

Original

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petitions by AT&T)	DOCKET NO. 960847-TP
Communications of the Southern)	DOCKET NO. 960980-TP
States, Inc., MCI)	ORDER NO. PSC-96-1275-PHO-TP
Telecommunications Corporation)	ISSUED: October 11, 1996
and MCI Metro Access)	
Transmission Services, Inc., for)	
arbitration of certain terms and)	
conditions of a proposed)	
agreement with GTE Florida)	
Incorporated concerning)	
interconnection and resale under)	
the Telecommunications Act of)	
1996.)	

Pursuant to Notice, a Prehearing Conference was held on October 3, 1996, in Tallahassee, Florida, before Commissioner J. Terry Deason, as Prehearing Officer.

APPEARANCES:

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

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On behalf of MCI Telecommunications Corporation and MCI Metro Access Transmission Services, Inc.

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On behalf of GTE Florida Incorporated

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On behalf of the Commission Staff

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

PREHEARING ORDER

I. CASE BACKGROUND

Part II of the Federal Telecommunications Act of 1996 (Act), P.L. 104-104, 104th Congress 1995, sets forth provisions regarding the development of competitive markets in the telecommunications industry. Section 251 of the Act regards interconnection with the incumbent local exchange carrier and Section 252 sets forth the procedures for negotiation, arbitration, and approval of agreements.

Section 252(b) addresses agreements arrived through compulsory arbitration. Specifically, Section 252(b)(1) states:

(1) Arbitration. - During the period from the 135th to 160th day (inclusive) after the date on which an incumbent local exchange carrier receives a request for negotiation under this section, the carrier or any other party to the negotiation may petition a State commission to arbitrate any open issues.

Section 252(b)(4)(c) states that the State commission shall resolve each issue set forth in the petition and response, if any, by imposing the appropriate conditions as required. This section requires this Commission to conclude the resolution of any unresolved issues not later than 9 months after the date on which the local exchange carrier received the request under this section.

On March 11, 1996, AT&T Communications of the Southern States (AT&T) requested that GTE Florida Incorporated (GTEFL) begin negotiations for an interconnection agreement pursuant to Section 252 of the Act. On August 16, 1996, AT&T filed a petition for arbitration of unresolved issues pursuant to Section 252 of the Act. The Initial Order Establishing Procedure, in Docket No. 960847-TP, established the key procedural events and a hearing was set for October 14 - 16, 1996. See Order No. PSC-96-1053-PCO-TP, issued August 16, 1996.

On April 3, 1996, MCI Telecommunications Corporation and MCI Metro Access Transmission Services, Inc. (collectively MCI) requested GTEFL begin negotiations. On August 28, 1996, MCI filed its petition for arbitration with GTEFL, and also filed a motion to consolidate its arbitration proceeding with the AT&T/GTEFL arbitration proceeding. Docket No. 960980-TP was established for

MCI's petition. On September 13, 1996, MCI's motion to consolidate was granted. See Order No. PSC-96-1152-PCO-TP.

As stated in the order regarding consolidation, the following guidelines were established to govern these proceedings:

- 1) The parties shall identify two categories of issues: those that are common to the AT&T/GTEFL petition and the MCI/GTEFL petition; and those that are unique to each petition.
- 2) All parties shall participate fully in the litigation of the issues that are common to both petitions. The Commission's decision on the common issues shall be binding on all parties.
- 3) Only the parties directly involved will participate in the litigation of the issues that are unique to only one of the petitions. The non-affected petitioner shall not present testimony, conduct cross-examination, or file a brief with respect to the issues that affect only another petitioner. The Commission's decision on the unique issues shall be binding only on the parties who litigated the issue.

II. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

A. Any information provided pursuant to a discovery request for which proprietary confidential business information status is requested shall be treated by the Commission and the parties as confidential. The information shall be exempt from Section 119.07(1), Florida Statutes, pending a formal ruling on such request by the Commission, or upon the return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been used in the proceeding, it shall be returned expeditiously to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of the proceeding, it shall be returned to the person providing the information within the time periods set forth in Section 364.183(2), Florida Statutes.

B. It is the policy of the Florida Public Service Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 364.183, Florida Statutes, to protect proprietary confidential business information from disclosure outside the proceeding.

In the event it becomes necessary to use confidential information during the hearing, the following procedures will be observed:

- 1) Any party wishing to use any proprietary confidential business information, as that term is defined in Section 364.183, Florida Statutes, shall notify the Prehearing Officer and all parties of record by the time of the Prehearing Conference, or if not known at that time, no later than seven (7) days prior to the beginning of the hearing. The notice shall include a procedure to assure that the confidential nature of the information is preserved as required by statute.
- 2) Failure of any party to comply with 1) above shall be grounds to deny the party the opportunity to present evidence which is proprietary confidential business information.
- 3) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the Court Reporter, in envelopes clearly marked with the nature of the contents. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.
- 4) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise the confidential information. Therefore, confidential information should be presented by written exhibit when reasonably possible to do so.
- 5) At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the

proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the Court Reporter shall be retained in the Division of Records and Reporting confidential files.

Post-hearing procedures

Rule 25-22.056(3), Florida Administrative Code, requires each party to file a post-hearing statement of issues and positions. A summary of each position of no more than 50 words, set off with asterisks, shall be included in that statement. If a party's position has not changed since the issuance of the prehearing order, the post-hearing statement may simply restate the prehearing position; however, if the prehearing position is longer than 50 words, it must be reduced to no more than 50 words. The rule also provides that if a party fails to file a post-hearing statement in conformance with the rule, that party shall have waived all issues and may be dismissed from the proceeding. Because of the complexity of this case, each part may summarize its position in 50 words per subpart for each issue. The word limitation for post-hearing positions may be cumulative for those issues with subparts.

Rule 25-22.056, Florida Administrative Code, provides that a party's proposed findings of fact and conclusion of law, if any statement of issues and positions, and brief, shall together total no more than 60 pages, and shall be filed at the same time. I have modified the page limit to 100 pages for good cause shown.

III. PREFILED TESTIMONY AND EXHIBITS

Testimony of all witnesses to be sponsored by the parties has been prefiled. All testimony which has been prefiled in this case will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to appropriate objections. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. After all parties and Staff have had the opportunity to object and cross-examine, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer.

IV. ORDER OF WITNESSES

In an effort to ensure that the hearing is concluded within the three days for which it has been scheduled, the cross-examination and redirect, of the direct and rebuttal testimony for each witness is combined.

<u>WITNESS</u>	<u>APPEARING FOR</u>	<u>ISSUES #</u>
Joseph P. Cresse (Direct)	AT&T	4
Joseph Gillan (Direct)	AT&T	3, 13(b), 14, 22, 23
Ronald H. Shurter (Direct & Rebuttal; also adopts testimony & exhibits of William J. Carroll)	AT&T	4(a), 4(b), 5, 6(a)-(c), 7(a)- (c), 8(a)-(c), 9, 10, 11(a)-(c), 12, 24, 25, 26
Ray Crafton (Direct & Rebuttal)	AT&T	7, 13(a), 14, 15(a) & (b), 16, 17(a), 18, 19, 20, 21(a)
David L. Kaserman (Direct & Rebuttal)	AT&T	2, 3, 4, 13(b), 22
Mike Guedel (Direct & Rebuttal)	AT&T	13(b), 17(b), 20, 21(b), 8(c), 22, 23
L. G. Sather (Direct)	AT&T	1, 2
Art Lerma (Direct & Rebuttal)	AT&T	3

<u>WITNESS</u>	<u>APPEARING FOR</u>	<u>ISSUES #</u>
Don Price (Direct & Rebuttal)	MCI	1, 2, 3, 7, 8(c), 10, 11, 12, 17(a) & (b), 18, 19, 20, 24, 25, 26, 27(a) & (b), 29; overview of negotiations; provisioning and pricing of wholesale services; ancillary services and arrangements.
Sarah Goodfriend (Direct & Rebuttal)	MCI	7(a), 7(c), 8(c), 11(c), 13, 14, 15(b), 17(b), 22, 23; Economic principles; pricing of unbundled network elements and interconnection.
Paul Powers (Direct & Rebuttal; Adopted Drew Caplan's direct testimony)	MCI	4(b), 13(a), 15(a), 16, 21(a); Overview of MCI network; technical aspects of interconnection; unbundled network elements; collocation.
Timothy deCamp (Direct & Rebuttal)	MCI	4(a), 6, 8(a) & (b), 9, 28; Operations support systems.

<u>WITNESS</u>	<u>APPEARING FOR</u>	<u>ISSUES #</u>
¹ *Don Wood (Direct & Rebuttal)	MCI/AT&T	13(b), 21(b), 22; and Pricing of unbundled network elements and interconnection.
Steve Inkellis (Rebuttal)	MCI	5
Donald McLeod (adopting Seaman's Direct Testimony; Direct and Rebuttal)	GTEFL	1, 2, 4(a), 5, 14, 23, 24
David Sibley (Direct)	GTEFL	3, 6(c), 7(c), 8(c), 11(c), 13(b), 15(b), 17(b), 21(b)
Dennis B. Trimble (Direct & Rebuttal; with support on cost study details from Bert Steele)	GTEFL	6(c), 7(c), 8(c), 11(c), 13(b), 15(b), 17(b), 20, 21(b), 22, 23
Bert I. Steele (supporting Trimble)	GTEFL	6(c), 7(c), 8(c), 11(c), 13(b), 15(b), 17(b), 20, 21(b), 22
Douglas Wellemeyer (Direct & Rebuttal)	GTEFL	1, 2, 3, 13(a) & (b), (directory assistance service)

¹*Don Wood filed testimony in this proceeding on behalf of both MCI & AT&T. MCI & AT&T propose that he testify at the time MCI's case is presented. He is available only on October 16, 1996. GTEFL does not object.

