LOCAL SERVICE COMPETITION PERMITTED		
STATE	LOCAL COMPETITION PERMITTED	NOTES ON THE STATUS OF LOCAL COMPETITION
Alabama	8/95	Rules not yet in place.
Arizona	7/95	Rules not yet in place.
California	1/96	Facilities-based begins 1/96, Resale 3/96.
Colorado	5/95	To begin 7/96.
Connecticut	7/95	Five companies have received authorization; others are pending.
Delaware	1995	Docket in progress.
Florida	6/95	Earliest is 1/96.
Georgia	7/95	Firms certified. Rules awaiting PSC action.
Hawaii	6/95	Legislation addresses rules. Rules being developed.
Illinois	1988/1992	Competition.
Iowa	5/95	Rules being developed.
Maryland	1994	Competition. Phase 2 decision expected 12/95.
Massachusetts	1991	Competition.
Michigan	1991	Competition. Rules being devleoped.
Minnesota	8/95	Rules docket in progress.
Nevada	5/95	Contracts under development.
New Hampshire	8/95	Rules due by 12/96.
New York	1992	Competition.
North Carolina	1995	Rules being developed.
Ohio	8/95	Rules being developed.
Oregon	1993	Rules being developed.
Pennsylvania	1995	PUC approved applications. Phase 2 will address unbundling.

LOCAL SERVICE COMPETITION PERMITTED		
STATE	**LOCAL COMPETITION PERMITTED**	**NOTES ON THE STATUS OF LOCAL COMPETITION**
Rhode Island	yes	Docket in progress.
South Dakota	yes	Action pending.
Tennessee	1995	Rules not yet in place.
Texas	1995	Rules being developed.
Utah	1995	Contracts under development.
Virginia	1995	Draft rules. Docket to be opened 12/96.
Washington	1994	Competition. Rules being developed.
Wisconsin	1994	Rules being developed.
Wyoming	1995	Rules being developed.

LOCAL SERVICE COMPETITION PENDING	
STATE	**NOTES ON THE STATUS OF LOCAL COMPETITION**
Arkansas	Currently rules/legislation are under consideration for 1996 legislative session.
District of Columbia	Currently bars local service competition, but rules/legislation are under consideration.
Idaho	Currently bars local service competition for customers with less than 5 lines and rules/legislation areunder consideration for 1996 legislative session.
Indiana	Currently *does not* bar local service competition and rules are under consideration.
Kansas	Currently *does not* bar local service competition and rules/legislation are under consideration.
Kentucky	Currently addressing local competition issues.
Louisiana	Currently bars local service competition, but rules/legislation are under consideration.
Maine	Currently *does not* bar local service competition and rules/legislation are under consideration.
Mississippi	Currently bars local service competition and rules/legislation are under consideration.
Missouri	Currently bars local service competition and rules/legislation areunder consideration for 1996 legislative session.
Nebraska	Currently *does not* bar local service competition and rules are under consideration.
New Jersey	Currently *does not* bar local service competition and rules/legislation are under consideration. Task force to make recommendation in 1995.
Oklahoma	Currently *does not* bar local service competition and rules/legislation are under consideration.
South Carolina	Currently *does not* bar local service competition and rules/legislation are under consideration.
Vermont	Currently *does not* bar local service competition and rules/legislation are under consideration.

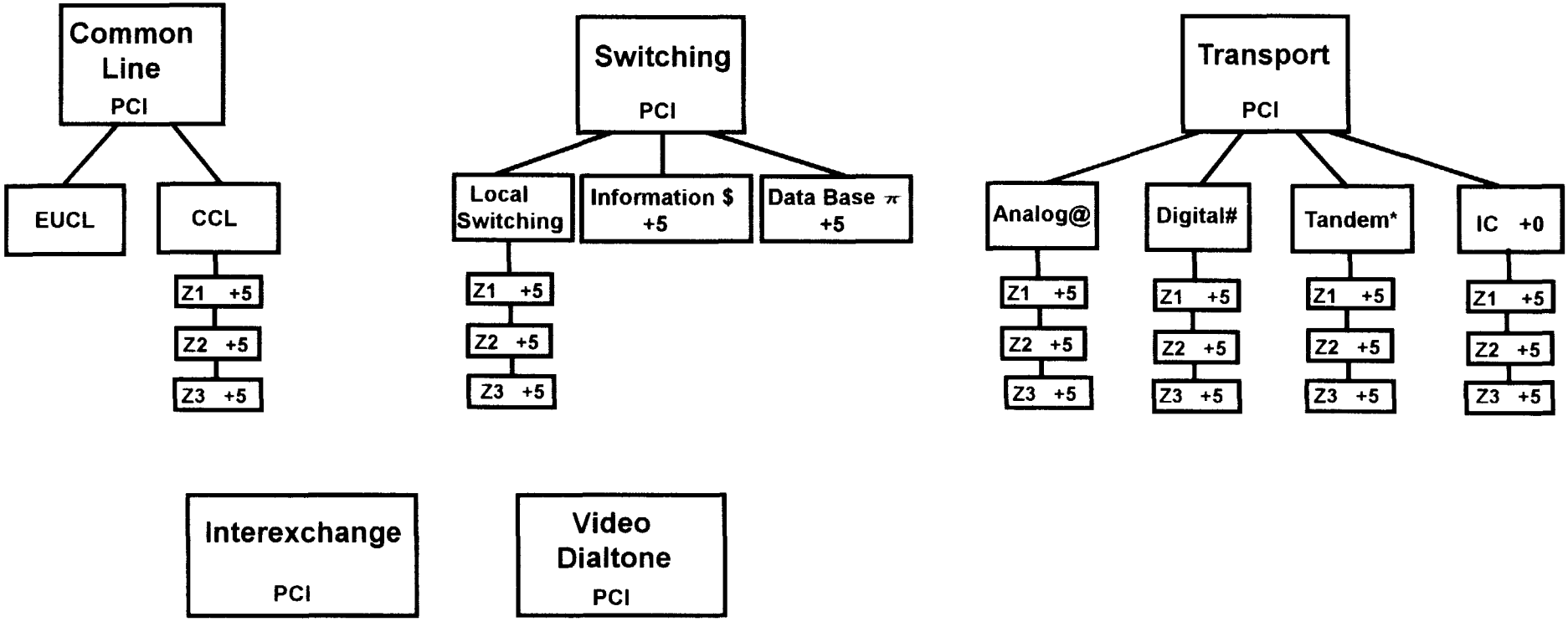
LOCAL SERVICE COMPETITION PENDING	
STATE	**NOTES ON THE STATUS OF LOCAL COMPETITION**
West Virginia	Currently *does not* bar local service competition and rules/legislation are under consideration. Task force to submit report 2/96.

