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> > July 29, 1998

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Ms. Blanca Bayo, Director Division of Records and Reporting Florida Public Service Commission 2540 Shumard Oak Building Room 110, Easley Building Tallahassee, FL 32399-0850

> Special Project No. 980000B-SP Re:

Dear Ms. Bayo:

WAS ___

OTH ____

Enclosed herewith for filing in the above-referenced Special Project on behalf of Teleport Communications Group, Inc. and its Florida affiliate, TCG South Florida (collectively "TCG"), is an original and fifteen copies of TCG's Comments on Issues Concerning Access to Customers in Multi-Tenant Environments, together with a diskette in WordPerfect 6.1.

Please indicate receipt and filing of these documents by date stamping the enclosed duplicate

		Please indicate receipt and ining of the	ese documents by date stamping the enclosed duplicate
	of	this letter and returning it to me.	
ACK .		-	
AFA .	5	Thank you for your assistance with the	nis filing.
4P^		RECEIVED & FILED	Sincerely,
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LEC	λKA	AH/knb	
	En	closures	
LIN	cc:	Catherine Bedell, Esq.	
OPC		David S. Steinberg, Esq.	
RC∺	2	Mr. Paul Kouroupas	DOCUMENT NUMBER-DATE

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

)	Filed: July 29, 1998
Multi-Tenant Environments)	
Companies to Customers in)	Special Project No. 980000B-SP
Access by Telecommunications)	
In re: Undocketed Special Project:)	

TELEPORT COMMUNICATIONS GROUP INC./ TCG SOUTH FLORIDA'S COMMENTS ON ISSUES CONCERNING ACCESS TO CUSTOMERS IN MULTI-TENANT ENVIRONMENTS

Teleport Communications Group, Inc. and its Florida affiliate, TCG South Florida (hereinafter referred to collectively as "TCG"), by and through their undersigned counsel, hereby submit TCG's comments on staff's list of issues reflected in the July 14, 1998 Notice for the August 12, 1998 workshop in this proceeding.

INTRODUCTION

TCG welcomes the opportunity to participate in this Special Project and file comments addressing staff's issues. TCG is a certificated alternative local exchange company ("ALEC") and a facilities-based provider of local exchange telecommunications services. In addressing the issues for this Special Project and preparing its report to the Legislature, the Florida Public Service Commission ("Commission") should abide by two underlying principles. First, it is the tenants and occupants of multi-tenant buildings or environments ("MTEs") whose interests are paramount in this proceeding. These MTE tenants and occupants remain stranded from the benefits of local exchange service competition--separated from access to competitive local exchange companies by the arbitrary

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and discriminatory actions and positions of MTE owners and managers. Second, any legislation and Commission action implementing mandated access for tenants and occupants of MTEs must incorporate and adhere to the principle of nondiscrimination for both tenants/occupants and providers of local exchange telecommunications services.

ISSUES AND COMMENTS

I. In general, should telecommunications companies have direct access to customers in multi-tenant environments? Please explain. (Please address what need there may be for access and include discussion of broad policy considerations.)

Broad Legislative and Policy Considerations Demonstrating the Need for Access

Telecommunications companies should have direct access to customers in MTEs. Customers in MTEs have a right to access any telecommunications provider they want. This right is conferred upon customers by the Telecommunications Act of 1996 ("the Act") and by Florida's 1995 amendments to Chapter 364, Florida Statutes.

The Act clearly expresses the policy of promoting competition for the benefit of telecommunications consumers.¹ The same policy is expressed in Section 364.01, Florida Statutes (1997):

(3) The Legislature finds that the competitive provision of telecommunications services, including local exchange telecommunications services, is in the public interest and <u>will provide customers with freedom of choice</u>....

¹As stated in the preamble of the Act: "An Act to promote competition and reduce regulation in order to secure lower prices and higher quality services for American telecommunications consumers...." Pub. L. No. 104-104, 110 Stat. 56 (1996).

- (4) The commission shall exercise its exclusive jurisdiction in order to:
- (b) Encourage competition through flexible regulatory treatment among providers of telecommunications services in order to ensure the availability of the widest range of consumer choice in the provision of all telecommunications services.