<u>WITNESS</u>	<u>APPEARING FOR</u>	<u>ISSUES #</u>
^{2**} Gregory B. Duncan (Direct)	GTEFL	6(c), 7(c), 8(c), 11(c), 13(b), 15(b), 17(b), 21(b)
William Munsell (Direct & Rebuttal)	GTEFL	13(a) & (b), (tandem switching, dedicated transport, common transport), 16, 25, 26
Larry Hartshorn (Direct & Rebuttal; adopting Wood's Direct Testimony)	GTEFL	4(b), 7(a)-(c), 13(a) & (b) (NID, loop distribution, local switching, loop concentrator/ multiplexer, loop feeder, multiplexing/ digital cross- connect, operator systems), 15(a) & (b), 27(a)
Douglas N. Morris (Direct & Rebuttal)	GTEFL	13(a) & (b), (signaling link transport, signal transfer points, service control points/databases)
Michael L. DellAngelo (Direct)	GTEFL	13(a) & (b), (AIN capabilities)
Michael Drew (Direct & Rebuttal; adopting Langley's Direct Testimony)	GTEFL	4(a), 6(a)-(c), 8(a) & (b), 9, 12, 13(a) & (b) (operations support systems), 27(b), 28
Mark Johnson (Rebuttal)	GTEFL	27(a) & (b)

^{2**}Likewise, Dr. Gregory Duncan is only available on October 16, 1996. GTEFL requests that Mr. Wood testify prior to Dr. Duncan on the morning of October 16, 1996. MCI does not object. It is the Chairman's prerogative whether these requests are granted.

<u>WITNESS</u>	<u>APPEARING FOR</u>	<u>ISSUES #</u>
Allan Peters (Rebuttal)	GTEFL	10
John V. Jernigan (Direct & Rebuttal; adopting Bailey's Direct Testimony)	GTEFL	17(a) & (b), 18
Kirby Cantrell (Direct & Rebuttal; adopting Ries' Direct Testimony)	GTEFL	21(a) & (b)
Beverly Y. Menard (Direct & Rebuttal)	GTEFL	13(a) & (b), (911 service), 19, 20, 29

V. BASIC POSITIONS

AT&T: The Telecommunications Act of 1996 has created an historic opportunity for this Commission to provide consumers in the state of Florida with real choices in obtaining local exchanges services through the introduction of competition in the local exchange market place. The Act, far from simply permitting local exchange competition, is designed to inject competition in the local exchange market on a broad scope to allow customers the widest array of choices to meet their needs. To accomplish its goal, the Act creates the foundation for effective competition by mandating the availability from incumbent LECs of the tools needed by competitors that are essential to an effectively competitive marketplace. The Act, together with the FCC's Order and Rules implementing the Act, requires that LECs: resell each of their services at wholesale rates calculated on the basis of avoidable cost; provide facilities, equipment and services for interconnection at any technically feasible point and in a manner that is qualitatively equal to that which the LEC provides itself; unbundle network elements; and price interconnection and unbundled network elements at TSLRIC or TELRIC. It is essential to the development of effective competition in the local market that the Commission make available the tools set forth in the Act to the further extent possible. Whether service is provided to customers through resale or on a facilities

basis or a combination of both, it is critical that GTEFL be required to provide the items required by the Act to local exchange competitors in a manner that allows competitors to serve their customers in a fashion equal to that in which GTEFL provides service to its customers. To do less will be to relegate the availability of quality competitive telecommunications service to consumers to those instances where facilities based competition is available; such a result is clearly contrary to the goals of the Act to bring about widespread competition to as many as possible as soon as possible.

MCI:

This arbitration proceeding, and others like it, will shape the future of local competition for years to come. The Telecommunications Act of 1996 sets forth numerous standards that the Commission must apply in resolving the issues submitted for arbitration. Among these is the provision in Section 252(c) which states that the Commission must apply the requirements set forth in the regulations prescribed by the Federal Communications Commission pursuant to Section 251 of the Act.

MCI understands that the Commission has moved for a stay of the FCC's Local Competition Rules pending appeal. If the stay is denied, the Commission will be required to apply the FCC Rules. If the stay is granted, the Commission nevertheless should give great weight to the FCC's interpretation in order to promote national uniformity to the maximum extent possible, consistent with the Commission's view of any Florida-specific public interest factors.

In resolving the numerous issues presented in this proceeding, the Commission should ask:

- Does its decision create an environment that promotes investment and the development of a flourishing array of new services?
- Does it establish prices that mirror a fully competitive market?
- Does it provide vigilant oversight against anti-competitive practices?

Six of the major issues in this proceeding are the extent to which GTEFL is required to provide the unbundled network elements requested by MCI; the appropriate price for such network elements; the prices, terms and

conditions for interconnection and for the transport and termination of local traffic; the extent to which GTEFL is required to allow its services to be resold; the appropriate wholesale price for such resold services; and how to ensure that MCI is provided access to operational support systems that is equal in quality to GTEFL's access to such systems.

With respect to unbundled network elements, the Commission should strictly scrutinize any claim by GTEFL that unbundling is not technically feasible. Unless the Commission applies an appropriate standard for technical feasibility, GTEFL will be able to create barriers to competitive entry by MCI and others. The Commission should also reject GTEFL's claim that MCI should not be allowed to combine unbundled network elements in any manner it chooses, even if that combination is used to provide a service that GTEFL provides today. Prices for unbundled network elements should be based on their forward-looking economic cost in accordance with total element long-run incremental cost (TELRIC) principles. The Hatfield Model results presented by MCI in this docket include all costs that would be incurred by an efficient wholesale provider of unbundled network elements, and therefore provide a reasonable basis for setting rates consistent with TELRIC principles.

With respect to interconnection, MCI should be permitted to interconnect at any technically feasible point on GTEFL's network that MCI designates and should not be required to interconnect at more than one point per LATA. MCI and GTEFL must use the same MCI-designated interconnection point for traffic in each direction. Prices for transport and termination of local traffic should be based on their forward-looking economic cost in accordance with total element long-run incremental cost (TELRIC) principles.

With respect to resale of GTEFL services, the Commission should not permit GTEFL to withhold any services from resale, nor to impose unreasonable or discriminatory restrictions or limitations on resale. The prices for resold services should be set to reflect the retail costs that GTEFL avoids when it provides services on a wholesale basis. The avoided cost study presented by MCI in this docket provides a reasonable basis on which to set a 17.68% discount for such wholesale services.

With respect to operational support systems, the Commission should require GTEFL to provide real-time, interactive electronic interfaces to support the ordering, provisioning, maintenance and billing functions as quickly as such systems can be deployed. GTEFL's failure to provide MCI with access to the same interfaces that GTEFL uses today will impair MCI's ability to offer its customers the same quality of service that end users currently receive from GTEFL.

GTEFL:

The Telecommunications Act of 1996 (Act) holds the promise of creating a robust, facilities-based local exchange telephone marketplace. To this end, Congress has required incumbent local exchange carriers (ILECs) to open up their networks to competitors. Congress was concerned, however, not only with ensuring access to the local network, but also with ensuring that ILECs recover their costs and earn a reasonable profit on their investments.

Contrary to Congress' mandate, the FCC has broken with every major principle underlying the Act. As this Commission has recognized with its effort to obtain a stay of the FCC order, the FCC has unlawfully attempted to strip the States of their rightful role in establishing local telephone rates by establishing elaborate pricing methodologies and default proxy rates. In violation of the Act and the federal and Florida Constitutions, the FCC's pricing rules and default rates guarantee that ILECs will not recover all of their forward-looking or historic costs. Likewise, the FCC has resolved numerous other issues concerning unbundling, resale, and interconnection in a way that favors competitors--not competition.

In this arbitration, AT&T and MCI attempt to take advantage of the FCC's mistakes. They would force GTEFL to sell its services below cost, and they would have this Commission impose rates which would effect an uncompensated unconstitutional taking of GTEFL's property. AT&T's and MCI's positions, if adopted, would compel GTE to subsidize their entry into the local telephone market. That is not competition, as envisioned by the Act.

The principal task for the Commission in this case is to establish a framework for promoting full and fair competition and to ensure that consumers receive the

benefits of that competition. In short, the Commission must resolve the disputed issues in a way that promotes competition, not the interests of any particular competitor.

This goal can be achieved only through adoption of prices that encourage efficient market entry, encourage facilities-based competition, and send pricing signals that will maximize consumer welfare. To this end, GTEFL urges the Commission to adopt GTEFL's prices, which reflect forward-looking incremental costs and which include a reasonable share of forward-looking joint and common costs, as determined by the market.

GTEFL's cost studies demonstrate the FCC's default proxy rates (and AT&T's and MCI's proposed rates) are substantially understated and unlawful. The FCC's proxy rates are supposed to reflect (1) forward-looking incremental costs and (2) a reasonable share of forward-looking joint and common costs. But GTEFL's forward-looking incremental costs are themselves higher than the FCC's default proxy rates. By definition, these incremental costs do not include any joint and common costs. Accordingly, the FCC's proxy rates substantially understate GTEFL's total costs.

STAFF: None pending discovery.

Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions.

VI. ISSUES AND POSITIONS

POSITIONS:

UNRESOLVED ISSUES COMMON TO AT&T, MCI AND GTEFL:

ISSUE 1: What services provided by GTEFL, if any, should be excluded from resale?

AT&T: The Act and the FCC Order require GTEFL to offer for resale at wholesale rates any telecommunications service

that GTEFL provides at retail to subscribers who are not telecommunications carriers. The Act and the FCC Order do not provide for any exceptions to GTEFL's obligation.

MCI: Section 251(c)(4) of the Act requires GTEFL to offer for resale any telecommunications service that it provides at retail to end use customers who are not telecommunications carriers. Thus no retail services should be excluded from resale. Specifically, grandfathered services, promotions, contract services, volume discounts, and Lifeline and LinkUp services must be made available for resale. (Price)

GTEFL: GTEFL will offer for resale at a wholesale discount all of its retail services except for below-cost services; promotional services; services that are already provided on a wholesale basis; grandfathered services; discounted calling plans; advanced intelligent network (AIN) services; non-recurring charge services; public pay phone lines; semi-public pay phone lines; and COCOT coin and coinless lines. Each of these categories is excluded from wholesale for one of three reasons: (1) GTEFL cannot cover its costs through resale of below-cost services unless such services are first repriced to cover their costs; (2) offering promotions at wholesale would remove GTEFL's ability to differentiate its retail services from those of its competitors; and (3) GTEFL should not be required to offer at wholesale those services that have no avoided retail costs.

STAFF: No position at this time.

ISSUE 2: Should GTEFL be prohibited from imposing restrictions on the resale of GTEFL services?

AT&T: The Act and the FCC Order prohibit incumbent LECs from imposing unreasonable or discriminatory conditions or limitations upon the resale of telecommunications services. The FCC order provides that resale restrictions are preemptively unreasonable except as specified in the Order. Those specific restrictions relate to: (i) Short-term promotions, which GTEFL must offer for resale but which a commission may allow GTEFL to offer at the non-promotional price less avoided costs; (ii) cross-class reselling of residential services purchased at wholesale to non-eligible subscribers (specifically residential service to business customers

and means-tested services to non-eligible subscribers), which a commission may allow GTEFL to restrict reselling to eligible subscribers; and (iii) withdrawn (grandfathered) services, which GTEFL must offer for resale, but a commission may allow GTEFL to restrict AT&T from reselling such services to customers that do not already subscribe to the withdrawn service. Resale restrictions are preemptively unreasonable and prohibited by the Act.