LOCAL SERVICE COMPETITION NOT BEING CONSIDERED	
STATE	**NOTES ON THE STATUS OF LOCAL COMPETITION**
Alaska	Currently bars local service competition and rules/legislation are *not* under consideration.
Montana	Currently *does not* bar local service competition and rules/legislation are *not* under consideration.
New Mexico	Currently *does not* bar local service competition and rules/legislation are *not* under consideration.
North Dakota	Currently *does not* bar local service competition and rules/legislation are *not* under consideration.

SERVICE BAND INDEX FLEXIBILITY ANALYSIS

LINE		+5% -10% SBI LIMITS (A)	+1% -(no limit)% SBI LIMITS (B)
	YEAR 1		
1	***PCI(t-1)***	100.00	100.00
2	***PCI Change***	-2.00%	-2.00%
3	***PCI(t)***	98.00	98.00
4			
5	***SERVICE BAND 1***		
6	***Existing Revenue***	$1,000,000	$1,000,000
7	***SBI(t-1)***	100.00	100.00
8	***Price Change***	-10.00%	-12.00%
9	***Proposed Revenue***	$900,000	$880,000
10	***SBI(t)***	90.00	88.00
11	***Upper Limit***	102.90	98.98
12	***Lower Limit***	88.20	NA
13			
14			
15			
16	***YEAR 2***		
17	***PCI(t-1)***	98.00	98.00
18	***PCI Change***	-3.00%	-3.00%
19	***PCI(t)***	95.06	95.06
20			
21	***SERVICE BAND 1***		
22	***Existing Revenue***	$900,000	$880,000
23	***SBI(t-1)***	90.00	88.00
24	***Price Change***	0.00%	0.00%
25	***Proposed Revenue***	$900,000	$880,000
26	***SBI(t)***	90.00	88.00
27	***Upper Limit***	91.67	86.21
28	***Lower Limit***	78.57	NA
29			
30	***MANDATORY REDUCTION***	NA	-2.03%

PROPOSED BASELINE BASKET STRUCTURE



@ Analog service category includes Voice Grade, Audio, Video, Wideband

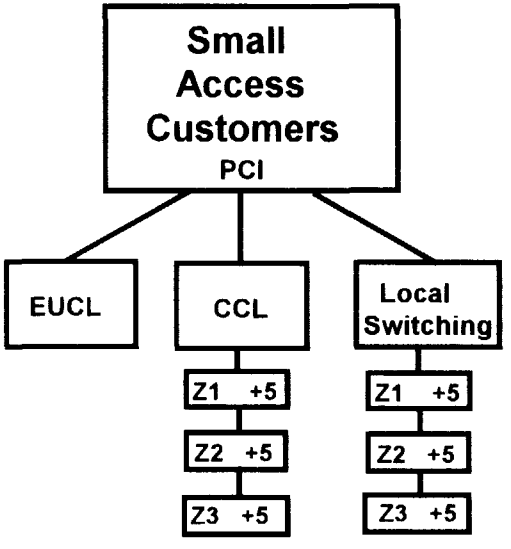
Digital service category includes DDS, DS1, DS3

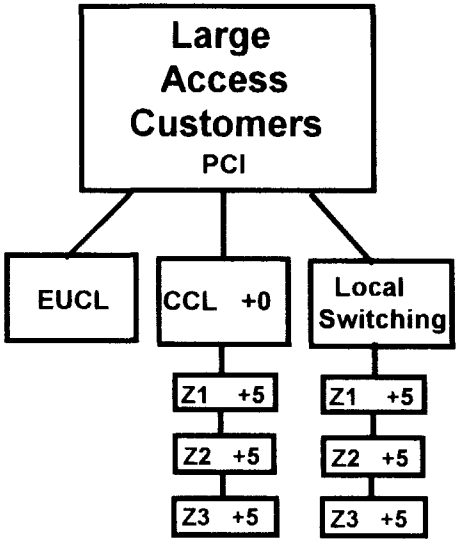
* Tandem service category includes Tandem Switching, Tandem Transport

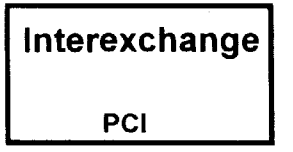
$ Information service category includes Billing Name & Address (BNA), DIrectory Assistance, Directory Assistance Call Completiton