(g) Ensure that all providers of telecommunications services are treated fairly, by preventing anticompetitive behavior and eliminating unnecessary regulatory restraint.

§§ 364.01(3) and (4)(b) and (g), Fla. Stat. (1997) (emphasis supplied).

Notwithstanding this clear expression of federal and state law, MTE owners and managers continue to take the position that it is they who will choose between competing providers of facilities-based telecommunications services - - not their tenants and occupants. Where competitive providers require access to install facilities to provide telecommunications services to customers in a MTE such as a modern commercial office building, building owners and managers have acted individually and in concert to prevent competition by denying access or by demanding discriminatory compensation from competitive service providers and their customers as tenants. Such actions deny consumers of telecommunications services the benefits of the competition intended by the federal and state laws and Commission policy.

In addition to the Florida Legislature's clearly expressed intent to bring the benefits of local telecommunications competition to <u>all consumers</u>, the Legislature has enacted specific telecommunications legislation which would be rendered meaningless unless

consumers in MTEs have the right to choose the local provider of their choice. For example, Section 364.0361, Florida Statutes (1997), requires every local government in the State of Florida to "treat each telecommunications company in a nondiscriminatory manner when exercising its authority to grant franchises...or to otherwise establish condition or compensation for the use of rights-of-way or public property...." Thus, a competing local provider must be granted nondiscriminatory access to city or county rights-of-way. Yet the MTE owners take the position that it is their right to pick and choose which local providers may serve their tenants or occupants. This leaves the competing provider in the untenable and frustrating position of being able to secure legislatively-mandated nondiscriminatory access to local government rights-of-way only to find the door to a MTE slammed shut at the whim or caprice of an MTE owner.

A second example can be found in the Legislature's 1998 Amendments to Section 364.339, Florida Statutes, governing shared tenant services ("STS").² Section 364.339(5) was amended in 1998 as follows:

The offering of shared tenant service shall not interfere with or preclude a <u>residential</u> or commercial tenant's right to obtain direct access to the lines and services of the serving local exchange telecommunications company or the right of the serving local exchange telecommunications company to serve the <u>residential</u> or commercial tenant directly under the terms and conditions of the commission-approved tariffs.

² See Sec. 15, Ch. 98-277, Laws of Florida.

The 1998 Amendments to the STS statute confirm the Legislature's intent to ensure that both residential and commercial tenants are provided the opportunity to obtain direct access to and service from their local telecommunications provider of choice - - not just the local exchange company chosen by the building owner. Again, if MTE owners are left with the discretion to anoint the local provider(s) that they deem fit to provide service to their tenants, there is simply no way for residential and commercial tenants to secure the right of choice guaranteed under Section 364.339(5), Florida Statutes.

The Legislature's unequivocal and express intent to foster local exchange service competition for all consumers underlies the Commission's current rulemaking docket opened for the purpose of promulgating a "fresh look" rule. (See Docket No. 980253-TX). The Commission staff has preliminarily proposed a fresh look rule intended to give all consumers of local exchange services the opportunity to terminate their contracts with incumbent LECs entered into under a monopoly environment, subject to terms and conditions outlined in the proposed rule, in favor of service from a competing local exchange service provider. Without legislation requiring MTE owners and managers to provide non-discriminatory access to all local exchange telecommunications providers, the Commission's anticipated fresh look rule and the benefits of consumer choice and competition intended therein, will be foreclosed to tenants and occupants of MTEs.

Finally, the continued efforts of MTE owners and managers to arbitrarily and unlawfully control and limit access to MTEs undercuts the intent of Section 271 of the Act

and Section 364.161, Florida Statutes (1997) to develop facilities-based local exchange service competition. Facilities-based local exchange providers place less reliance on the incumbent local exchange company's ("ILEC") network allowing them to offer innovative service options, enhanced quality and services and lower prices--prices driven not only by their competitors' prices but by their own costs of providing service (rather than discounts off of the ILEC's retail prices). Section 271 of the Act authorizes BellSouth to provide interLATA service if BellSouth meets the competitive checklist and demonstrates the presence of a facilities-based competitor. Section 364.161, Florida Statutes (1997)³, requires the ILECs to provide unbundled network features, functions and capabilities to ALECs, a clear expression of the Legislature's intent to promote facilities-based competition. The Commission has implemented the Legislature's intent by establishing interim and permanent rates for specific unbundled network elements.⁴ The discriminatory actions of MTE owners and managers in depriving their tenants and occupants access to their local provider of choice eviscerates the benefits of facilities-based competition intended by the federal Act and the Commission.