MCI: Yes. Section 251(c)(4)(B) of the Act prohibits GTEFL from imposing unreasonable or discriminatory conditions or limitations on the resale of services. No restrictions should be allowed except for user restrictions which permit residential service, grandfathered services, and Lifeline and LinkUp services to be sold only to end users who would be eligible to purchase the service directly from GTEFL. (Price)

GTEFL: No. As noted above, in response to Issue 1, GTEFL should be able to restrict the resale of its services to the extent that such resale would deny the Company full cost recovery or would cripple its ability to differentiate its retail products in the marketplace. These effects would undermine efficient competition, to the ultimate detriment of consumers.

STAFF: No position at this time.

ISSUE 3: What are the appropriate wholesale rates for GTEFL to charge when AT&T or MCI purchase GTEFL's retail services for resale?

AT&T: GTEFL should calculate the wholesale rates charged to AT&T and MCI for local service resale based on the retail rate charged to subscribers excluding the portion thereof attributable to any marketing, billing, collection, and other costs that will be avoided by GTEFL. Specifically, the appropriate wholesale rate for services available for resale is GTEFL's retail rates offered by GTEFL less 30.99%. This reduction in retail rates shall apply to all services, including both recurring and non-recurring service charges.

MCI: Section 252(d)(3) of the Act requires wholesale rates to be based on the retail rates for the service less costs that are avoided by GTEFL as a result of offering the service on a wholesale basis. The application of this

standard produces wholesale rates for GTEFL that are 17.68% below the current retail rates. (Price)

GTEFL: Wholesale rates should be based on avoided, not avoidable, costs. Thus, prices for resold services should equal retail rates minus net avoided costs. Using this method, the avoided costs for GTEFL's residential services are \$0.83 per line per month; for business services, they are \$1.06 per line per month. The FCC's (and, in turn, AT&T's and MCI's) methodology is flawed technically and is contrary to the Act because it measures avoidable costs. This would effect an unconstitutional taking. Because the Act reserves to the States the exclusive authority to set wholesale rates, this Commission is not required to use the FCC's proposed methodology. Nevertheless, if this Commission chooses to follow the FCC's method, GTEFL has submitted an alternative study for calculation of wholesale rates.

STAFF: No position at this time.

- ISSUE 4:**
- a) Should GTEFL be required to implement a process and standards that will ensure that AT&T and MCI receive services for resale, interconnection, and unbundled network elements that are at least equal in quality to those that GTEFL provides itself and its affiliates?
 - b) Should GTEFL be required to provide AT&T and MCI loop testing information prior to the establishment of service to an AT&T or MCI customer?

AT&T:

- a) GTEFL is obligated under the Act to make services available for resale without discriminatory conditions or limitations. In accordance with the Act, the quality of the interconnection that GTEFL provides to AT&T and other new entrants must be at least equal to the quality of that which GTEFL provides to itself. This same standard applies to the quality of unbundled network elements and the quality of the access to those elements provided by GTEFL. Quality standards are necessary to ensure that GTEFL provides services for resale, interconnection, and unbundled network elements which meet their obligations to provide non-discriminatory levels of service.

- b) Yes. Loop testing is an important capability for AT&T to have to ensure that local service purchased from GTEFL and resold to an AT&T customer is operational and that the service quality is at least equal to that which GTEFL provides to itself.

MCI:

- a) Yes, GTEFL should be required to implement a process and standards that will ensure that MCI receive services for resale, interconnection and unbundled network elements that are at least equal in quality to what GTEFL provides to itself or its affiliates. In particular, GTEFL should meet all technical standards and performance measures contained in industry guidelines. (deCamp)
- b) Yes. GTEFL should provide verification that the loop has been tested and meets the specifications for the service that AT&T or MCI has ordered. (Powers)

GTEFL:

- a) This question appears to raise two separate issues. The first is whether GTEFL is required to provide retail services to requesting carriers at the same level of quality (e.g., outage times) that GTEFL provides to its own customers. GTEFL agrees to provide services to requesting carriers in a nondiscriminatory manner under the same quality standards applicable to GTEFL's own customers. GTEFL is not, however, required to meet unique standards or measures of quality--either different from or higher than GTEFL's own--demanded by AT&T and others.

The second issue is whether GTE is required to implement "processes" (such as support systems or ordering systems) on a nondiscriminatory basis that are equal in quality to GTEFL's. GTEFL agrees to implement processes that will apply on a nondiscriminatory basis to all requesting carriers, but GTEFL is not required to finance and build new support systems or reengineer existing systems to provide AT&T, MCI and others with real time access to GTEFL's systems. This issue is discussed below in Issue 6.

- b) No. GTEFL will provide service levels to other local exchange carriers' customers that are the same as those that apply to GTEFL's customers.

GTEFL does not routinely test every loop on new installations for itself and should not be required to meet another carrier's demands to do so for them.

STAFF: No position at this time.

ISSUE 5: What are the appropriate contractual provisions for liability and indemnification for failure to provide service in accordance with the terms of the arbitrated agreement?

AT&T: GTEFL is the only party in a position to prevent the errors that lead to unbillable or uncollectible revenues. Thus, GTEFL should compensate AT&T for revenue losses caused by GTEFL errors.

MCI: Each party should be liable for damages caused by its own willful or intentional misconduct, including gross negligence, by its repeated breach of any one or more of its material obligations under the agreement, or its acts or omissions causing bodily injury, death, or damage to tangible property. Each party should indemnify the other against claims by third parties that result from its own willful or intentional misconduct, including gross negligence, or its failure to perform its obligations under the arbitrated agreement. (Inkellis)

GTEFL: This issue is related to Issue 4(a) above, regarding the quality standards sought by AT&T and others.

In order to determine the "appropriate contractual provisions" for liability and indemnification, one must know exactly what is being provided under the agreement. As noted in our response to Issue 4(a), GTEFL should not be required to meet quality standards (e.g., outage times) that are different from or greater than those established by a commission for GTEFL or those adhered to by GTEFL in its regular course of business. Accordingly, GTEFL should not be required to indemnify AT&T and MCI for any and all losses purportedly associated with the features or services GTEFL provides. Indeed, the rates and cost studies presented by GTEFL do not include the costs of insuring against AT&T's and MCI's risk of doing business.

GTEFL's contracts with MCI and AT&T must include the standard provision limiting GTEFL's liability to the charges associated with the time out of service. If MCI and AT&T wish to cut back limitations of liability in their contracts with GTEFL, this provision must be negotiated and prices for the services and elements they purchase will be forced upward to account for potentially enormous liability from consequential damages. In sum, if AT&T and others want a comprehensive insurance policy, GTE must agree to provide such a policy and the requesting party must pay for it. GTE, however, continues to believe that this "quality standards" issue is best resolved by reference to existing quality standards and limitations of liability provisions.

STAFF: No position at this time.

ISSUE 6: a) Should GTEFL be required to provide real-time and interactive access via electronic interfaces to perform the following:

Pre-Service Ordering
Maintenance/Repair
Service Order Processing and Provisioning
Customer Usage Data Transfer
Local Account Maintenance

b) If this process requires the development of additional capabilities, in what time frame should they be deployed?

c) What are the costs incurred, and how should those costs be recovered?

AT&T: a) The Act requires GTEFL to provide AT&T with non-discriminatory access to systems and functions that AT&T has requested by January 1, 1997. GTEFL must provide service that is equal to that provided to itself and, therefore, permit AT&T to provide service to its customers which is at least at parity to that GTEFL provides to its retail customers. Thus, incumbent LECs are required to perform ordering, provisioning, maintenance, and billing services for alternate LECs at the same level of quality and within the same intervals such that ALEC customers have the same experience as the incumbent LEC's customers. AT&T must have real-

time and interactive access to GTEFL's systems in order to provide at least the same level of service GTEFL provides to its customers.

- b) Any processes and procedures needed should be developed and put into place as soon as practicable.
- c) The costs of providing such interfaces should be based on TELRIC studies approved by this Commission and shared by all local service providers who benefit from this interfaces in a competitively neutral fashion.

MCI:

- a) Yes. Real-time, interactive access via electronic interfaces is required in order for MCI to be able to provide the same quality of service to its customers as is currently provided by GTEFL. (deCamp)
- b) The FCC Rules require such interfaces to be deployed by January 1, 1997. If the Commission determines that it is impossible to deploy the required interfaces by January 1, 1997, interim arrangements should be implemented by that date and permanent arrangements should be implemented as soon thereafter as possible. (deCamp)
- c) Each party should bear its own costs of implementing the necessary interfaces. (deCamp)

GTEFL:

- a) No. In accordance with the Act, GTEFL will provide nondiscriminatory access to these operations support system (OSS) functions at technically feasible points, but it need not provide "on-line" access to the systems themselves. If technically feasible, GTEFL does not oppose the creation of real time electronic interfaces via a nationally standard gateway to its system at other points, upon request, but only if it is properly compensated by the carriers requesting such interfaces.
- b) Providing real-time, interactive access to GTEFL's OSS will require the development of additional capabilities. In fact, this effort will be so substantial that it may even require replacement or

at least significant modification of GTEFL's operational systems, since GTEFL's OSS were developed to be used by a single provider and not multiple providers. Because GTEFL's OSS are complex and integrated, the Company has only begun the initial analysis to determine exactly what work must be accomplished to satisfy AT&T's and MCI's electronic bonding demands. It is, therefore, impossible to set any realistic timetable for implementation of electronic interfaces. In any event, it is clear that this work cannot be completed by early 1997, as at least AT&T suggests.

- c) As noted in response to issue 6(b), it is still unclear what detailed requirements must be met to create the various interfaces requested by AT&T and MCI. As such, the exact costs associated with this work cannot be calculated at this time. The costs do not have to be determined, however, before deciding who will pay for the new systems. The parties requesting the electronic interfaces should, of course, pay for them, as neither GTEFL nor its customers will receive any benefit from these interfaces.

STAFF: No position at this time.

