls. If, as BellSouth proposes, the incorrect method of imputation is adopted or

---

[21] Tr. Vol. 3, Guedel, p. 430.

[22] Tr. Vol. 3, Cornell, p. 369.

[23] Tr. Vol. 3, Cornell, p. 382.

1206

it is allowed to charge ALECs more for interconnection than ALECs charge BellSouth, a price squeeze will likely occur.

Hence the bill and keep method will produce the most desirable results, namely the fostering of competition. Otherwise, if it costs an ALEC more for interconnection than BellSouth, the ALEC would be forced to either (i) charge a higher price for its local service than BellSouth in order to recoup its costs, (ii) price its service at the same price as BellSouth and take a loss on each customer it serves, or (iii) be more efficient, instead of just as efficient, as BellSouth.[24] Obviously, each of these alternatives will have the effect of stalling, if not halting, the development of competition.

Furthermore, the bill and keep arrangement will incent each carrier to minimize its cost of terminating traffic, thereby promoting efficiency.[25] To the extent a carrier can lower its costs of terminating traffic, such carrier could pass on the efficiency gains to its customers in the form of lower price. This will encourage carriers to actively seek ways to lower these costs in order to entice more customers to choose it as the customers' local service provider. Thus, the Commission should adopt the bill and keep arrangement which will undoubtedly benefit consumers.

BellSouth's proposal, on the other hand, inappropriately seeks to require each carrier to pay the other carrier the costs of terminating traffic in cash rather than in kind. This proposal will not only stifle competition but will incent carriers to artificially inflate terminating costs so that, to the extent a carrier can require its competitor to pay a higher

---

[24] Id.

[25] Id. at 372.

price for call termination than that carrier pays, the carrier charging the higher price will benefit. Because of the windfall a carrier will receive to the extent it can pass on efficiencies to its competitors in the form of higher prices, an inefficient carrier will have no incentive to become more efficient.

Moreover, BellSouth's proposal should be rejected not only because it promotes inefficiencies but because it seeks to extract an unnecessarily enormous fee from its competitors simply for the right to offer consumers the ability to continue to make calls to and receive calls from every telephone subscriber. Specifically, BellSouth is seeking to charge ALECs who have not signed the Stipulation the sum of the terminating common carrier line charge, an entrance facility fee, the RIC, a switched transport facilities termination charge, an access tandem switching charge and a local switching fee. This amount totals approximately 4.495 cents per minute of use.[26] Yet, BellSouth has agreed to charge an interconnection rate of only 1.052 cents per minute to those ALECs who have signed the Stipulation. BellSouth's proposal that this Commission establish an interconnection rate that is at least 4 times the rate that BellSouth has elected to charge other ALECs under the Stipulation should be rejected. BellSouth should not be allowed to pick and choose who its competitors will be by effectively erecting a virtually insurmountable barrier to competition in the form of exorbitant interconnection rates. It is no secret that without interconnection arrangements with BellSouth a competitor will not be able to preserve a consumer's ability to make to and receive calls from every telephone subscriber.

[26] Tr. Vol. 3, Cross examination of Scheye, pp. 523-524.

Moreover, the statute simply requires that BellSouth recover its costs of interconnection. Given that the cost of providing switched access is less than 0.005 cents per access minute of use and is more likely closer to 0.003 cents,[27] BellSouth's proposal that it be allowed to charge its current switched access rate of 4.495 cents per minute for interconnection is outrageous. This rate includes a mark-up above cost in excess of 800% (and probably closer to 1400% or more).[28] Likewise, the stipulated rate of 1.052 cents per minute includes a mark-up in excess of 100% above costs. Not surprisingly BellSouth's witness testified that the stipulated rate of 1.052 cents per minute not only covers BellSouth's direct costs in terminating traffic but also includes a "contribution" towards shared costs.[29] This Commission should not be a party to BellSouth's attempts to gouge its competitors by establishing a rate that is at least 850% above cost and at least four times a rate agreed to by BellSouth. This Commission should reject BellSouth's proposed rates and adopt the bill and keep method of compensation.