³In 1998, the Legislature amended Section 364.161, Florida Statutes, by adding a new subsection (4) requiring ILECs, <u>inter alia</u>, to provide unbundled network elements in a timely manner.

⁴ See Order No. PSC-96-1531-FOF-TP issued December 16, 1996; Order No. PSC-96-1579-FOF-TP issued December 31, 1996; and Order No. PSC-98-0604-FOF-TP issued April 29, 1998.

TCG's Need for Access

TCG is a facilities-based provider of local exchange telecommunications services, including local exchange service, private line service, special access services, internet services, and intra LATA toll calling services. TCG's services are tailored for and offered to the needs of telecommunications-intensive business customers in 83 markets in the United States, including the south Florida LATA. TCG has invested substantially in the telecommunications infrastructure of Florida by installing (over 400) route miles of fiber optic cable and associated electronics as well as (three) state-of-the art digital switches. TCG will continue to invest in Florida and deploy its own network, but TCG's ability to market its services to potential customers is limited by the refusal of some building owners and managers to grant access on a non-discriminatory basis to TCG to deploy facilities to serve customers in MTEs.

The typical facilities installed by TCG in a modern commercial office building to provide services to business customers consist of fiber optic cable entering a building's common telecommunications closet and extending along common conduit to the customer's premises, 5 together with such additional facilities as may be installed in the customer's premises. TCG's facilities are operated, and may be removed, without consequence to any other tenant or to the building. These facilities are capable of and are being used to provide

⁵ The fiber optic cable is less than one inch in diameter, and is typically installed in a conduit approximately two inches in diameter.

Centrex service, PBX trunking and associated local and intra LATA calling plans, and a full range of dedicated transport services at the DS0, DS1 and DS3 levels, as well as fractional DS1 services (e.g. 56 kbps).

In south Florida, TCG's efforts to market its services to customers and potential customers in MTEs have been prevented and undermined by MTE owners and managers who have engaged in a variety of actions (and inactions) which have effectively prevented TCG from gaining access to tenants and occupants in numerous MTEs. TCG will provide updated documentation and data reflecting these experiences for submission in this Special Project.

A modern commercial office building cannot function without its telecommunications network infrastructure, and the actual cost of providing access to the space required to install and maintain telecommunications facilities in such a building is negligible. However, if MTE owners and managers are permitted to deny access or to extract rents for the provision of the space required for telecommunications facilities on terms that discriminate between providers, the excess costs thereby imposed on competitive telecommunications service providers will undermine and defeat the intent of the federal and state laws to provide consumers with freedom of choice.

In the 1995 amendments to Chapter 364, Florida Statutes and the federal Act, the Legislature and Congress created comprehensive statutory schemes designed to bring the benefits of local exchange competition to all consumers including tenants/occupants in

MTEs. MTE owners and managers now threaten to shrink the scope of these legislative mandates by refusing to provide access on non-discriminatory terms to facilities-based providers of local exchange telecommunications service.

- II. What must be considered in determining whether telecommunications companies should have direct access to customers in multi-tenant environments?
- A. How should "multi-tenant environment" be defined? That is, should it include residential, commercial, transient, call aggregators, condominiums, office buildings, new facilities, existing facilities, shared tenant services, other?

"Multi-tenant environment" may be defined as: "public and private buildings and premises in which tenancy is offered for residential or commercial purposes, including, without limitation, apartments, condominiums and cooperative associations, office buildings, and commercial malls."

Transient occupancies, such as guests in hotels or motels, do not create a tenancy and thus are not included in the suggested definition of "multi-tenant environment."