- ISSUE 7:**
- a) When AT&T or MCI resells GTEFL's local exchange service, or purchases unbundled local switching, is it technically feasible: 1) to route 0+ and 0-calls to an operator other than GTEFL's; 2) to route 411 and 555-1212 directory assistance calls to an operator other than GTEFL's; or 3) to route 611 repair calls to a repair center other than GTEFL's?
- b) If this process requires the development of additional capabilities, in what time frame should they be deployed?
- c) What are the costs incurred, and how should those costs be recovered?

AT&T: a) GTEFL should be required to route Operator Services, Directory Assistance, and Repair calls from AT&T local customers to AT&T's platforms. Such customized routing is technically feasible.

Furthermore, one of the required categories of unbundled network elements set forth by the FCC is entitled "Operator Services and Directory Assistance". Thus, when AT&T purchases Local Switching as an unbundled network element or local service, GTEFL must provide the functionality and features to modify the customer's line to route all calls to the AT&T network for directory assistance, operator services, and repair.

- b) Any processes and procedures needed should be developed and put into place as soon as practicable.
- c) In accordance with the Act, pricing for these elements must be cost based and established without reference to a rate-of-return or other rate-based proceeding. Total Services, or Total Element Long Run Incremental Costs provide the method for establishing such statutorily required cost-based rates. GTEFL has not provided AT&T with detailed cost studies with which to develop appropriate prices for unbundled network elements in the absence of detailed TSLRIC or TELRIC cost studies, rates were determined using the Hatfield Model where appropriate data were available.. For operator systems and other similar elements, interim prices should reflect any appropriate FCC default prices.

MCI:

- a) Yes. The technical feasibility is demonstrated by a recent agreement between Bell Atlantic-Pennsylvania and AT&T to fully implement such routing by the end of June, 1997, using AIN capabilities. Such routing is required so that customers of MCI will enjoy dialing parity with customers of GTEFL and to avoid creating a barrier to entry. (Price, Goodfriend)
- b) Bell Atlantic-Pennsylvania will fully implement such routing by the end of June, 1997, using AIN capabilities. GTEFL should be required to deploy such capability in the same time frame. (Price)
- c) GTE should recover only the forward-looking incremental cost of implementing such capability in the most efficient manner possible. GTE should

bear the burden of proving such costs. (Price, Goodfriend)

- GTEFL:**
- a) These things are not technically feasible without a large and unknown expenditure, and specific details concerning quantities, locations, and number of carriers requesting such functionalities. Direct routing to another carrier's operator, directory assistance or repair centers would require additional switch capacity and conditioning. GTEFL does not currently use 611 for repair service.
 - b) As noted above, it is clear that this process will require additional capabilities, such as new switch capacity and conditioning. Ultimately, a long-term industry-standard solution is required to satisfy routing demands. While the timing of this solution is uncertain, GTEFL is willing to provide certain customized routing on an interim basis if AT&T and MCI agree to pay all associated costs.
 - c) The costs associated with the customized direct routing requested by AT&T and MCI have not yet been determined. They are site- and fact-specific, and AT&T is obligated to state with particularity the detailed requirements before GTEFL can undertake and complete the work necessary to estimate the costs. However, no cost data are necessary for the commission to order AT&T and MCI to bear the costs of any enhancements they demand to GTEFL's systems.

STAFF: No position at this time.

- ISSUE 8:**
- a) Should GTEFL be required to provide AT&T and MCI with the billing and usage recording services that AT&T and MCI requested?
 - b) If this process requires the development of additional capabilities, in what time frame should they be deployed?
 - c) What are the costs incurred, and how should those costs be recovered?

AT&T:

- a) GTEFL must be required to bill and record all charges AT&T incurs for purchasing wholesale Local Services for resale and Unbundled Network Elements

and Combinations, and to follow appropriate billing procedures when AT&T is interconnected to GTEFL's network. AT&T believes that in order to efficiently bill its local service customers, GTEFL must assign a separate and unique billing code to each local service and unbundled network element or combination purchased by AT&T. GTEFL must then provide AT&T a monthly Local Service Bill that includes all Local Service Charges incurred by and credits and/or adjustments due to AT&T for those Local Services, and a monthly Unbundled Network Element Bill that includes all Unbundled Network Element Charges incurred by and credits and/or adjustments due to AT&T for those Elements or Combination thereof.

- b) AT&T believes that one year from the initiation of an agreement or when local service billing standards are adopted by the Open Billing Forum is an appropriate time frame for the development of any additional capabilities required. The costs for these services should be set at TELRIC.
- c) The costs of providing such service should be based on TELRIC studies approved by this Commission and shared by all local service providers who benefit from this access.

MCI:

- a) Yes. (deCamp)
- b) Billing and recording services should be available by January 1, 1997. (deCamp)
- c) GTE should recover only the forward-looking incremental cost of implementing such capability in the most efficient manner possible. GTE should bear the burden of proving such costs. (Price, Goodfriend)

GTEFL:

- a) Billing and usage recording fit into the category of OSS, discussed above at issue 6. The same concerns noted there apply here. MCI and AT&T will be provided the same billing services GTEFL uses for its own local and residual services. Likewise, GTEFL will furnish the same type of customer call detail information that GTE collects and uses to bill its own customers. GTEFL is not required to provide billing and usage data on a basis that

exceeds what GTEFL provides for its customers, as AT&T and MCI would demand. Nevertheless, GTEFL is willing to explore possible enhancements to its existing OSS that would generate the information the carriers seek if they commit to pay the associated costs.

- b) It is clear that enhanced billing and recording services will require the development of new capabilities, which will involve substantial development and employee time. While an exact timetable cannot be established at this point, and given the fact that AT&T has not provided a detailed list of its requirements in order for GTEFL to estimate a cost, it is clear that AT&T's 1997 date for completion is unrealistic.
- c) Because the specific tasks involved in meeting AT&T's and MCI's demands have cannot yet be determined, it is impossible to calculate the associated costs. However, no cost data are necessary for the Commission to order AT&T and MCI to bear the actual incurred costs of any enhancements they demand to GTEFL's systems.

STAFF: No position at this time.

ISSUE 9: What type of customer authorization is required for access to customer account information and transfer of existing services?

AT&T: The principles set forth in C.F.R. Section 64.1100 should apply to the process for end-user selection of a primary local exchange carrier. GTEFL should not require a disconnect order, letter of authorization, or other writing from a customer, or another LEC, in order to process and order for Local Service. GTEFL should transfer the customer's service features and functionality "as is" to AT&T when requested by a customer, thus allowing the customer to retain all existing features and functionality. The Act permits the use of a blanket letter of authorization procedure without further customer approval and permits access to customer proprietary data to initiate, render, bill and collect for telecommunications services.

MCI: GTEFL should provide access to customer account information and should transfer existing services pursuant to a blanket letter of authorization in which MCI commits that it will access such information and transfer such services only after obtaining the customer's consent. (deCamp)

GTEFL: To protect consumers' privacy and to protect against practices such as "slamming," customer consent to disclosure of account information should be clear and unmistakably attained. GTEFL customers must complete a letter of authorization for all services they elect to transfer to an ALEC. Further, AT&T and MCI do not need automatic access to GTEFL's account information for ordering, provisioning, billing or maintenance of their own local service. They can obtain this information directly from their own customers, as GTEFL does. GTEFL will disclose customer proprietary network information to AT&T and MCI only upon specific customer request to do so.

STAFF: No position at this time.

ISSUE 10: What are the appropriate rates, terms, and conditions, if any, for call guide pages, directory distribution, and inclusion of AT&T's and MCI's logos on the directory cover?

AT&T: GTEFL has an obligation under the Act to provide AT&T with non-discriminatory access to its Directory Listings. Consistent with the non-discriminatory language of the Act, GTEFL must, at a minimum include in the customer information or customer guide section of each telephone directory, one full page of information about AT&T's services. This information must include addresses and telephone numbers for AT&T Customer Service. At&T must be permitted to provide the form and content of such customer information to GTEFL. AT&T agrees to pay a reasonable rate to GTEFL, based on the cost of providing such a service, for the inclusion of this full page and any references to AT&T on the front cover of the directory.

The Act also obligates GTEFL to publish and distribute directories for AT&T on the same terms and conditions as it provides to itself. Thus, GTEFL should be required to distribute directories at the primary level for free and

at a price based on costs for secondary distribution. The cost of primary publication and distribution is within the costs of purchasing the resold service and is thus an obligation of GTEFL in providing such service. Consistent with the Act, such costs should not be passed along to AT&T thereby unfairly advantaging and compensating GTEFL.

MCI: MCI should have the same ability as GTEFL to have information regarding its services published in the call guide pages and to have its logo on the directory cover. GTEFL should be required to distribute directories to all customers at no charge. (Price)

GTEFL: GTEFL has the right to control the content of its own publications, and so should not be compelled to provide pages for its competitors' use or to include their logos on its directory covers. Nevertheless, it is willing to provide limited space for critical customer contact information. Further, if MCI or AT&T wants secondary distribution of directories, they must pay for it. GTEFL's cost study does not include the costs associated with such distribution.

STAFF: No position at this time.

ISSUE 11: a) Should GTEFL be required to provide AT&T and MCI access to GTEFL's directory assistance database?
b) If this process requires the development of additional capabilities, in what time frame should they be deployed?
c) What are the costs incurred, and how should those costs be recovered?

AT&T: a) Yes, GTEFL is required under the Act to provide AT&T and MCI access to its Directory Assistance Database. Under the Act and the FCC Order, Directory Assistance databases are considered to be network elements, and it is technically feasible to unbundle this element. Both the Act and the Order identify access to directory assistance databases as critical to the provision of local service.

- b) Any processes and procedures needed should be developed and put into place as soon as practicable.
- c) The costs of providing such access should be based on TELRIC studies approved by this Commission and shared by all local service providers who benefit from this access.

MCI:

- a) Yes. MCI should have the option of accessing GTEFL's directory assistance database either through a real-time interactive interface or through the purchase of information resident in the database. In addition, MCI should have the option to route DA calls to GTEFL's operators. (Price)
- b) The option to purchase database information does not require the development of additional capability and should be available immediately. Other options should be available by January 1, 1997. (Price)
- c) GTE should recover only the forward-looking incremental cost of implementing such capability in the most efficient manner possible. GTE should bear the burden of proving such costs. The cost associated with the database information purchase option should be very small. (Price, Goodfriend)

GTEFL:

- a) No. Allowing multiple parties access to a secure database presents serious problems. Database modifications would be required, for example, to guarantee the continued security of the data and to add a gateway to make access feasible. Problems associated with systems modifications, as well as cost recovery matters, would need to be resolved before GTEFL provides access to its directory assistance database.
- b) As noted in response to issue 11(a), it is certain that additional capabilities will need to be developed before access to GTEFL's directory assistance database is possible. The necessary modifications to allow multiple user access must be vendor-endorsed. While GTEFL has initiated contacts with vendors, time frames to implement multiple user access will depend on vendor responses, which are not yet forthcoming. A

realistic time frame for making the necessary database modifications thus cannot be established.