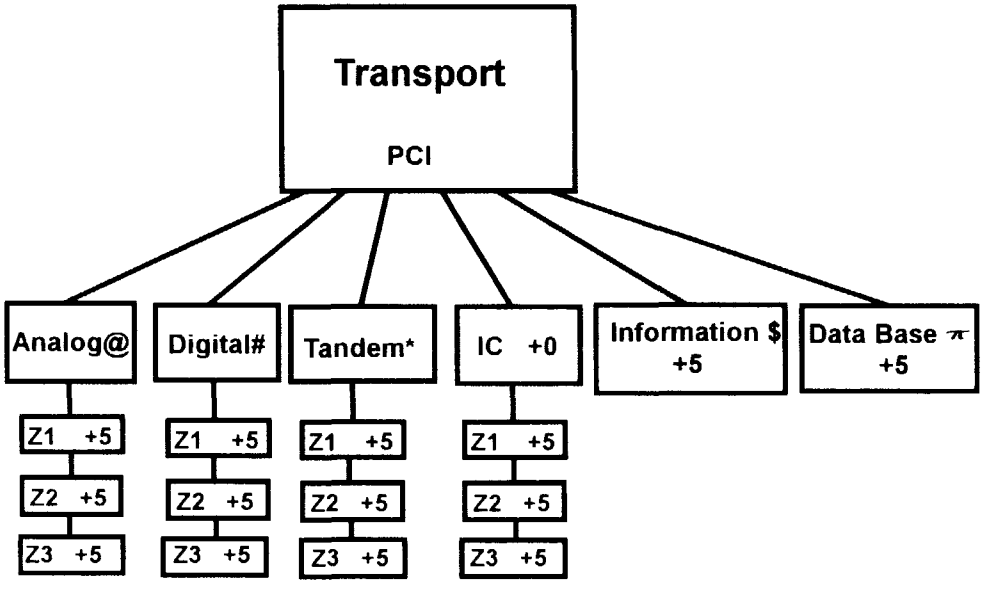
π Data Base service category includes 800 Data Base, 800 Verticle Services, Line Information Data Base (LIDB)

OPTIONAL BASELINE BASKET STRUCTURE









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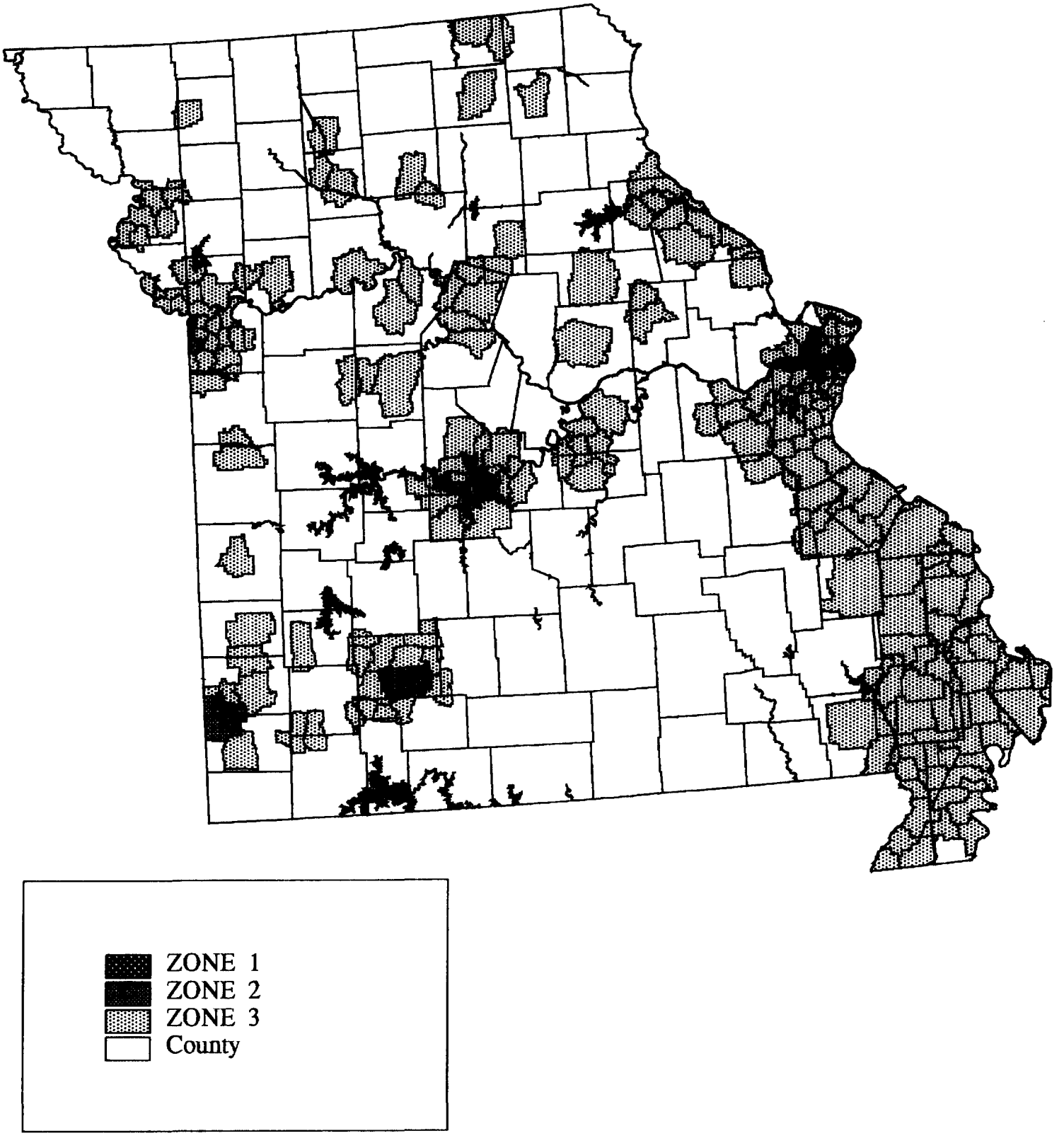
π Data Base service category includes 800 Data Base, 800 Vertical Services, Line information Data Base (LIDB)