TCG recommends no distinction between new construction and existing buildings, except as may result in the rare instance of demonstrated physical space constraints of existing buildings referenced under II.C.

B. What telecommunications services should be included in "direct access", i.e., basic local service (Section 364.02(2), F.S.), Internet access, video, data, satellite, other?

All services accessed by a customer's local loop should be included in the consideration of direct access, including "information service" and "telecommunications" as

they are defined in subsections (20) and (43) of Section 153 of the Act, and "basic local telecommunications service" as defined in Section 364.02(2), Florida Statutes (1997). For the purpose of requiring non-discriminatory access to evolving telecommunications services by customers in MTEs, TCG recommends no limitation of these broad definitions.

C. In promoting a competitive market, what, if any, restrictions to direct access to customers in multi-tenant environments should be considered? In what instances, if any, would exclusionary contracts be appropriate and why?

A fair, equitable and lawful statutory scheme for mandated access to MTEs for all telecommunications providers should allow the public or private property owner to:

- (1) Impose nondiscriminatory conditions on providers that are reasonably necessary to protect the safety, security, appearance, and condition of the property, and the safety and convenience of other persons;
- (2) Impose nondiscriminatory, reasonable limitations on the time in which providers may have access to the property to install or repair a telecommunications service facility;
- (3) Impose nondiscriminatory, reasonable limitations on the number of such providers that have access to the owner's property, if the owner can demonstrate a space constraint that requires limitation;⁶

⁶The telecommunications facilities installed within MTEs typically occupy limited space. In the rare event of legitimate space constraints, the Commission could impose limitations on the warehousing of reserved but unused space, as the Commission did in the expanded interconnection docket, See In Re: Petition for expanded interconnection for alternate access vendors within local exchange company central offices by

- (4) Require tenants or providers to bear the entire cost of installing, operating, repairing or removing a facility;
- (5) Require providers to agree to indemnify the owner for damage caused in the installation, operation or removal of a facility; and
- (6) Require that the payment of compensation, if any, be reasonable, reasonably related to the <u>de minimus</u> nature of any taking, and nondiscriminatory among such telecommunications providers.

On the other hand, MTE owners and managers should not be permitted to deny the right of MTE tenants and occupants to choose between competing telecommunications service providers by:

- Denying a telecommunications service provider physical access to install cable
 to a building's common telecommunications space to serve a tenant/customer's
 premises.
- 2. Interfering with a telecommunications service provider's installation of telecommunications facilities as requested by a tenant.
- 3. Demanding payment from a tenant for exercising the right to choose any particular telecommunications service provider.

INTERMEDIA COMMUNICATIONS OF FLORIDA, INC., 94 F.P.S.C. 3:399, 414 (1994), and/or require sharing of facilities.

4. Demanding payment from a telecommunications service provider on terms that discriminate between providers.

. . .

- 5. Demanding payment from a telecommunications service provider on any basis other than the actual cost of providing access to the space required to install the facilities necessary to provide the services requested by the tenant/customer.
- 6. Entering into exclusive contracts with any telecommunications service provider.
- D. How should "demarcation point" be defined, i.e., current PSC definition (Rule 25-4.0345, F.A.C.) or federal Minimum Point of Entry (MPOE)?

Any legislative mandate that tenants and occupants of MTEs be allowed to select their local exchange service provider of choice will be fruitless if competitive providers are not permitted non-discriminatory access to MTEs. Part and parcel of such non-discriminatory access is a definition of "demarcation point" which ensures equal access to house and riser cable and precludes the imposition of excessive, discriminatory costs on competitors. Simply put, competitors must have the same access to house and riser cable as that provided to the ILEC. To achieve such non-discriminatory, equal access, the Commission should consider amendments to Rule 25-4.035, F.A.C., which would designate the minimum point of entry as the inside wire demarcation point for all MTEs - - but only if the Legislature enacts legislation mandating MTE owners and property managers to provide non-discriminatory

access to house and riser cable. Such a definition would place competitors on equal footing in gaining access to house and riser cable, and remove the prohibitive costs placed on facilities-based providers of rewiring multi-tenant buildings.