- c) The costs associated with database modifications have not yet been determined, but will need to cover, for example, augmenting search and storage capacity and adding firewall/gateway capability to ensure the security and integrity of GTEFL data. Recovery of all incurred costs from the cost causers is the only equitable approach, as GTEFL will not benefit from the capital expenditures it is required to provide others access to its databases.

STAFF: No position at this time.

ISSUE 12: How should PIC changes be made for AT&T's and MCI's local customers?

AT&T: The Act's concept of parity requires GTEFL, as the incumbent local exchange carrier to contact AT&T to effectuate a PIC request. AT&T is therefore entitled to be the contact point for PIC change requests by AT&T local customers. AT&T also has requested that GTEFL reject any PIC change request from another local carrier and notify the carrier to submit the request to AT&T. This practice complies with the standards adopted by the National Order and Billing forum Committee, which has developed industry standards on billing and ordering.

MCI: GTEFL should not accept a PIC change directly from an IXC for an MCI local customer; such requests should be made by the IXC through GTEFL. (Price)

GTEFL: GTEFL should be permitted to make primary interexchange carrier (PIC) changes for AT&T or MCI customers, whether the request for the PIC change comes from AT&T or MCI, on one hand, or from the new interexchange carrier, on the other. GTEFL should not be forbidden to accept PIC changes from the new interexchange carrier per current FCC guidelines without first referring them to the existing carrier. Introducing this cumbersome, additional step would impact GTEFL's automative processes, add costs, and serve no benefit from the end user's perspective, which should be the main concern.

STAFF: No position at this time.

ISSUE 13: a) Are the following items considered to be network elements, capabilities, or functions? If so, is it technically feasible for GTEFL to provide AT&T and MCI with these elements?

Network Interface Device
Loop Distribution
Local Switching
Operator Systems
Dedicated Transport
Common Transport
Tandem Switching
Signaling Link Transport
Signal Transfer Points
Service Control Points/Databases
Loop Concentrator/Multiplexer (AT&T only)
Loop Feeder (AT&T only)
Multiplexing/Digital Cross-connect (MCI only)
DA Service
911 Service
AIN Capabilities
Operations Support Systems

b) What should the price of each of the items considered to be network elements, capabilities, or functions?

AT&T: a) GTEFL has a statutory obligation under the Act to offer network elements to new market entrants on an unbundled basis and at rates, terms and conditions that are just, reasonable, and non-discriminatory. All items listed above are network elements, and all items are technically feasible to provide.

b) In accordance with the Act, pricing for unbundled network elements must be cost based and established without reference to a rate-of-return or other rate-based proceeding. Total Services, or Total Element Long Run Incremental Costs provide the method for establishing such statutorily required cost-based rates. GTEFL has not provided AT&T with detailed cost studies with which to develop appropriate prices for unbundled network elements in the absence of detailed TSLRIC or TELRIC cost studies, rates were determined using the Hatfield

Model where appropriate data were available.. For operator systems and other similar elements, interim prices should reflect any appropriate FCC default prices.

- MCI:**
- a) Each of the items requested by MCI is a network element, capability or function, and it is technically feasible to unbundle each of the requested elements. The Commission should strictly scrutinize any claim by GTEFL that unbundling is not technically feasible to preclude GTEFL from creating barriers to competitive entry by MCI and others. (Powers, Goodfriend)
 - b) The price of unbundled elements should be based on the forward-looking, long-run economic costs, calculated in accordance with TELRIC principles, that a wholesale-only LEC would incur to produce the entire range of unbundled network elements. These costs are calculated by the Hatfield Model, and the appropriate prices are set forth in the direct testimony of Mr. Wood. (Goodfriend, Wood)

- GTEFL:**
- a) * **Network Interface Device:** GTEFL has agreed to allow AT&T and MCI to connect to GTEFL's NIDs, provided that such interconnection (1) does not adversely affect the reliability and security of GTEFL's network; (2) GTEFL recovers all costs associated with unbundling its NID, and (3) GTEFL receives "just and reasonable" compensation for the unbundled NID.

* **Loop Distribution, Loop Feeder (AT&T only), and Loop Concentrator/Multiplexer (AT&T only):** Because GTEFL's loop plant consists of several different types of facilities used to connect customers to their central offices, requests for unbundling of any sub-loop elements must be examined on a case-by-case basis. GTEFL will agree to provide as separate items the loop distribution, loop concentrator/multiplexer, and loop feeder in cases where such unbundling is technically feasible, and provided the requesting party pays the cost of providing these elements separately.

* **Local Switching:** The port is a network element, and GTE agrees to provide this on an unbundled basis. "Switch unbundling," as proposed by AT&T,

goes beyond the unbundling requirements of the Act. Such unbundling has numerous feasibility problems at this time; it ignores limitations on the switch capacity, as well as the tremendous development costs associated with modifying existing switches. Moreover, unbundling these switch items could prevent GTEFL from identifying calls routed to an IXC; therefore, AT&T and MCI may be able to avoid paying access charges.

* **Operator Systems:** GTEFL assumes this item refers to the capability of direct routing to other carriers' operator services/directory assistance platforms and/or to providing access to GTEFL's directory assistance database. These things, which may be considered network features or functionalities, are treated above, in response to Issues 7 and 11. In short, provision of such features is not technically feasible now. If such capabilities are developed in the future, they must be paid for by the party requesting them.

* **Dedicated Transport, Common Transport:** Dedicated and common transport, as GTEFL understands them, are network elements that are technically feasible to provide. Unbundled transport is provided under rates, terms and conditions of the applicable GTEFL tariff as this does not represent a new unbundled element.

• **Tandem Switching:** Inter-tandem switching should not be an issue in this proceeding, because GTEFL has only one tandem in Florida. In any case, while inter-tandem switching would be technically feasible (assuming more than one tandem switch), GTEFL should not be ordered to provide it unless AT&T and MCI agreed to current methods for billing inter-tandem traffic which GTE uses in other states. Otherwise, GTEFL would have no way to bill for all of the network elements involved in the completion of calls from AT&T and MCI.

* **Signaling Link Transport, Signal Transfer Points, Service Control Points/Databases:** These are components of GTE's Signaling System 7 (SS7) network. It is not technically feasible to unbundle the SS7 network into these discrete parts, as proposed by AT&T and MCI. Any attempt to do so

would jeopardize the integrity of the network, with potentially disastrous consequences. Further, there are no technical standards to support such unbundling. GTE has offered interconnection with its SS7 signaling system at the signal transfer points (STP), but not at other points. Access to the service control points (SCP) and associated databases is technically feasible at this time only through the STP pair associated with that SCP. AT&T must pay for the work and the access.

• **Multiplexing/Digital Cross-connect (MCI only):** GTEFL is unclear as to the nature of MCI's demand with regard to this item. If it refers to GTEFL's Digital Access Cross-Connect System, the Company considers this to be an unbundled element that will be offered under the same terms as currently provided to interexchange carriers. If GTEFL has misunderstood the reference, this matter can be clarified between MCI and GTEFL in the prehearing conference.

***Directory Assistance (DA) Service:** This is not a network element. GTEFL will, however, offer its tariffed operator and DA services for resale on the same terms and at the same rates as the corresponding retail offerings. Because these services require GTEFL to perform the same activities at both the wholesale and retail levels, no resale discount is warranted.

• **911 Service:** GTEFL doesn't consider 911 service as a network element, but supports provision of this service. GTEFL's parameters for 911 Service appear in its Interconnection Agreement with ICI which has been approved by the Commission. In addition, MCI and GTEFL have agreed on language for 911 service for an interim contract. GTEFL is unaware of any outstanding issues for this service.

* **Advanced Intelligent Network (AIN) Capabilities:** It is not technically feasible to unbundle the AIN trigger. Nevertheless, MCI and AT&T can obtain access to the full functionality of GTEFL's AIN by reaching it through GTEFL's gateway. Providing other carriers a direct link between GTEFL's triggers and AT&T's and MCI's respective platforms is not technically feasible, would be unnecessary

to providing full functionality, would threaten the integrity and security of the GTEFL network and would raise the risk of system faults.

* **Operations Support Systems:** OSS is not a network element. Further, providing access to the functionality of the OSS requires that the single-user OSS be substantially modified and partitioned to make them secure and reliable for multi-user purposes. However, GTE can provide other carriers access to the network functionalities of GTEFL's OSS after GTE has received from AT&T and MCI the detailed definition of their requirements, and has developed the technical modifications required to meet the multi-user demands. This will take significant time and associated costs must be recovered from the carriers requesting such interfaces. As explained above, however, in response to Issues 6 and 8, GTEFL need not provide on-line access to the systems themselves.

- b) As noted in response to Issue 13(a), dedicated and common transport and directory assistance services will be offered at their existing tariffed prices. The remaining items discussed above will be priced at their total element long-run incremental costs (TELRIC), as calculated by GTEFL, plus a reasonable share of joint and common costs, in accordance with the Act. Prices for unbundled elements must be set to allow GTEFL recovery of its actual network costs, rather than some theoretical measure of costs of a hypothetical network that has never been built.

STAFF: No position at this time.

ISSUE 14: Should GTEFL be prohibited from placing any limitations on AT&T's and MCI's ability to combine unbundled network elements with one another, or with resold services, or with AT&T's, MCI's or a third parties facilities, to provide telecommunications services to consumers in any manner AT&T or MCI chooses?

AT&T: Yes. AT&T has a statutory right under the Act to combine unbundled network elements in any manner, and at any location which is technically feasible, in order to provide its customers with telecommunications services.

GTEFL may not limit or restrict AT&T's ability to combine, use, or resell unbundled network elements.

MCI: Yes. Section 251(c)(3) of the Act requires that GTEFL offer unbundled elements in a manner that allows MCI to recombine such elements in order to provide telecommunications services. The Act does not allow limitations on the manner in which the elements are combined, or the telecommunications services which can be provided through the use of unbundled elements.
(Goodfriend)

GTEFL: No. AT&T and MCI should not be permitted to unbundle and then reassemble GTEFL's network. This was not the intention of the Act. Indeed, MCI's and AT&T's proposal would render meaningless the Act's required distinction between unbundled elements and wholesale services, and its directive that these two categories of items be priced differently.