State of Missouri Counties, SWBT Wire Centers & SWBT Zones



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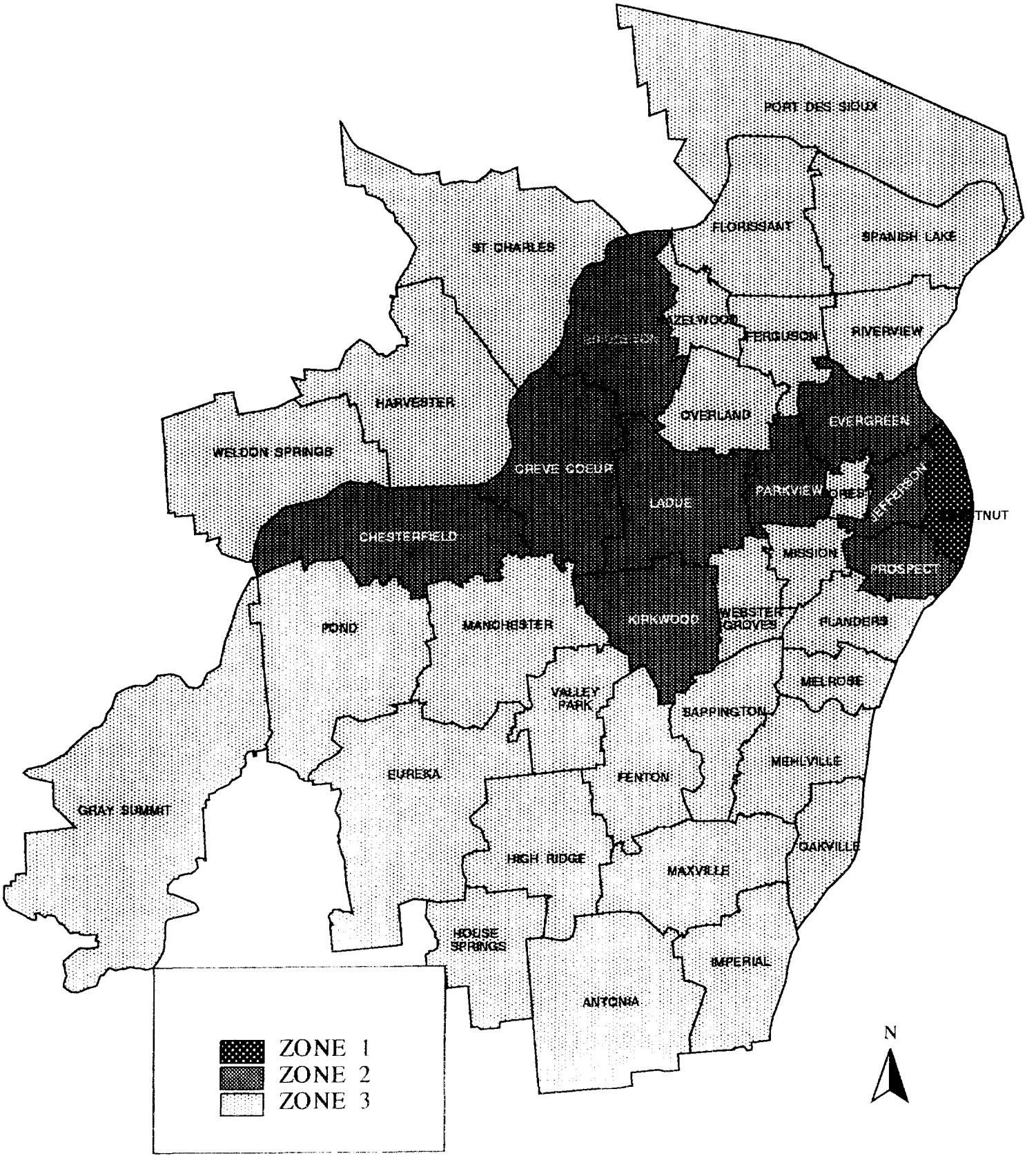
St Louis Metro Area
SWBT Wire Centers, SWBT Zones