- E. With respect to actual, physical access to property, what are the rights, privileges, responsibilities or obligations of:
 - 1. landlords, owners, building manager, condominium associations
 - 2. tenants, customers and users

•

3. telecommunications companies

In answering the questions in Issue II.E., please address issues related to easements, cable in a building, cable to a building, space, equipment, lightning protection, service quality, maintenance, repair, liability, personnel, (price) discrimination, and other issues related to access.

Landlords, Owners and Manager of MTEs

To the extent that landlords and owners of MTEs may have a right under the Fifth Amendment of the Constitution of the United States to receive just compensation for physical occupation of their premises resulting from installation of facilities used to provide telecommunications services to tenants, that right may only be exercised in a manner that does not discriminate between competing service providers on any basis other than the actual cost of providing access to the space required for the specific facilities. Historically, building owners have seldom or never exercised any claimed right to compensation from monopoly providers of local exchange telecommunications services, and have designed and constructed buildings to accommodate telecommunications facilities. The policy of the Act and of the 1995 amendments to Chapter 364, Florida Statutes, to promote competition by authorizing

competitive or alternative local exchange carriers, requires that any system of compensation be administered in a non-discriminatory manner between carriers.⁷

At minimum, parameters for any compensation paid to MTE owners and managers must be predicated on principles of reasonableness, a reasonable relationship between the level of compensation and the minimal extent of the taking, and non-discriminatory treatment of all providers. In addition, any rates or prices established for the use of the MTE owner's property should be cost based rather than based on percentages of gross revenues of the provider or other non-cost based formulas for providing revenue enhancements to MTE owners and managers at the expense of competing local exchange service providers and MTE customers who desire their services.

Landlords and owners of MTEs, and building managers as their agents, do not have the right to select on behalf of their tenants between competing providers of telecommunications services on behalf of their tenants; rather, they have the obligation under the Act and pursuant to Chapter 364, Florida Statutes, to not interfere directly or indirectly with the exercise of their tenants' freedom of choice between competing providers of telecommunications services.

⁷ Section 253(2) of the Act, concerning Removal of Barriers to Entry, provides: "No State or local statute or regulation, or other State or local legal requirement, may prohibit or *have the effect of prohibiting* the ability of any entity to provide any interstate or intrastate telecommunications service. (Emphasis supplied).

During the 1998 Legislative session, MTE property owners attempted to justify their disparate treatment of incumbent and competing local service providers by referencing the ILEC's obligation to serve as the carrier of last resort. This supposed justification for discriminatory treatment is specious. As previously discussed and emphasized, the intent of the Act and the recent amendments to Chapter 364, Florida Statutes, is to promote competition and provide a choice of local service providers to all consumers. There is no indication anywhere in the federal or Florida law that MTE owners or managers are somehow entitled to increased revenues as a result of local service competition. Nor is there any indication in federal or Florida law that the advent of local exchange service competition gave rise to two disparate classes of consumers - - one given free access to the ILEC and a second forced to pay increased costs in order to gain access to an ALEC. Finally, it should be noted that Section 364.025(5), Florida Statutes (1997), authorizes an ALEC to petition the Commission to become the carrier of last resort for specified service areas after January 1, 2000. This statutory provision confirms the Legislature's hope and intent that the level of competition in local exchange markets will reach the point where alternative local exchange companies will be positioned to seek and assume the obligation of carrier of last resort after January 1, 2000. The willingness of MTE owners to impede such competition undermines the intent of Section 364.025(5) and serves only to feed the misplaced notion that the ILEC's current carrier of last resort obligation justifies discriminatory treatment of tenants and occupants in MTEs.

Tenants, Customers and Users in MTEs

Tenants in MTEs, as end users of telecommunications services and as customers and potential customers of competing telecommunications service providers, have the right under the Act and pursuant to Chapter 364, Florida Statutes, to choose between competing service providers and to select the combination of offerings of services that suits their needs. The competition resulting from the exercise of consumers' right to choose will act as a check on excessive prices for services and as motivation for the provision of new and innovative services so long as MTE owners and managers do not undermine or defeat that competition by denying access or by extracting excessive rents from competing telecommunications service providers. End-user customers, including tenants in MTEs, have such obligations concerning the telecommunications services they receive as provided under contract, tariffs and applicable federal and state regulations.

