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EX PARTE OR LATE FILED

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June 29, 1994

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

EX PARTE

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

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RE: CC Docket No. 93-162

Today, Bell Atlantic is filing the attached written Ex-Parte in the aforementioned proceeding. This Ex-Parte is in response to MFS Communications Company, Inc. ("MFS") Opposition to Supplemental Direct Case (filed June 22, 1994).

Sincerely,

Maureen Keenan

Attachment

CC: G. Vogt
B. Esbin
A. Glatter

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Re: CC Docket No. 93-162

Ex Parte

This is in response to MFS Communications Company, Inc. ("MFS") Opposition to Supplemental Direct Case (filed June 22, 1994). In that filing, MFS deliberately distorts the facts in an effort to discredit Bell Atlantic's explanation of its methodology for tariffing central office construction charges. When properly stated, rather than proving MFS's assertions, the facts justify the practice that MFS condemns.

MFS claims that Bell Atlantic attempts to impose excessive charges for central office construction. As evidence, MFS again cites long-discarded estimates that Bell Atlantic provided it in 1992 for the initial two offices for which MFS initially requested construction prices.

As MFS is fully aware, those estimates were high primarily because of two factors. First, Bell Atlantic had no experience at that time with the extent of construction that would be required to provide physical collocation and assumed that more construction work would have to occur than turned out to be the case. Second, subsequent to submitting the estimates, Bell Atlantic was able to work with the collocators to develop a standard set of collocation criteria that ultimately reduced Bell Atlantic's costs.

As a result of these efforts, Bell Atlantic was able to reduce the initial estimates sharply. In January 1994, Bell Atlantic provided MFS and other competitive access providers revised construction cost estimates for forty-nine central offices, including the two that MFS continues to cite. That document showed that the construction prices for those offices had been reduced from \$165,689 to \$117,500 and from \$127,980 to \$35,600, respectively.

In fact, of the 49 offices on the January list, only one was estimated to cost over \$100,000 to construct. Most were less than \$40,000, and one was only \$7,000. It is clear from these figures that MFS, by continuing to cite two early high estimates is merely attempted to obfuscate the issues.

The change to the estimates over time shows the wisdom of Bell Atlantic's approach. By working with the collocators, Bell Atlantic was able to devote its resources to developing more reliable estimates that met their specific needs, rather than litigating a series of tariffed estimates that would have been developed with only minimal customer input.

The existing process for estimating central office construction charges works. It is in the best interests of all parties and has resulted in lower charges than would have been tariffed based on initial estimates. The Commission should allow the process to continue and should not prescribe a prior tariffing requirement that offers no public interest benefit.*

* As a result of the Court of Appeals' finding that the Commission has no right to mandate physical collocation, the issue has likely become moot. See *Bell Atlantic v. FCC*, No. 92-1619 (D.C. Cir., June 10, 1994). Bell Atlantic intends to provide expanded interconnection only through virtual arrangements once the court issues the mandate.