2 0 2 4 6 Miles

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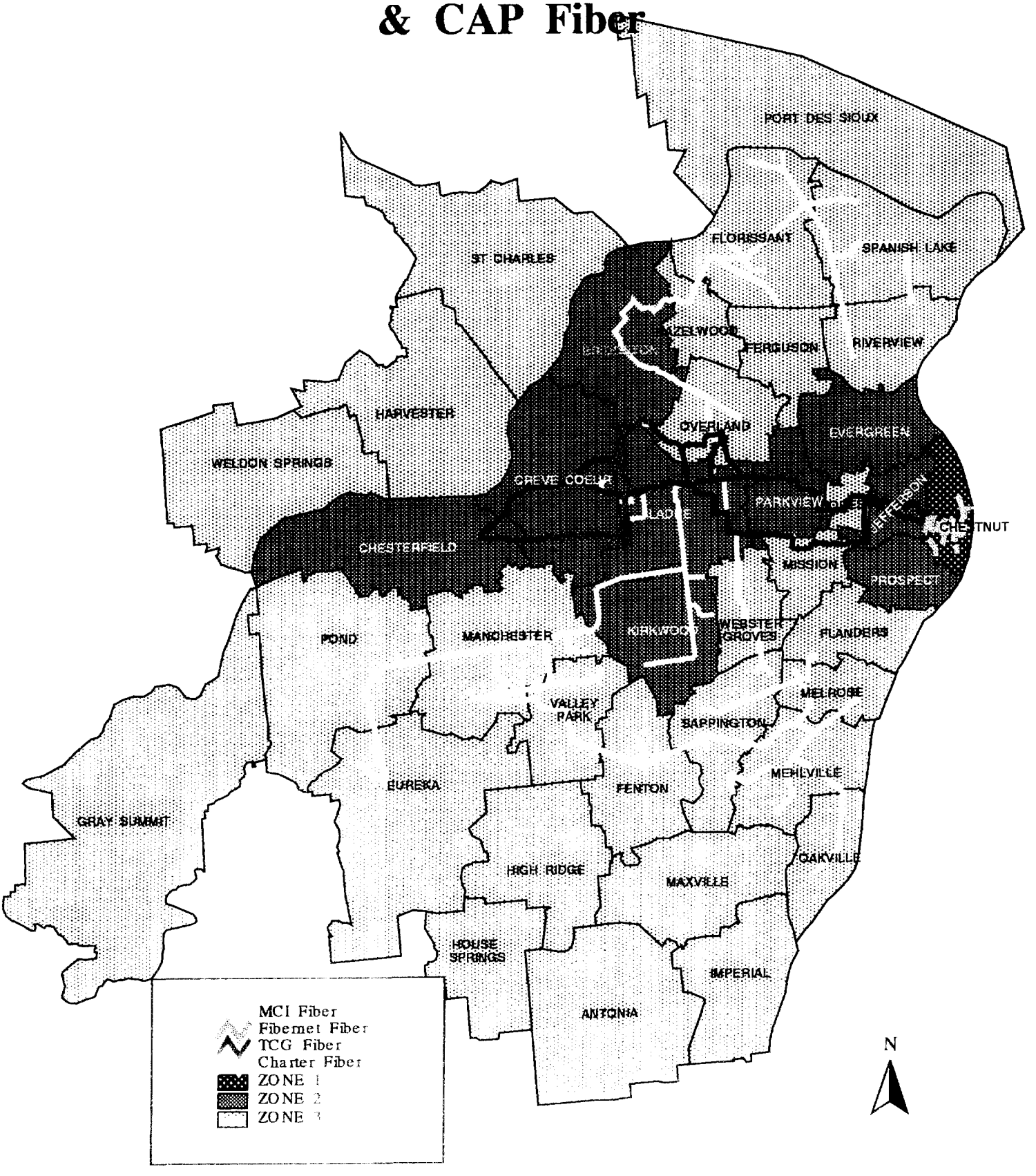
St Louis Metro Area
SWBT Wire Centers, SWBT Zones & CAP Fiber



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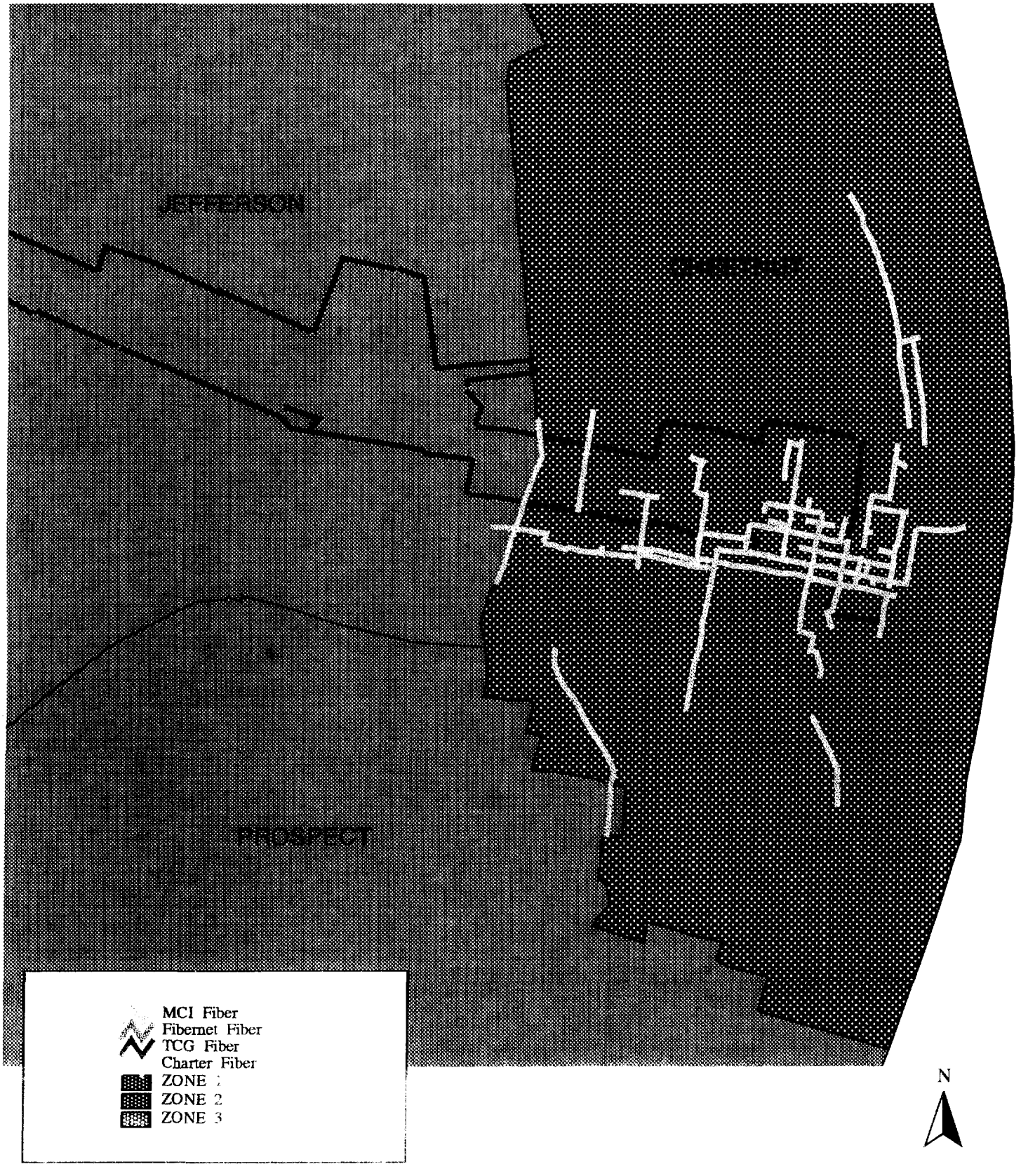
St Louis Metro Area (Downtown) SWBT Wire Centers, SWBT Zones & CAP Fiber