BellSouth's outlandish proposal is further exemplified when compared with the other interconnection compensation terms BellSouth agreed to in the Stipulation. Although BellSouth is asking this Commission to establish a rate of 4.495 cents per minute, not only has BellSouth agreed to a rate in the Stipulation that is at least four times less than the proposed rate but BellSouth has also agreed to a 105% price cap on the charges that will paid for interconnection. BellSouth has agreed that "one party will not

---

[27] Tr. Vol. 3, Guedel, p. 17.

[28] Id.

[29] Tr. Vol. 3, Cross examination of Scheye, p. 536.

bill the other party for more than 105 percent of [the lesser of] what the other party" bills.[30] In other words, in those months in which, for example, an ALEC terminates more minutes on BellSouth's network than BellSouth terminates on the ALEC's network, the ALEC would not be obligated to compensate BellSouth for those minutes of use that exceed 105% of the minutes that BellSouth terminates on the ALEC's network. The effect of the stipulation is that to the extent traffic is in balance, the amount each carrier charges the other cancels out. To the extent the ALEC terminates more traffic on BellSouth's network than BellSouth terminates on the ALEC's network, the ALEC only pays compensation on 5% of the lesser amount of traffic terminated. The Commission should keep in mind that although the ALECs to the Stipulation are only paying compensation on 5% of the lesser amount of the traffic terminated, the rate that BellSouth is charging, 1.052 cents per minute, is still priced in excess of 100% above costs. Therefore, it is readily apparent that BellSouth's proposed interconnection rate of 4.495 cents per minute in this case is unreasonable, anticompetitive, and discriminatory. BellSouth is merely seeking to retain its monopoly foothold on the local exchange market by highjacking its competitors who require interconnection in order to preserve consumers' access to ubiquitous telecommunications services. Such anticompetitive behavior should not be sanctioned by this Commission and BellSouth's proposed interconnection rate structure should be flatly rejected.

In addition, BellSouth is seeking to recover a "universal service preservation charge" in the interconnection rate that it charges the ALECs who are not parties to the Stipulation. The Commission should not allow this blatant attempt to circumvent its

---

[30] Tr. Vol. 3, Cross examination of Scheye, pp. 538-539.

universal service order. BellSouth has failed to demonstrate, as required by the Commission's order, that it needs other telecommunications service providers to contribute to the support of universal service/carrier of last resort obligations because BellSouth's ability to support those obligations has been eroded due to competition. Absent such a demonstration, BellSouth is not entitled to receive universal service/carrier of last resort payments. Nor should this Commission permit BellSouth to circumvent its order by allowing BellSouth to extract those payments surreptitiously without the proper demonstration of need. Besides, BellSouth's willingness to forego universal service/carrier of last resort payments from those ALECs who signed the Stipulation belies BellSouth's alleged "need" for such payments.

For the foregoing reasons, this Commission should adopt the bill and keep method of compensation for the exchange of local traffic. Termination of toll traffic should be billed at current access rates. Although bill and keep is a viable long term solution, the Commission may revisit the compensation arrangement once competition has developed and the complications of billing and measuring have been sorted out. At that time the Commission may want to establish actual billing between carriers at prices set equal to TSLRIC for the termination of all traffic. However, in order to jumpstart competition and promote efficiencies in the network, bill and keep should be the arrangement established immediately.

The Commission should reject BellSouth's proposed interconnection rate structure because it is unreasonable, anticompetitive and discriminatory. Furthermore , BellSouth's proposal will necessitate the development of cost studies to establish and justify interconnection prices and the development and implementation of billing and measurement systems. Specifically, BellSouth' s proposal that it be permitted to charge rates that are in excess of 800% (and probably more than 1400%) above costs and at least 4 times the rate it has agreed to with other ALECs is unreasonable, discriminatory and an attempt to obstruct the development of competition. This is readily apparent when one not only compares the proposed rate with the stipulated rate but also when one factors in the price cap arrangement agreed to in the Stipulation. BellSouth's attempt to camouflage its proposal under the guise of universal service preservation should be seen for what it is-- an attempt to extort BellSouth's competitors by effectively penalizing them for obtaining the right to do business in Florida. If BellSouth needs contributions from other service providers due to the effects of competition in a given territory in order to maintain universal service and carrier of last resort obligations, the Commission has put in place a mechanism for BellSouth to obtain funding. BellSouth's attempts to circumvent that order should not be tolerated.