STAFF: No position at this time.

ISSUE 15: a) Should GTEFL be required to provide AT&T and MCI with access to GTEFL's unused transmission media?
b) What are the costs incurred, and how should those costs be recovered?

AT&T: a) Yes. AT&T believes that unused transmission media is a network element per the FCC definition of network elements. It is technically feasible to unbundle transmission media, and it should be unbundled as it is not proprietary and its lack of availability would introduce unnecessary additional costs to new entrant. The provision of unused transmission media will allow AT&T to add efficiently to its own transmission capabilities. GTEFL should be required to offer all Unused Transmission Media to AT&T under a lease agreement.

GTEFL should also not preclude or delay allocation of any unused transmission media to AT&T or other ALECs because of GTEFL's own potential needs. GTEFL should not be permitted to first satisfy all of its existing and spare capacity needs before allowing others to lease the unused transmission media.

- b) The prices for such Unused Transmission Media should be priced as a separate element based on the TSLRIC or TELRIC of providing the facility.

MCI: a) Yes. From an engineering perspective, unused transmission media such as dark fiber is simply another level in the transmission hierarchy and is a network element which must be unbundled upon request. (Powers)

- b) Like any other unbundled element, the price for dark fiber should be based on its forward looking economic cost in accordance with TELRIC principles. (Goodfriend)

GTEFL: a) No. Dark fiber is not a network element, such that it would be subject to unbundling. The Act defines "network element" to include only those facilities that are "used in the provision of a telecommunications service." (Act at sec. 3(45) [emphasis added].) Because ILECs do not use dark fiber in their networks--transport circuits must be "lit" to be used--dark fiber does not meet the statutory definition.

- b) Because GTEFL is not required to provide access to its dark fiber, the cost and cost recovery questions need not be addressed in this proceeding.

STAFF: No position at this time.

ISSUE 16: At what points should AT&T and MCI be permitted to interconnect with GTEFL?

AT&T: The Act requires that GTEFL must provide interconnection at any requested, technically feasible point.

MCI: MCI should be permitted to interconnect at any technically feasible point on GTEFL's network that it designates, and MCI should not be required to interconnect at more than one point per LATA. MCI and GTEFL must use the same MCI-designated interconnection point (IP) for traffic in each direction since traffic on 2-way trunks (which may be requested by MCI) cannot be segregated to separate IPs. (Powers)

GTEFL: AT&T and MCI may interconnect with GTEFL at any of the minimum technically feasible points required by the FCC. Interconnection at additional points where other ALECs have already interconnected is not presumptive. Interconnection can only occur if it will not threaten the security and reliability of GTEFL's system, and if GTEFL's costs are fully recovered.

STAFF: No position at this time.

ISSUE 17: a) What access should be provided by GTEFL for its poles, ducts, conduits, and rights-of-way?
b) What are the costs incurred, and how should those costs be recovered?

AT&T: a) The Act imposes a specific duty on the owners and holders of poles, conduits, and rights-of-way who are "utilities" to provide non-discriminatory access to competing telecommunications carriers. "Non-discriminatory access" means that the ILEC must take reasonable steps to ensure that ALECs have access to and ability to use the poles, conduits, and rights-of-way on the same terms and conditions as the ILEC. GTEFL is obligated under the requirements of the Act to provide AT&T equal and non-discriminatory access to pole space, ducts, conduit, and rights-or-way on terms and conditions equal to that provided by GTEFL to itself or to any other LEC. Further, GTEFL should not preclude or delay allocation of these facilities to AT&T because of the potential needs of itself or other LECs. GTEFL should not be permitted to first satisfy all of its existing and spare capacity needs before allowing others to share the pathways.
b) When there is insufficient space to accommodate an AT&T-requested attachment or occupancy, and when GTEFL incurs costs to add additional space, AT&T will reimburse GTEFL for its proportionate share of the actual costs incurred. These costs must be based on the TELRIC of providing the items. Consistent with the Act and the FCC's implementing regulations, AT&T will pay an Attachment Fee for each GTEFL facility upon which AT&T obtains authorization to place an Attachment. The FCC has

outlined a general methodology for determining an Attachment Fee.

- MCI:**
- a) GTEFL should be required to make any unused capacity in its poles, ducts, conduits, and rights-of-way available on a nondiscriminatory basis to all carriers, including itself, and should not be allowed to reserve capacity in such facilities. (Price)
 - b) Costs of existing capacity should be recovered through a nondiscriminatory rental fee designed to recover a pro rata share of the facility costs. Costs of capacity expansions should be borne by the cost-causer, and shared by any party who subsequently makes use of the expanded facility. (Price, Goodfriend)

- GTEFL:**
- a) Although the Act requires that access to poles, ducts, conduits, and rights-of-way be made available to all cable television systems and telecommunication carriers on a nondiscriminatory basis, it does not force GTE to relinquish its property rights. As such, GTEFL should be permitted to deny access to physical facilities for reasons of safety, capacity, and reliability and for engineering purposes. Further, GTE must be able to satisfy its current needs as well as its future space requirements on the basis of a five-year horizon before being required to provide such access. Requiring unconstrained access to poles, conduits, ducts, and rights-of-ways, as appears to be requested by AT&T and MCI, would constitute an unconstitutional taking
 - b) The costs incurred for providing access will vary because they are site-specific. Section 224 of the Act sets forth a formula for determining the costs a pole owner will be entitled to recover, but the FCC has not yet promulgated rules implementing § 224.

Nevertheless, GTEFL believes that to the extent § 224 mandates access, the pole owner should be entitled to recover all its costs in providing access plus a reasonable profit in accord with the Fifth Amendment. GTEFL also believes that an attaching entity such as AT&T should pay for all

the "make ready" costs and replacement and rearrangement costs associated with their attachments. Again, these costs will vary from site to site.

STAFF: No position at this time.

ISSUE 18: Does the term "rights-of-way" in Section 224 of the Act include all possible pathways for communicating with the end user?

AT&T: Neither the Act nor the current FCC rules define the terms "poles, ducts, conduits, and rights-of-way, "however, AT&T believes that these terms are of general applicability and include all possible pathways to the customer which the ILEC controls, in whatever physical form. The breadth of this definition reflects the fact that unless the ALEC's have access to all pathways needed to service their customers, in whatever physical form those pathways take, the ILEC can effectively shut off access to particular customers.

The structure of the Act supports this position. Congress intended that the entire ILEC network be made available on a desegregated basis to ALECs seeking to become facilities-based competitors.

MCI: Yes. (Price)

GTEFL: No. There is no evidence that Congress intended to expand the meaning of the term "right-of-way," as used in section 224, to include all possible "pathways" to the end-user customer such as entrance facilities, cable vaults, equipment rooms and telephone closets. The areas identified by AT&T as "pathways" are not part of the distribution network used to place GTE's facilities. Rather, they are the linking point between GTE's facilities and the customer's premises equipment. These "pathways" generally are not owned or controlled by GTE. GTE places its equipment in these areas through arrangements negotiated with the premises owners. There is nothing to prevent AT&T or MCI from making their own arrangements. In this regard, GTE has represented that it will not discourage property owners from agreeing to similar arrangements with AT&T, nor will GTE enter into agreements that in any way restrict the owner's ability to grant such access to AT&T.

STAFF: No position at this time.

ISSUE 19: Should GTEFL be required to provide interim number portability solutions including remote call forwarding, flex-direct inward calling, route index portability hub, and local exchange route guide reassignment?

AT&T: Yes. Until the Local Number Portability (LNP) database is implemented, local number portability must be done in the local switch. GTEFL should be required to support the following types of interim number portability:

- . Remote Call Forwarding (RCF)
- . Flex-Direct Inward Dialing (DID)
- . Directory Number-Route Index (DN-RI)
- . Local Exchange Routing Guide (LERG)
Reassignment

MCI: GTEFL should be required to provide interim number portability through remote call forwarding and flex-direct inward calling. MCI is not seeking any other method of interim number portability at this time. (Price)

GTEFL: GTE should provide interim number portability (INP) through remote call forwarding (RCF) and direct inward dialing. RCF is a good choice for INP because it is a reliable, proven method that is available today and can be provided without costly changes to ordering, billing, and network systems. Tariffed direct inward dialing is also a good INP solution because it is reliable and can also be implemented without costly network modifications. Other proposed methods of INP should not be required. Directory Number-Route Indexing (DN-RI) is not currently available over GTE's network and would entail a significant investment for a network system that would be obsolete in a few years. Local exchange route guide (LERG) reassignment is not an INP method and should not be utilized.

STAFF: No position at this time.

ISSUE 20: What should be the cost recovery mechanism to provide interim local number portability in light of the FCC's recent order?

AT&T: The Commission should adopt a mechanism which requires each carrier to pay for its own costs of providing interim local number portability. In other words, the service should be provided as requested (of either the incumbent or the new entrant) at no charge.

MCI: There should be no explicit monthly recurring charge for remote call forwarding used to provide interim local number portability. GTEFL and MCI should each bear their own cost of implementing the interim number portability mechanism. (Price)

GTEFL: With regard to pricing of number portability, the Act states that "[t]he cost of establishing . . . number portability shall be borne by all telecommunications carriers on a competitively neutral basis as determined by the [FCC]." Act, §251(e)(2). In July 1996, the FCC released its regulations regarding number portability. (See Number Portability Order.) These regulations establish guidelines for State commissions to follow in setting the rates for INP. Alternatively, however, the State commission may require carriers to file a tariff, in which case the guidelines do not necessarily apply. (Number Portability Order at ¶ 127.)

GTEFL has submitted a cost study depicting the costs of interim number portability (see Tab 9 of Cost Study). GTEFL must recover its costs through tariffed rates to the extent to which such tariffs have already been filed or, alternatively recover the costs of INP through a cost pooling system. Because generic hearings are being held on this issue (in Docket No. 950737-TP) on November 25, 1996, there is no need to resolve it in this company-specific docket.

STAFF: No position at this time.

ISSUE 21: a) Should GTEFL be prohibited from placing any limitations on interconnection between two carriers collocated on GTEFL's premises, or on the types of equipment that can be collocated, or on the types of uses and availability of the collocated space?

b) What are the costs incurred, and how should those costs be recovered?