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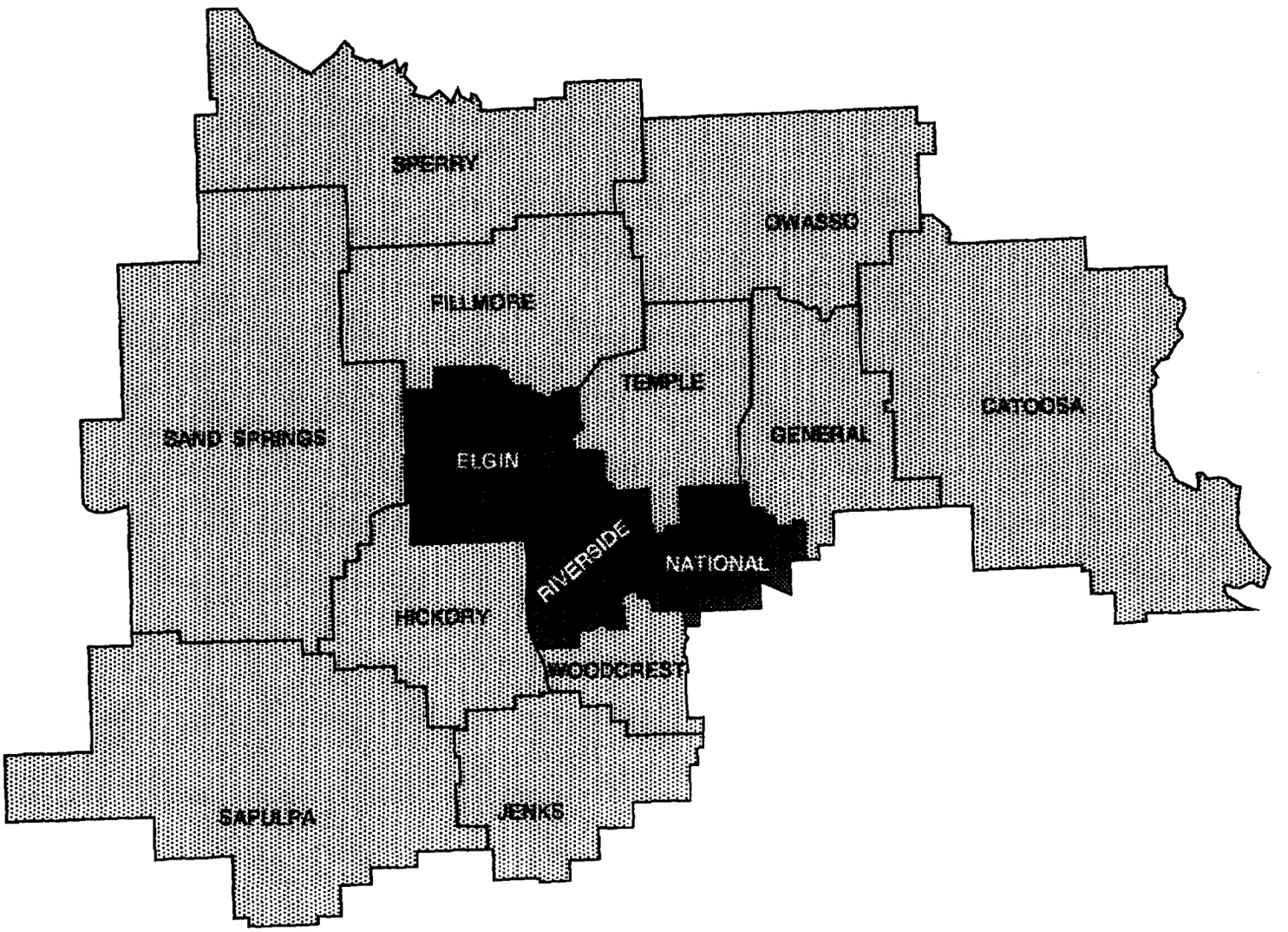
Tulsa Metro Area
SWBT Wire Centers, SWBT Zones