2. If the Commission sets rates, terms and conditions for interconnection between the respective ALECs and Southern Bell, should Southern Bell tariff the interconnection rate(s) or other arrangements?

__Summary of Position:***__*** Yes. ***

Discussion: BellSouth should be required to tariff the interconnection rate(s) or other arrangements set by the Commission for interconnection between the respective ALECs and BellSouth.

3. **What are the appropriate technical and financial arrangements which should govern interconnection between the respective ALECs and Southern Bell for the delivery of calls originated and/or terminated from carriers not directly connected to the respective ALECs network?**

<u>**Summary of Position:**</u> For local calls, BellSouth should be entitled to charge the originating ALEC the TSLRIC associated with the tandem switching function. For toll calls, standard meet point billing arrangements should apply.

<u>Discussion:</u> In those situations in which traffic needs to flow between two carriers that are both interconnected with BellSouth but not with each other, BellSouth should be required to perform the intermediary function of a transit carrier notwithstanding the fact that no BellSouth customer is involved in either the origination or termination of the call. The Commission should require BellSouth to perform this function because, as the historical monopoly local service provider, all carriers are, or will be, interconnected with BellSouth.[31] If the Commission does not require BellSouth to perform this function, BellSouth will be able to require that all carriers directly interconnect with each other, thereby driving up the costs of entry and hindering competition.[32]

For performing this intermediary function, BellSouth should be permitted to charge carriers exchanging local traffic only the TSLRIC associated with the tandem switching function. On the other hand, when a toll call carried by an interexchange carrier traverses through a BellSouth tandem for termination by an ALEC, standard meet point billing arrangements should apply. BellSouth would be entitled to the applicable revenues

---

[31] Tr. Vol. 3, Price, pp. 315-316 and Tr. Vol. 3, Cornell, p. 394.

[32] Tr. Vol. 3, Price, p. 316.

1214

associated with the tandem, excluding the Residual Interconnection Charge ("RIC"), and the ALEC would be entitled to the remaining appropriate switched access revenues.

4. What are the appropriate technical and financial requirements for the exchange of intraLATA 800 traffic which originates from the respective ALECs' customer and terminates to an 800 number served by or through Southern Bell?

***__**Summary of Position:**__ When an ALEC customer places an 800 call that terminates to a BellSouth 800 number, BellSouth should compensate the ALEC with appropriate 800 originating access charges and an 800 number database query charge. ***

__Discussion:__ To the extent the parties are unable to resolve this issue through negotiation, the Commission should require BellSouth to pay an ALEC 800 number originating access charges and an 800 number database query charge when an ALEC customer places an 800 number call to a BellSouth customer. To determine where to send the call, the ALEC will have to first query the 800 number database. Once it determines that the 800 number belongs to a BellSouth customer, the ALEC must forward the call along with the call detail information to BellSouth. Therefore, the ALEC should be compensated for performing these functions.

5a. What are the appropriate technical arrangements for the interconnection of the respective ALECs' network to Southern Bell's 911 provisioning network such that the respective ALECs' customers' are ensured the same level of 911 service as they would receive as a customer of Southern Bell?

***__**Summary of Position:**__ The provisioning of 911 to ALEC customers requires interconnection of ALEC facilities at the appropriate BellSouth 911 tandem. The ALEC will be required to build or lease the necessary trunking facilities to the appropriate interconnection point. ***

<u>Discussion:</u> This Commission should require that BellSouth make available interconnection at its 911 tandem. ALECs should have the option of either building or leasing the necessary trunking facilities to the interconnection point.