AT&T: a) In accordance with the non-discriminatory provisions in the Act, GTEFL should not be permitted to place restrictions on the availability of collocated space, on the type of equipment that is allowed in collocated space or to restrict or limit the use of collocated space used for the provisioning of telecommunications services. Further, GTEFL should not be permitted to limit the efficient interconnection between AT&T and other ALEC's within the Central Office.

b) Costs associated with providing space and maintenance should be priced distinctly from other elements at TSLRIC or TELRIC.

MCI: a) Yes, GTEFL should be prohibited from placing such limitations. MCI should have the ability to collocate subscriber loop electronics, such as digital loop carrier; should be permitted to interconnect with other collocators; should be permitted to interconnect to unbundled dedicated transport obtained from GTEFL; and should be able to collocate via either physical or virtual facilities. (Powers)

b) Rates for collocation should be based on forward looking economic cost in accordance with TELRIC principles. (Wood)

GTEFL: a) The Act does not require GTE to permit collocators to cross-connect in order to bypass GTE's network. However, pending judicial review of the FCC's Order, GTE will permit the interconnection via cross-connects of the collocated equipment of different ALECs under the following conditions: (1) GTE shall determine whether the provisioning of the cross-connect is performed by GTE or the ALECs; (2) the connected equipment is used for interconnection with GTE or access to GTE's

unbundled network elements; (3) adequate space is available; (4) reasonable security arrangements can be provided; and (5) the ALECs pay all costs associated with the cross-connect. Collocators should be permitted to place on GTE's premises only equipment that is technically necessary to provide basic transmission service, such as concentration or circuit terminated equipment (including optical line terminating equipment and multiplexing). They should not be permitted to collocate switches, enhanced services equipment or customer premises equipment.

- b) The costs must be recovered from the entity seeking collocation. Collocation rates should allow for recovery of all of GTEFL's applicable costs as permitted under the Act. GTEFL has developed cost studies for collocation (see Tab 9 of GTEFL's cost study). Specifically, GTEFL developed collocation element costs studies for Network Access Cross Connection (DS-0, DS-1, and DS-3 levels); Physical Engineering Fee; Building Modification Charges; Partitioned Space Rental; DC Power; and Cable Space Charges.

STAFF: No position at this time.

ISSUE 22: What should be the compensation mechanism for the exchange of local traffic between AT&T or MCI and GTEFL?

AT&T: The Commission should order that interconnection be priced at TELRIC and that GTEFL be ordered to develop RELIC studies as promptly as possible. Until such studies are completed, the Commission should require a bill and keep arrangement for interconnection.

MCI: The compensation mechanism for transport and termination of local traffic between MCI and GTEFL should use symmetrical rates for transport and termination set in accordance with total element long run incremental cost principles. The Hatfield Model produces costs calculated in accordance with these principles for tandem switching, local switching and transport. (Goodfriend, Wood)

GTEFL: Under the Act, rates charged by GTEFL for termination of an ALECs' traffic should be based on the cost (determined without reference to a rate-of-return or other rate-based

proceeding). Such rates must also be nondiscriminatory, and may include a reasonable profit. GTE contends that these rates should be determined according to the Market Determined-Efficient Component Pricing Rule ("M-ECPR"). GTE should not be required to use a bill-and-keep arrangement, either initially or permanently. However, GTEFL should be permitted to enter into voluntary bill-and-keep arrangements where the traffic is likely to be in balance.

STAFF: No position at this time.

ISSUE 23: What intrastate access charges, if any, should be collected on a transitional basis from carriers who purchase GTEFL's unbundled local switching element? How long should any transitional period last?

AT&T: When a carrier purchases unbundled network elements at TELRIC rates, that carrier should be permitted to route any type of traffic using those elements (including access). Therefore, TELRIC rates would take the place of access charges in the traditional sense. However, the FCC has ordered that until June 30, 1997, in addition to the unbundled network element rate for local switching, carriers should pay 100% of the CCLC and 75% of the interconnection charge (RIC).

MCI: The price for unbundled local switching should be based on its forward looking economic cost in accordance with TELRIC principles. The price should not include any additional charge for intrastate switched access minutes that traverse GTEFL's switch, and in particular should not replace the CCL and RIC revenues that GTEFL would have received if it had retained the end-user customer. (Goodfriend)

GTEFL: Full intrastate access charges should be collected on a transitional basis from carriers who purchase GTEFL's unbundled local switching element. The transition period should last until local rates are rebalanced and intrastate universal service issues are resolved.

STAFF: No position at this time.

ISSUE 24: Should GTEFL be required to provide notice to its wholesale customers of changes to GTEFL's services? If so, in what manner and in what timeframe?

AT&T: GTEFL should be required to provide notice in advance of its general public notice of changes to services.

MCI: GTEFL should be required to provide notice to its wholesale customers of changes to GTEFL's services at least 45 days prior to the effective date of the change, or concurrent with GTEFL's internal notification process for such changes, whichever is earlier. (Price)

GTEFL: Notification of price changes or introduction of promotions on existing services would be made shortly after the filing of a new tariff. Changes in the features or functions of existing services, or introduction of services into a central office, would be communicated through a features and functions file on a periodic basis. Introduction of a new technology that GTE has not deployed before would be determined on a case-by-case basis as the product is developed.

STAFF: No position at this time.

ISSUE 25: What should be the term of the agreement?

AT&T: AT&T's position is that the term of an interconnection agreement must be at least five years. AT&T believes that the longer term is essential to allow a firm foundation of competition prior to allowing GTEFL the ability to reassert its market dominance and renegotiate an agreement. In addition, AT&T requires at least a five year term in order to make realistic market plans and to provide continuous support to its customers.

MCI: The term of the initial arbitrated agreement should be 5 years, with successive one-year renewal options. (Price)

GTEFL: The term of any agreement should not be greater than two years. The Act did not intend to place permanent long term disabilities on the incumbent LECs, but to foster competition by opening the market to AT&T, MCI and others. Shorter-term agreements are pro-competitive, especially in a rapidly changing market.

STAFF: No position at this time.

ISSUE 26: Can the agreement be modified by subsequent tariff filings?

AT&T: AT&T's position is that GTEFL should not be permitted to modify the Agreement or to override the Agreement with subsequent tariff filings. AT&T's proposed interconnection agreement includes language that would permit the parties to further negotiate resolution of new or open issues as necessary.

MCI: No, the agreement cannot be unilaterally modified by subsequent tariff filings. (Price)

GTEFL: GTEFL believes that negotiation is the most appropriate way to attain terms and conditions that will best produce a competitive marketplace. Notwithstanding that fact, if the Commission approves tariffs, they may take precedence over contract terms.

STAFF: No position at this time.

UNRESOLVED ISSUES SPECIFIC TO MCI AND GTEFL:

ISSUE 27: a) When MCI resells GTEFL's services, is it technically feasible or otherwise appropriate for GTEFL to brand operator services and directory services calls that are initiated from those resold services?

b) When GTEFL's employees or agents interact with MCI's customers with respect to a service provided by GTEFL on behalf of MCI, what type of branding requirements are technically feasible or otherwise appropriate?

MCI: a) Yes. Such branding is technically feasible, and is necessary to enable a reseller to establish its own identity in the market. (Price)

b) When interacting with customers with respect to a service provided by GTEFL on behalf of MCI, it is both feasible and appropriate for GTEFL employees to identify themselves as providing service on behalf of MCI and for such employees to use "leave-behind" cards or other written materials provided by MCI which identify MCI as the provider of service. (Price)

- GTEFL:**
- a) Customized branding is not currently technically feasible for resold services. GTE has been in contact with our vendors and is in the process of identifying requirements and associated costs to provide this service for multiple customers in a non-discriminatory manner.
 - b) GTEFL should be able to continue to identify its personnel and its business offices as its own. It is unreasonable and inappropriate to expect GTE employees to identify themselves as employees of GTE, MCI, AT&T, and other companies at different times. For example, if GTE technicians were required to carry various ALECs' branded material, they would be forced to spend inordinate amounts of time trying to determine for whom they were working and coordinating the branding of various competing carriers. Likewise, GTEFL should be able to maintain repair centers that are identified as its own. Should an MCI customer misdirect a call to GTE's Customer Care Center, GTE will provide that customer with the telephone number of MCI's repair centers. GTE service personnel providing repair service to MCI customers are GTE employees. GTE is, however, willing to use an unbranded no access door-hanger when providing repair services to MCI and other ALEC customers.

STAFF: No position at this time.

ISSUE 28: In what time frame should GTEFL provide CABS-like billing for services and elements purchased by MCI?

MCI: GTEFL should provide CABS formatted billing for resold services in accordance with the specifications adopted by the industry Ordering and Billing Forum in August, 1996 no later than January 1, 1997. NYNEX will be producing bills in the OBF CABS format effective October 1, 1996, by reformatting the output from its CRIS system. (deCamp)

GTEFL: Trunk-side interconnection will be billed using CABS. GTEFL cannot, however, bill line-side interconnection through CABS at this time. The important consideration is that GTEFL will use for MCI the same system (CBSS) that generates GTE's own end user bill for GTE local and residential services. In the meantime, GTEFL is working to enhance CABS to handle both trunk-side and line-side

billing, but the completion date for this project is not yet certain.

STAFF: No position at this time.

ISSUE 29: What are the appropriate rates, terms, and conditions for access to code assignments and other numbering resources?

MCI: Access to code assignments and other numbering resources should be provided on a nondiscriminatory basis. There should be no significant additional costs associated with management of these resources. (Price)

GTE: To the extent GTE serves as Central Office Code Administrator for a given region, GTE will support all AT&T and MCI requests related to central office (NXX) code administration and assignments in an effective and timely manner. All carriers should comply with code administration requirements as prescribed by the Federal Communications Commission, the Commission, and accepted industry guidelines. It shall be the responsibility of each carrier to program and update its own switches and network systems to recognize and route traffic to the other carrier's assigned NXX codes at all times. Neither carrier shall impose any fees or charges whatsoever on the other Carrier for such activities.

STAFF: No position at this time.

OTHER ISSUES FOR ALL PARTIES:

ISSUE 30: Should the agreement be approved pursuant to Section 252(e)

AT&T: Yes. The arbitrated agreement should be approved pursuant to the provisions of Section 252(e).

MCI: Yes. The arbitrated agreement which is submitted by the parties at the conclusion of this proceeding should be approved pursuant to Section 252(e) of the Act.