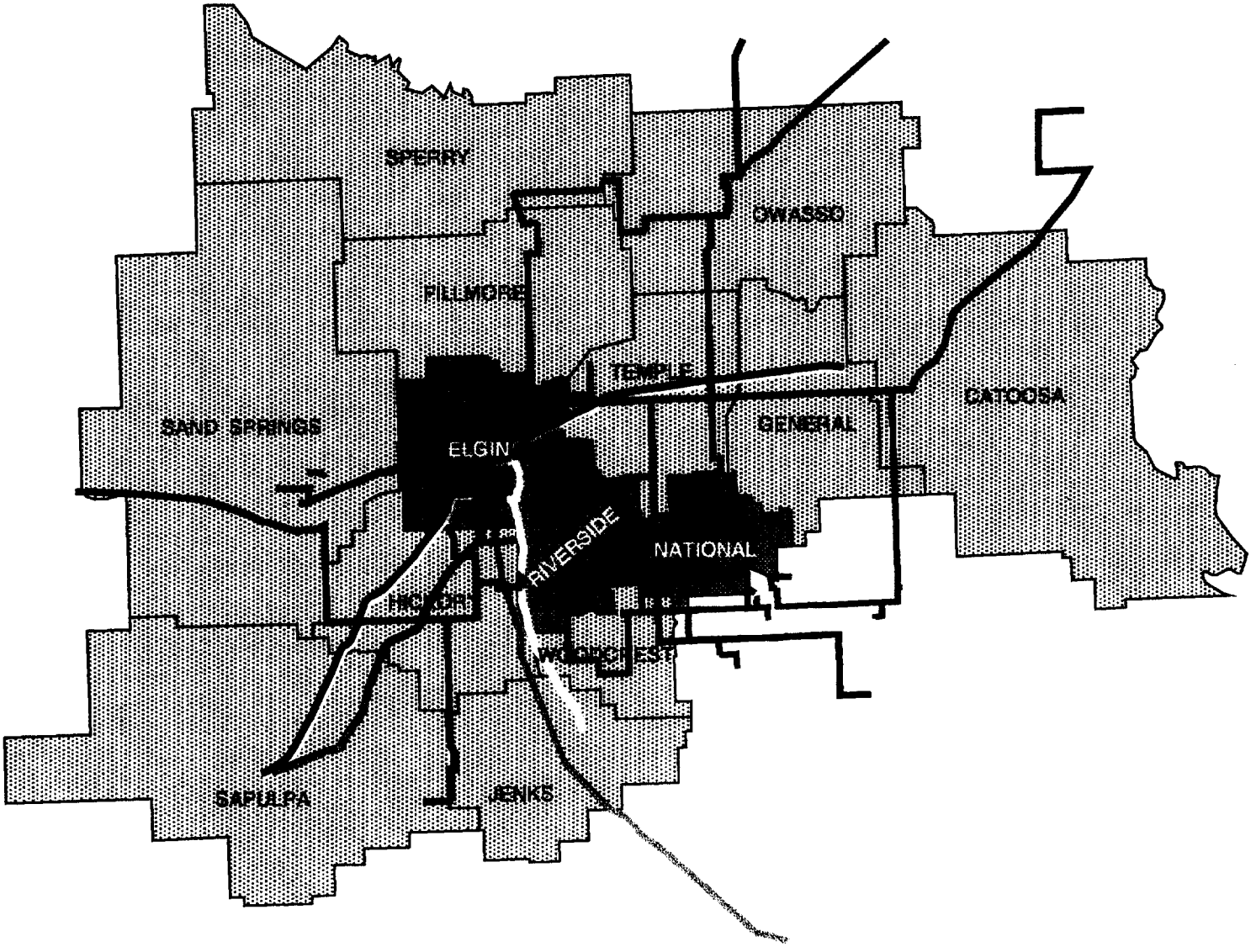
ZONE 2
ZONE 3

N

2.5 0 2.5 5 Miles

/multi/map/projects/ms_tulsa.apr

Tulsa Metro Area
SWBT Wire Centers, SWBT Zones & CAP Fiber



WilTel Fiber
TCI Fiber
Sprint Fiber
Okla. St. Fiber
ATT Fiber
Brooks Fiber
ZONE 2
ZONE 3

N

2.5 0 2.5 5 Miles

/multi/map/projects/ms_tulsa.apr

DATA REPORTING REQUIREMENTS

When the Commission first began to examine competition in the interexchange market, it had to develop sources of data which would allow it to construct indicators of interexchange market power. While AT&T itself was unable to observe directly the portion of the market that it lost to competitors, the FCC was able to build a more complete picture based on the additional information it collected. In gathering data on the interexchange market, the Commission relied on the LECs. The market share reports prepared by the Commission were based, not on direct reporting by IXCs, but on reports of access purchases submitted by LECs. The Commission was thus able to assemble data from an external source without collecting it from the interexchange carriers themselves.

In access markets, LECs will not be able to observe the portion of the market that they do not serve themselves -- just as AT&T was unable to do so in the interexchange market. It will again be necessary for the Commission to develop sources of information to complete its ability to assess competition in access markets. In doing this, the Commission will face some additional challenges which were not present in the interexchange case.

There is no parallel segment of the industry on which the Commission can rely for a proxy to measure the competitiveness of access markets, as it relied on the LECs for a proxy measurement of interexchange competition. Exchange carriers have developed information on alternative providers as part of their own market research. However, their ability to collect this information on a consistent basis is limited, and will decrease further as competition increases. For example, while some CAPs have filed information on their networks in applications for state certification, these carriers have generally not been required to update this information to reflect subsequent network additions. While some information has been available from applications for rights of way filed with local authorities, CAPs are increasingly able to obtain rights of way through arrangements which do not require such disclosure, such as joint ventures with cable providers, electric and water utilities, and subway systems.