5b. What procedures should be in place for the timely exchange and updating of the respective ALECs customer information for inclusion in appropriate E911 databases?

*****<u>Summary of Position:</u>** Procedures must be established to ensure that the ALEC customer information is updated as effectively as is the customer information of the incumbent LEC. Optimally, electronic interfaces should be established between the ALEC and the appropriate 911/E911 databases. ***

<u>Discussion:</u> See Summary of Position above.

6. What are the appropriate technical and financial requirements for operator handled traffic flowing between the respective ALECs and Southern Bell including busy line verification and emergency interrupt services?

<u>**Summary of Position:**</u> Busy Line Verification and Emergency Interrupt (BLV/I) should be made available by all local service providers (i.e., LECs and ALECs). In most cases, inward trunking arrangements need to be established. If the ALEC utilizes BellSouth's BLV/I operators and services, BellSouth should charge the ALEC appropriate tariffed rates.

<u>Discussion:</u> BLV/I should be made available by LECs and ALECs. If the ALEC provides its own operators then : (1) the ALEC should provide BLV/I within its own network, and (2) inward trunking arrangements must be established between ALEC and operators for the purposes of intercompany BLV/I. If the ALEC utilizes BellSouth BLV/I operators and services, then inward trunks would have to be established between the ALEC switch and the BellSouth operators for all BLV/I. If the ALEC utilizes BellSouth's BLV/I operators and services, BellSouth should charge the ALEC the appropriate tariffed rates. In addition, each company should bill its end users for BLV/I as applicable at its tariffed rates. ***

7. **What are the appropriate arrangements for the provision of directory assistance services and data between the respective ALECs and Southern Bell?**

***__**Summary of Position:**__ BellSouth should include directory information regarding ALEC customers in BellSouth's Directory Assistance Database. Electronic interfaces should be established to allow an ALEC to update database information regarding its customers. ***

<u>Discussion:</u> BellSouth should be required to include directory information regarding ALEC customers in BellSouth's Directory Assistance Database. ALECs should then be allowed either (i) to pay BellSouth for use of BellSouth's operators to provide Directory Assistance to the ALEC's customers, (ii) to pay for access to the database so that the ALEC may utilize its own operators to provide Directory Assistance to its customers, or (iii) to purchase the database. In any event, BellSouth should be required to establish electronic interfaces with ALECs in order for them to update their customer information in the database in the most timely and efficient manner as possible.

8. **Under what terms and conditions should Southern Bell be required to list the respective ALECs' customers in its white and yellow pages directories and to publish and distribute these directories to the respective ALECs' customers?**

*****Summary of Position:** BellSouth should include basic white page listings for ALEC residential customers and basic yellow page and business white page listings for ALEC business customers. BellSouth should distribute these directories to ALEC customers at no charge. ALECs will provide BellSouth its customer directory information.***

Discussion: BellSouth should be required to include basic white page listings for ALEC residential customers and basic yellow page listings (as well as business white page listings as available to BellSouth customers) for ALEC business customers. BellSouth should include all ALEC customers in its distribution of white and yellow pages. BellSouth should not charge the ALEC or the ALEC customers for these services. Additional or enhanced directory listings should be made available to ALEC customers at the same rates, terms and conditions as available to BellSouth customers. The ALEC will be responsible for providing BellSouth accurate directory information in an established format and in a timely manner.

9. **What are the appropriate arrangements for the provision of billing and collection services between the respective ALECs and Southern Bell, including billing and clearing credit card, collect, third party and audiotext calls?**

<u>**Summary of Position:**</u> To the extent such arrangements exist today between LECs or between LECs and IXCs, the same arrangements should be made available to ALECs.

<u>Discussion:</u> To the extent the respective ALECs and BellSouth are unable to successfully negotiate the terms and conditions for the provision of billing and collection services, the Commission should require at a minimum that the current arrangements that exist be made available by BellSouth to the ALECs.

10. What arrangements are necessary to ensure the provision of CLASS/LASS services between the respective ALECs and Southern Bell's networks?