GTE: Under the Telecommunications Act of 1996, the Commission must approve the agreement (or portions of that agreement) whether resulting from negotiations or arbitration. However, the Act establishes different standards of review, depending upon whether the agreement

is negotiated or arbitrated. Under Section 252(e)(2)(A), an agreement (or any portion thereof) adopted by negotiation may be rejected only if it discriminates against a telecommunications carrier not a party to the agreement or the implementation of such an agreement (or a portion of such agreement) is adopted as a result of arbitration, the Commission must consider whether the agreement fails to meet the requirements of Section 251, regulations prescribed pursuant to that section and the pricing standards set forth in subsection 252(d).

The Act clearly contemplates that portions of an agreement may be reviewed under subsection 252(e)(2)(A) governing negotiations while others will be reviewed under subsection 252(e)(2)(B). In the present case, GTEFL and AT&T and MCI have agreed to provisions which are not being arbitrated in these dockets. Although these provisions must still be approved by the Commission, they must be considered under the non-discrimination and public interest standard set forth in section 252(e)(2)(A), not that set forth under section 252(e)(2)(B).

STAFF: No position at this time.

ISSUE 31: What are the appropriate post-hearing procedures for submission and approval of final arbitrated agreement?

AT&T: The deadline for filing a comprehensive agreement should be 14 days from the issuance of the Order reflecting the Commission's decisions on the issues in this proceeding. If no agreement is reached, the parties should file their respective proposed contractual language for each issue that remains unresolved within 20 days after the issuance of the Order. The Commission should then adopt on an issue-by-issue basis the proposed contractual language that best reflects the determinations made in the Order.

MCI: In Order No. PSC-96-1107-PCO-TP, the Prehearing Officer ruled that the Commission will take action on the major issues identified by the parties to this proceeding, but will not resolve all of the subsidiary issues necessary to produce a final arbitrated agreement. The Prehearing Officer proposed a post-decision procedure under which the parties would be given a specified period of time to submit a comprehensive arbitrated agreement that incorporates the Commission's decisions on the major

issues. If the parties are unable to reach a comprehensive agreement in the specified time frame, the Prehearing Officer proposed that each party would submit its own version of a proposed agreement, and that the Commission would choose and approve the agreement that best comports with its decision. The Prehearing Officer asked the parties to comment on this proposed procedure in their prehearing statements.

MCI believes that it has a right under the Telecommunications Act of 1996 for the Commission to resolve all the issues that MCI submitted for arbitration. Given the number of issues, MCI initially proposed a "Mediation Plus" procedure that was outlined in its Petition for Arbitration. The Mediation Plus procedure contemplated a hearing on the major issues identified by the parties, coupled with Commission-supervised mediation of other issues. MCI's proposal would have required additional hearings on any issues that the parties were unable to resolve in a timely fashion. The Prehearing Officer denied MCI's request for Mediation Plus, and MCI elected not to seek full Commission review of that ruling.

MCI believes that, with a slight modification, the Prehearing Officer's proposal may be a workable procedure for achieving a final arbitrated agreement.

First, the Commission should set the deadline for the parties to submit a comprehensive agreement at 14 days after the date of the Commission's vote on the major issues, or December 10, 1997. The parties can continue to negotiate general contractual terms concurrently with the Commission's hearing and post-hearing procedures, and a 14-day time frame should be sufficient to incorporate the effect of the Commission's vote into a comprehensive agreement. Such a deadline is consistent with the intent of the Act that arbitration proceedings be completed on an aggressive schedule.

Second, in the event that a comprehensive agreement is not reached by the Commission-imposed deadline, the Commission should not bind itself to accept, in its entirety, the proposed agreement submitted by either party. Instead the Commission should retain the flexibility (a) to accept the entire proposed agreement submitted by either party, or (b) to accept, on an issue-

by-issue basis, parts of the proposed agreements offered by each party.³

GTE: After the Commission issues its decision, the parties should be directed to negotiate an agreement in accordance with the Commission's decision pursuant to Section 252(e)(1) of the Telecommunications Act. In order to avoid future disputes before the Commission, the parties must be given sufficient time to thoroughly review the Commission's decision and incorporate the directives of the Commission into a full and final agreement.

STAFF: No position at this time.

VII. EXHIBIT LIST

<u>WITNESS</u>	<u>PROFFERED BY</u>	<u>I. D. NO.</u>	<u>DESCRIPTION</u>
Ray Crafton	AT&T	<u>RC-2</u>	Unbundled Network Elements
Joseph P. Cresse	AT&T	<u>JPC-1</u>	Vitae
Joseph Gillan	AT&T	<u>JPG-1</u>	Vitae

³ This is consistent with the discretion that the FCC would vest in its arbitrators to use either "entire package" final offer arbitration or "issue-by-issue" final offer arbitration in cases where the FCC has assumed jurisdiction over an arbitration. 47 C.F.R. §51.807(d)

<u>WITNESS</u>	<u>PROFFERED BY</u>	<u>I. D. NO.</u>	<u>DESCRIPTION</u>
Mike Guedel	AT&T	MG-1	Unbundled Network Elements
		MG-2	Items Requiring Cost Support
		MG-3	Cost of Network Elements
Art Lerma	AT&T	AL-1	Model Flow Chart
		AL-2	Treatment of Armis Data
		AL-3	Identification and Assignment of Factors
		AL-4	GTE Avoided Retail Costs
		AL-5	GTE Florida Financial
Don J. Wood	AT&T	DJW-1	Vitae
		DJW-2	Network Investments
		DJW-3	Cost of Network Elements
		DJW-4	Hatfield Model Unbundled Network Element Summary

<u>WITNESS</u>	<u>PROFFERED BY</u>	<u>I. D. NO.</u>	<u>DESCRIPTION</u>
Don Price	MCI	<u> </u> Pet. Ex-1	Letter to GTE requesting negotiations
		<u> </u> Pet. Ex-2	Annotated Term Sheet
		<u> </u> Pet. Ex-3	Term Sheet Items
		<u> </u> DGP-1	Resume
		<u> </u> DGP-2	Wholesale Services Prices and Provisioning White Paper
Don Wood	MCI	<u> </u> DGP-3	Wholesale Pricing Discount Model
		<u> </u> DGP-4	Requirements for Long Term Local Number Portability
		<u> </u> DPG-5	GTE Florida Avoided Cost 1995
		<u> </u> DJW-1	Resume
		<u> </u> DJW-2	Florida Model Inputs
		<u> </u> DJW-3	Hatfield Model Results
		<u> </u> DJW-4	Model Documentation for Hatfield Model 2,2.2

<u>WITNESS</u>	<u>PROFFERED BY</u>	<u>I. D. NO.</u>	<u>DESCRIPTION</u>
Sarah Goodfriend	MCI	<u> </u> SJG-1	Resume
Michael L. Dellangelo	GTEFL	<u> </u> MLD-1	(attached to Dellangelo Direct Testimony)
Dennis B. Trimble	GTEFL	<u> </u> DBT-1	(attached to Trimble Direct Testimony)
		<u> </u> DBT-2	(attached to Trimble Direct Testimony)
		<u> </u> DBT-3	(attached to Trimble Direct Testimony)
		<u> </u> DBT-4	(attached to Trimble Direct Testimony)
		<u> </u> DBT-5	(attached to Trimble Rebuttal Testimony)
		<u> </u> DBT-6	(attached to Trimble Rebuttal Testimony)
		<u> </u> DBT-7	(attached to Trimble Rebuttal Testimony)
		<u> </u> DBT-8	(Attached to Trimble Rebuttal Testimony)
Michael Drew	GTEFL	<u> </u> RL-1	(attached to Langley Direct Testimony, adopted by Drew

<u>WITNESS</u>	<u>PROFFERED BY</u>	<u>I. D. NO.</u>	<u>DESCRIPTION</u>
		<u>RL-2</u>	(attached to Langley Direct Testimony, adopted by Drew)
Douglas N. Morris	GTEFL	<u>DNM-1</u>	(attached to Morris Direct Testimony)
		<u>DNM-2</u>	(attached to Morris Direct Testimony)
		<u>DNM-3</u>	(attached to Morris Direct Testimony)
		<u>DNM-4</u>	(attached to Morris Direct Testimony)
		<u>DNM-5</u>	(attached to Morris Direct Testimony)
Douglas E. Wellemeyer	GTEFL	<u>DEW-1</u>	(attached to Wellemeyer Rebuttal Testimony)
Gregory B. Duncan	GTEFL	<u>GMD-1</u>	(attached to Duncan Direct Testimony)

<u>WITNESS</u>	<u>PROFFERED BY</u>	<u>I. D. NO.</u>	<u>DESCRIPTION</u>
Larry Hartshorn	GTEFL	<u>AEW-1</u>	(attached to Wood Direct Testimony, adopted by Hartshorn)
		<u>AEW-2</u>	(attached to Wood Direct Testimony, adopted by Hartshorn)
		<u>AEW-3</u>	(attached to Wood Direct Testimony, adopted by Hartshorn)
		<u>AEW-4</u>	(attached to Wood Direct Testimony, adopted by Hartshorn)
David S. Sibley	GTEFL	<u>DSS-1</u>	(attached to Sibley Direct Testimony)
		<u>DSS-2</u>	(attached to Sibley Direct Testimony,
Bert I. Steele	GTEFL	<u>BIS-1</u>	GTEFL's Cost Study and associated support.

VIII. PROPOSED STIPULATIONS

There are no proposed stipulations at this time.

IX. PENDING MOTIONS

GTEFL: GTEFL is awaiting Commission action on its Motion to Deny AT&T's Request Regarding Implementation of the FCC's Default Proxy Rates, filed on September 20, 1996.

X. RULINGS

1. There is a five-minute limit for each witness' summary of his or her testimony, and there will not be any accumulation of time from one witness to another witness. The parties may request an extension of time, if necessary, from the Chairman at the time the witness is presented.
2. Because of the time limitations, there will be no opening statements by the parties.
3. For purposes of the hearing, cross-examination of the witnesses' direct and rebuttal testimony is combined. Cross-examination should be limited as required in the Orders on Consolidation. Cross-examination on common issues will be limited to differences in positions on those issues. To the extent that there is commonality of positions and cross-examination is used to reinforce that commonality of position, those questions may be subject to objection.
4. Post hearing procedures have been modified as set forth in Section II of this Order.

It is therefore,

ORDERED by Commissioner J. Terry Deason, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

ORDER NO. PSC-96-1275-PHO-TP
DOCKETS NOS. 960847-TP AND 960980-TP
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By ORDER of Commissioner J. Terry Deason, as Prehearing Officer, this 11th day of October, 1996.



J. TERRY DEASON, Commissioner and
Prehearing Officer

(S E A L)

DLC

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: 1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; 2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or 3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.