Telecommunications Companies

Telecommunications companies have the right to market their services to customers in MTEs, and to obtain access to premises in order to install facilities to serve such customers. With respect to the installation and maintenance of facilities to provide service to customers in MTEs, telecommunications companies have obligations to protect the safety, security, appearance, and condition of the property used in the installation, maintenance and operation of their facilities; and to indemnify MTE owners and managers for damage caused by installing, operating, repairing or replacing their facilities. To the extent that MTE

owners have a Fifth Amendment right to compensation for physical occupation of premises resulting from the installation of facilities to provide telecommunications services and that right is exercised in a non-discriminatory manner between telecommunications service providers, then providers have the obligation to pay reasonable, reasonably related (to the limited extent of the taking), and non-discriminatory compensation to MTE owners for such use of their property.

Obligations of telecommunications service providers concerning matters such as safety, quality of service, and maintenance, set forth in applicable sections of federal and state regulations such as Rules 25-4.038, 25-4.069 and 25-24.835, Florida Administrative Code, would not appear to require amendment or restatement in the context of competing providers of service to customers in multi-tenant environments.

F. Based on your answer to Issue II.E. above, are there instances in which compensation should be required? If yes, by whom, for what and how is cost to be determined?

Yes. If building owners may require telecommunications service providers to pay reasonable and non-discriminatory compensation for physical occupation of common property by facilities used to provide service to customers in MTEs, the Commission should be authorized to determine just compensation for purposes of the Fifth Amendment Takings Clause, subject to judicial review. <u>Gulf Power Co. v. U.S.</u>, 998 F. Supp. 1386 (N.D. Fla.

1998).8 If the amount of such compensation is not agreed between the building's owners or managers and the telecommunications service provider, the amount should be determined in the first instance pursuant to non-discriminatory rates set by the Commission reflecting the actual cost to the MTE owner of making the required space available for the installation of the telecommunications facilities of the particular service provider. Either party could petition the Commission if that party believes that circumstances existed justifying compensation different from the rates set by the Commission, with the Commission's determination subject to judicial review. In Gulf Power Co., supra, the court held that a similar statutory scheme under which the Federal Communications Commission determined compensation to be paid to certain electric utilities by cable and telecommunications companies for pole attachments was "not only constitutionally sound, but...the more practical approach to a just compensation decision made pursuant to the Pole Attachment Act." 998 F. Supp. at 1397. Here, the Commission could perform a similar function subject to judicial

⁸ <u>Gulf Power</u> involved a constitutional challenge by a group of electric utilities to the "nondiscriminatory access" provisions of the Telecommunications Act of 1996's amendments to the Pole Attachment Act, at 47 U.S.C. §224. The amendments require a utility to provide a cable television system or any telecommunications carrier with non-discriminatory access to any pole, duct, conduit, or right-of-way owned or controlled by the utility. The District Court granted summary judgment against the constitutional challenge of the electric utilities, finding that the availability of judicial review of the FCC's determination of rates for access to the electric utilities' poles overcame the constitutional objections raised in <u>Loretto v. Teleprompter Manhattan CATV Corp.</u>, 458 U.S. 419, 102 S. Ct. 3164, 73 L.Ed. 2d 868 (1982).

review by the Florida Supreme Court pursuant to s. 3(b)(2), Art. V of the Florida Constitution and Section 350.128(1), Florida Statutes (1997).

G. What is necessary to preserve the integrity of E911?

TCG has no comments at this time concerning E911 services in this proceeding.

III. Other issues not covered in I and II.

TCG has no other issues at this time.

CONCLUSION

TCG requests the Commission to submit a report to the Legislature seeking legislation which will provide the benefits of local service competition to all consumers, including tenants and occupants of multi-tenant environments, by recommending action consistent with the principles and proposals stated herein.

Respectfully submitted this 29th day of July, 1998.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by Hand Delivery to the following this 29th day of July, 1998:

Catherine Bedell, Esq. Florida Public Service Commission Division of Legal Services 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850

KENNETH A HOFFMAN