*****<u>Summary of Position:</u>** The provision of CLASS features requires the unbundling and interconnection of the SS7 signaling network. BellSouth and the ALECs should work together in linking the SS7 arrangements and protocols to ensure total interoperability of CLASS/LASS features between their respective networks.***

<u>Discussion:</u> See Summary of Position above.

11. **What are the appropriate arrangements for physical interconnection between the respective ALECs and Southern Bell, including trunking and signaling arrangements?**

***__Summary of Position:__ Interconnection should take place at either the BellSouth tandem, BellSouth end office or a central point. Collocation of ALEC facilities and various trunking arrangements should be permitted. Separate trunk groups for local and toll traffic should not be required. Unbundled SS7 signaling and interface arrangements should be provided. ***

Discussion: The Commission should require that interconnection be available at all technically and logically possible unbundled interfaces to BellSouth's network.[33] Today, interconnection typically occurs at the LEC's tandem, the LEC's end office, or an agreed upon meet point (the so-called "mid-span meet" arrangement).[34] BellSouth's refusal to accommodate a mid-span meet arrangement under the auspices that it is not technically feasible is a red herring.[35] In fact, LECs frequently interconnect with one another via a midspan meet arrangement . The mere existence of these arrangements belies BellSouth's claim that "the only technically feasible arrangement" is interconnection at its end office or

---

[33] AT&T has identified 11 components, or Basic Network Functions ("BNFs"), which may be effectively unbundled and individually provided, costed, priced and interconnected for the provision of telecommunications services. These include: loop distribution, loop concentration, loop feeder, switching, operator systems, dedicated transport links, common transport links, tandem switching, signaling links, signal transfer points and signal control points. Tr. Vol. 3, Guedel, p. 421.

[34] In a mid-span meet arrangement, each carrier builds and is responsible for operating trunk facilities out to some agreed upon point between central offices. Tr. Vol. 3, Guedel, p. 423. See also, Tr. Vol. 1, Devine, p. 65 and Tr. Vol. 3, Cornell, p. 391.

[35] Tr. Vol.. 4, Cross Examination of Scheye, p. 560 (Q: And will BellSouth agree to a midspan meet? A: No, we will not).

at its tandem.[36] Therefore, this Commission should require that interconnection occur at all technically feasible points of interconnection, including mid-span meet arrangements, and not allow BellSouth to deny potentially less costly, yet technically feasible arrangements, to ALECs merely because ALECs are, or are attempting to, compete with BellSouth in a given territory.

Moreover, this Commission should not allow BellSouth to unilaterally determine which interconnection points it will offer. ALECs should be able to select the interconnection method that they require. By allowing this decision to be made by the ALECs, any incentive BellSouth may have to impede competition by selecting the methods of interconnection that will be the most costly for its competitors will be diminished. By contrast, ALECs will select the method of interconnection that minimizes their costs so that they can attract customers by offering either lower prices or improved services.[37] Therefore, competition will be spurred and Florida customers will benefit if ALECs are able to select the method of interconnection that they require.

The facilities used to actually join BellSouth's network with an ALEC's network should be technically feasible and efficient. These facilities include trunking arrangements and signaling and interface arrangements. The Commission should require that trunking arrangements be either two-way or one-way at the ALEC's discretion.[38] One-way trunks carry traffic in only one direction whereas two-way trunks carry traffic in both directions.

---

36 Tr. Vol. 3, Scheye, p. 470.

37 Tr. Vol. 3, Cornell, p. 392.

38 Tr. Vol. 2, Price, p. 301.

Although two-way trunks are often more efficient than one-way trunks because more traffic can be carried on a given number of circuits, ALECs should be afforded the opportunity to select one-way trunking facilities because they do not fall prey to some of the numerous administrative inefficiencies associated with two-way trunking.[39]

Likewise, the Commission should not require that separate trunk groups be used for local and toll traffic. Entrants should be allowed to select the form of trunking that is most efficient for them, including being able to put both local and toll traffic on the same trunks, in order to minimize costs.[40]

BellSouth also should be required to provide unbundled SS7 signaling and interface arrangements (where available) in conjunction with interconnection. By requiring BellSouth to provide these arrangements, call processing information will be able to be passed between various network elements.[41]

---

[39] Tr. Vol. 3, Cornell, p. 393; Tr. Vol. 3, Price, p. 301-302.