In any event, it will not be possible to rely upon an external source or LECs to serve as the Commission's single source of market data necessary to assess the competitiveness of access markets. To obtain information about the state of competition in interstate access markets, the Commission should require reporting from the market participants themselves. To establish parity of regulatory treatment, these reporting requirements should be equivalent for all participants. The information required should be that which is necessary to adequately assess the competitiveness of the relevant access market, including both the geographic dimension (i.e., the territory served by the provider) and the service dimension (i.e., the specific services offered by the provider).

Second, the information that the Commission collected for the interexchange market was aggregated at a high level. As explained above, the relevant market for access is a limited geographic area, and possibly, for a specific set of services. Aggregate data at a national, state, or even a LATA level will not provide a useful means for assessing competition in a relevant access market. For example, the current fiber deployment reports provide only the total fiber miles deployed nationwide by each reporting entity. This does not allow the Commission to determine whether an entity could provide service in a particular market or which services that entity might be willing to provide.

To develop useful measures of access competition, the Commission will need information at a much finer level of detail -- in particular, a much more specific geographic focus -- that can be associated with any relevant access market, as well as information on the specific services available. In summary, the Commission should develop a new reporting mechanism to gather the information it needs to assess the competitiveness of interstate access markets.

A) Objectives of Reporting Requirements

USTA proposes the following objectives be used to assess the effectiveness of a particular reporting requirement:

1) Provide Parity Among Competitors

As discussed earlier in this paper, local exchange carriers do not have access to the demand and capacity provided by its competitors -- including CAPs, Interexchange Carriers, Cable TV Providers, or Private Networks. It is clear therefore, that the development of such information will require all industry members to participate. It is important that any such reporting requirement be competitively neutral -- local exchange carriers should not be required to provide information that is not required of its competitors, and competitors should not be required to provide information that local exchange carriers are unwilling or unable to provide.

2) Avoid the Disclosure of Competitively Sensitive Information

To the extent possible, the Commission should not require any interstate common carrier to disclose competitively sensitive information. Such disclosure could serve to thwart the effectiveness of competition.

3) Use Existing Mechanisms Whenever Possible

Whenever possible, the Commission should rely on existing mechanisms, or the expansion of existing mechanisms. This will help to minimize the administrative costs of

the data collection process for the industry and for regulators.

B) THE COMMISSION SHOULD REQUIRE INTERSTATE COMMON CARRIERS TO PROVIDE SERVICE AREA DESCRIPTIONS

1) Service Area Descriptions

USTA believes that its proposed objectives for the collection of competitive information can be achieved by requiring interstate common carriers to provide in conjunction with their interstate tariffs a description of the service area in which they stand ready to make their services generally available to all customers, as well as a description of the generally available services. Such a requirement could be satisfied by a general description of the service area (e.g., a listing of zip codes, city or county boundaries, LEC wire centers, etc.), or through the filing of a service area map in addition to a description of the services available within the described area. These service area descriptions will provide the Commission with a very clear picture of the extent to which customers in a particular geographic area have access to alternative providers, and for which services. Such reporting should not present an undue burden on competitors, as local exchange carriers routinely provide such information today.

Local exchange carriers currently provide service area information in two forms. First, the NECA 4 tariff lists, for each exchange area (e.g., wire center), the access services that are available to customers from that exchange area. Second, local exchange carriers, in general, provide detailed exchange area maps with state regulatory commissions. USTA proposes that the FCC require interstate common carriers to provide similar information in their interstate tariffs.

2) Facility Area Maps

To the extent that the Commission does not require interstate common carriers to file service area descriptions or maps with their tariffs, USTA proposes that the Commission require such carriers to file facility maps with the Commission on an annual basis. Such facility maps would describe the route of the backbone network facility within each geographic area served by the interstate common carrier -- on both a current basis, as well as a planned additions within the following annual period. Such maps would be supplemented with descriptions of the services the provider makes available over those facilities.

The availability of facility maps by interstate common carriers would be an essential source of information to the Commission in the event that interstate common carrier tariffs are permitted to be filed without clear descriptions of the services in each serving area that are available from each interstate common carrier.

Competitive Criteria
Supply Responsiveness Calculations

The proposed supply responsiveness portion of the competitive criteria is as follows:

✓ Customers representing 25% of the LEC's access demand in the relevant market have supply choices available from another supplier or;

✓ Customers representing 25% of the total market demand in the relevant market have supply choices available from another supplier.

Generally, the incumbent LEC only has direct knowledge of its customer demand data. Therefore, calculation of percent addressability would usually be calculated utilizing the following equation with LEC demand only:

$$\% \text{ Addressability} = \frac{\text{LEC demand within the competitive footprint}}{\text{Total LEC demand within the relevant access market}}$$

The equation listed above provides a very accurate measure of competitiveness of the relevant access market when the incumbent has the majority of access demand. However, as the incumbent loses significant amounts of its demand to alternative suppliers, the result of this equation becomes less meaningful. The difference in the result produced stems from the fact that even though the LEC has lost significant demand to other suppliers, the remaining LEC demand may not have alternate supply. (e.g., remaining demand is so costly that CAPs choose not to serve it). Therefore, the result of the equation listed above does not provide a meaningful indication of the competitiveness of the relevant access market. The solution to this problem is to use total market demand in the percent addressability calculation. The equation would then become:

$$\% \text{ Addressability} = \frac{\text{Total demand within the competitive footprint}}{\text{Total demand within the relevant access market}}$$

Example: Relevant market area has **100 units** of demand, the LEC has **50 units** of which **10 units** have alternate supply. The two thresholds would be calculated as follows:

$$\% \text{ Addressability} = \frac{10}{50} * 100 = 20.0\%$$

or

$$\% \text{ Addressability} = \frac{10 + 50}{100} * 100 = 60.0\%$$