[40] Tr. Vol. 3, Cornell, p. 393.

[41] Tr. Vol. 3, Price, p. 302-303.

12. **To the extent not addressed in the number portability docket, Docket No. 950737-TP, what are the appropriate financial and operational arrangements for interexchange calls terminated to a number that has been "ported" to the respective ALECs?**

__Summary of Position:__ BellSouth is entitled to the switched access charges associated with the local transport function (either the dedicated or tandem/common transport elements). If BellSouth bills the non-transport switched access charges, they should be remitted to the ALEC or local number portability charges should be adjusted.

__Discussion:__ When an interexchange call is terminated to a number that has been "ported" to an ALEC, BellSouth should be entitled to only those switched access charges associated with the local transport function (either the dedicated or tandem/common transport elements) required to transport the call to the LEC office from which the call will be "ported" to the ALEC. Therefore, BellSouth will be compensated for all costs it incurs for transporting the call. In addition, BellSouth will recover those costs associated with the provision of remote call forwarding ("RCF") in its local number portability rate. If this Commission allows BellSouth to not only bill these charges but also the non-transport switched access charges, BellSouth in essence will be provided a strong financial incentive to delay a true local number portability solution for as long as possible.

Most would agree that the optimal number portability solution is the database solution. Under a database number portability solution, an interexchange call placed to an ALEC customer will be routed directly to the ALEC for termination. BellSouth would not be in the call path at all.[42] Therefore, BellSouth would not have an opportunity to exact unnecessary fees from its competitors. Hence, BellSouth will have a strong interest in delaying the move from a RCF arrangement to a database solution *if it is allowed to* benefit financially from this temporary solution. This Commission therefore should reject any fee structure that will delay the benefits of true local number portability to Florida subscribers.

In addition to and notwithstanding the above, if BellSouth bills the non-transport switched access charges in this arrangement, the associated revenues should be remitted to the ALEC that terminates the call to the customer. If this cannot be accomplished, then this Commission should require BellSouth to provide adjustments to its local number portability charges.

[42] Tr. Vol. 3, Price, pp. 304-305.

13. What arrangements, if any, are necessary to address other operational issues?

*****Summary of Position:** AT&T has not identified at this time any other arrangements that are necessary to address other operational issues.***

Discussion: See Summary of Position above.

1229

14. **What arrangements, if any, are appropriate for the assignment of NXX codes to the respective ALECs?**

***<u>**Summary of Position:**</u> BellSouth, as administrator of the number assignment process for Florida, should make numbers available to all ALECs in the same manner as it makes numbers available to itself or other LECs. ***

<u>Discussion:</u> This Commission should not allow BellSouth to discriminate in the assignment of NXX codes. BellSouth has essentially requested that it be allowed to discriminate in the provision of NXX codes because it claims that NXX codes assigned to ALECs may be deployed in such a manner that would make it impossible for BellSouth to determine whether calls are "traditional local" calls or " traditional long distance" calls.[43] Therefore according to BellSouth, if it is unable to distinguish between these call types, it will not be able to charge access rates for long distance calls as required.

The Commission should deny BellSouth the opportunity to discriminate in the assignment of NXX codes, undoubtedly in BellSouth's favor, because the proposal put forward by MCIMetro will alleviate BellSouth's concerns. If ALECs are provided sufficient NXX codes so that they can assign numbers to customers out of NXXs that correspond to the same geographic areas as the BellSouth switches, then as BellSouth admits it would not have a problem distinguishing local calls from toll calls.[44] MCIMetro's proposal should be established by this Commission.

---

[43] Tr. Vol. 3, Scheye, p. 453.

[44] Tr. Vol. 3, Cross Examination of Scheye, p. 516.

Respectfully submitted this 25th day of January, 1996.

Michael W. Tye
101 North Monroe Street
Suite 700
Tallahassee, FL 32301
(904) 425-6360

Robin D. Dunson
1200 Peachtree St., NE
Promenade I, Room 4038
Atlanta, Georgia 30309
(404) 810-8689

ATTORNEYS FOR AT&T
COMMUNICATIONS OF THE
SOUTHERN STATES, INC.

CERTIFICATE OF SERVICE

DOCKET NO. 950985-TP

I HEREBY CERTIFY that a true copy of the foregoing has been furnished by next day express mail, U. S. Mail or hand-delivery to the following parties of record this 25th day of January, 1996.

Robert V. Elias, Esq.
Florida Public Service Comm.
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Floyd R. Self, Esq.
Messer Vickers et al
215 S. Monroe St., Suite 701
Tallahassee, FL 32301

Lee Willis, Esq.
Jeffry Wahlen, Esq.
Macfarlane Ausley et al.
227 S. Calhoun Street
Tallahassee, FL 32301

Anthony P. Gillman, Esq.
Kimberly Caswell, Esq.
GTE Florida, Incorporated
201 N. Franklin St.
Tampa, FL 33601

Nancy H. Sims
BellSouth Telecommunications
150 S. Monroe St., Ste. 400
Tallahassee, FL 32301

Donna L. Canzano, Esq.
Florida Public Service Comm.
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Richard D. Melson, Esq.
Hopping Green Sams & Smith
123 S. Calhoun Street
Tallahassee, FL 32301

Patrick Wiggins, Esq.
Marsha Rule, Esq.
Wiggins & Villacorta, P.A.
501 E. Tennessee St., Suite B
Tallahassee, FL 32301

Jodie Donovan-May, Esq.
Teleport Communications
1133 21st St., NW, #400
Washington, DC 20036

Michael J. Henry, Esq.
MCI Telecommunications
780 Johnson Ferry Road #700
Atlanta, GA 30342

Donald Crosby, Esq.
Continental Cablevision
7800 Belfort Parkway #270
Jacksonville, FL 32256-6925

James C. Falvey, Esq.
Richard M. Rindler, Esq.
Swidler & Berlin
3000 K St., NW, Suite 300
Washington, D.C. 20007

Kenneth Hoffman, Esq.
Rutledge Ecenia et al
215 S. Monroe St., Suite 420
Tallahassee, FL 32301

David B. Erwin, Esq.
Young, VanAssenderp, Varnadoe
225 S. Adams St., Suite 200
Tallahassee, FL 32301

Charles Beck, Esq.
Office of the Public Counsel
c/o The Florida Legislature
111 West Madison St., Room 812
Tallahassee, FL 32399-1400

Laura Wilson, Esq.
Florida Cable
310 N. Monroe Street
Tallahassee, FL 32301

Peter M. Dunbar, Esq.
Pennington Law Firm
215 S. Monroe St., Suite 200
Tallahassee, FL 32302

Jill Butler
2773 Red Maple Ridge
Tallahassee, FL 32301

Patricia Kurlin, Esq.
Intermedia Communications
9280 Bay Plaza Blvd.
Suite 720
Tampa, FL 33619-4453

Lynn B. Hall
Vista-United
3100 Bonnett Creek Parkway
Lake Buena Vista, FL 32830

Timothy Devine
MFS Communications Company, Inc.
Six Concourse Pkwy., Suite 2100
Atlanta, GA 30328

Angela Green, Esq.
FPTA
125 S. Gadsden St., Suite 200
Tallahassee, FL 32301

Benjamin Fincher, Esq.
Sprint Communications Co.
3065 Cumberland Circle
Atlanta, GA 30339

Sue E. Weiske, Esq.
Time Warner Communications
160 Inverness Drive West
Englewood, Colorado 80112

C. Everett Boyd, Jr., Esq.
Ervin Varn Jacobs & Odom
305 S. Gadsden Street
Tallahassee, FL 32301

Michael W. Tye

Michael W. Tye